



Financial Freedom Coaching

What is it?

W&A offers commission/conflict free professional financial planning services by charging clients for advice on an hourly basis only, which is extremely rare compared to how financial pedlars are compensated and motivated. Our average client pays only \$500 per year for our full financial planning service, which saves them thousands of dollars per year compared to the expensive fee based approach and high management expense ratio mutual funds promoted by financial pedlars. The result is your achievement of financial freedom!

Learn more about Financial Freedom!

Please review the following information which describes, in a simple Question (Q) and Answer (A) format, what is financial freedom, how to achieve financial freedom, W&A's unique Financial Freedom Coaching service, how to achieve safe 9% annual cash investment returns, the difference between a financial planner and a financial pedlar, and how to find out more.

1. Q: What is financial freedom?

A. Financial freedom describes the financial achievement or status of having your passive or investment income equal your living expenses. This is different from retirement, as you could continue to work or run your business. However, continuing to work or run your business would now be optional for you.

As a simple example excluding income taxes, if your living expenses were \$3,000 monthly, you would need \$3,000 of monthly investment income to have financial freedom. Using a 9% rate of return, this would require that you have an investment portfolio of \$400,000. Obviously, your portfolio would be accumulated gradually, such that if your portfolio was \$200,000, you could consider yourself 50% of the way towards reaching financial freedom.

A written financial freedom plan stating both the amount you require for financial freedom, and the date you intend to achieve financial freedom status should be prepared, and updated at least annually. What's your financial freedom amount, and what's your financial freedom date?

2. Q: How is financial freedom achieved?

A. Although much is done to un-necessarily complicate achieving financial freedom, an individual can achieve financial freedom by completing the following four basic steps:

i) Make It !

In order to start towards a goal of financial freedom, you must be earning more than your living expenses, in order to be able to save. The purpose of this step is to ensure that, whether employed or self employed, all family members are maximizing their income earning potential. Often, this is more of an issue with self-employed individuals, who despite being "busy" in their business, are actually not maximizing their income earning potential. Other sources of income, such as part time work, renting out part of your home, etc., should also be considered.

ii) Save It !

A poor savings rate is the primary cause of financial problems. If you don't have a generous company pension plan or large inheritance to look forward to, you and your spouse should both be maximizing your RRSP contributions. Most individuals that achieve financial freedom early in life accumulate significant non-RRSP/registered investment portfolios in addition to their RRSP's. The old adage that "it's not what you make, but it's what you save that matters" is one of the most important principles behind becoming



**BOOK YOUR
FREE CONSULTATION**



**CALL US TOLL FREE
1-800-465-7532**



Chartered Accountants 4 Information Technologists

financially free. Also, having lower living expenses can significantly shorten the time it takes to achieve financial freedom, since less monthly investment income is required.

iii) Invest It !

If you follow the first two steps, but then make poor investment choices, your efforts towards financial freedom will fail. Since the objective of your investment is to provide you a stable pension fund, your investment choices should be geared towards low risk, and higher income type based investments. Also, your investment advice should be free of commissions and wrap fees, in order to both be free of conflicts and to minimize your investment management expenses.

iv) Protect It !

Usually, individuals are advised to both obtain disability and life insurance to protect their income earning ability and their accumulated assets. However, even if this is done, a lifetime of making, saving, and investing can be wiped out almost overnight due to a lawsuit, or some other attack on your assets, unless you also ensure that proper asset protection is a part of your financial freedom plan.

3. Q: Stockbrokers, insurance agents, bankers, etc. no longer seem to exist, as many of them have now taken to calling themselves “financial planners”. How is your Financial Freedom Coaching service unique?

A. W&A's Financial Freedom Coaching service is unlike any other financial planning service for the following reasons:

i) Completely Commission/Wrap Fee/Conflict Free Financial Planning

W&A fees for Financial Freedom Coaching services are based only on our hourly rates. Unfortunately, most investors suffer from receiving investment advice that is based primarily on which investment, including high management fee mutual funds, will earn more commission income for their investment advisor. Wrap fees are purported to be conflict free, but if a client inherits a significant amount of money and must choose between reducing their mortgage, or having the money invested in their wrap account, what do you think their “wrapper” (“wrappers” are individuals who crave wrap fees, which are an annual commission percentage of total investment portfolio assets that they deduct from your portfolio monthly) would suggest? Or what if, like Warren Buffet, your investment philosophy was to buy and hold for the long term? Why would you need to create a lifetime annuity income for a “wrapper”? Therefore, wrappers suffer from the same conflicts as straight commission based financial product sales individuals, and in many cases, the conflict is actually worse. Wrappers sometimes attempt to disguise themselves by instead referring to their commission percentage of portfolio assets as “fee based advice”, so investors must be very careful when analyzing financial planner compensation.

Recently a U.S. senator described the high mutual fund industry fees, and this would include wrappers, as “the greatest skimming operation in the history of the world”.

Of all of the financial planners in Canada, we believe that fewer than 5% of them base their fees solely on hourly rates, and completely refuse all direct or indirect commissions, in order to provide totally conflict free advice. What group does your current financial planner belong to?

ii) Significantly Lower Total Financial Planning/Investment Fees

Commissions, wrap fees, and high mutual fund management expense ratios can cost an individual thousands of dollars every year, even with relatively smaller portfolio's, and this can significantly reduce the overall portfolio investment return. Our process, based on the exclusive materials we provide, encourages individuals to get more involved with the preparation of their financial freedom plan, and our role is to review their financial freedom plan, or be the coach, of our clients. In this way, clients become much more familiar with their own finances, and the time saved reduces our hourly fees. The Financial Freedom Coaching fee for most of our clients is \$500 per year, and most of our clients save much more than this, usually thousands of dollars every year by eliminating commissions, wrap fees, high mutual fund expenses ratio's, etc.



**BOOK YOUR
FREE CONSULTATION**



**CALL US TOLL FREE
1-800-465-7532**



Chartered Accountants 4 Information Technologists

Our financial freedom coaching approach provides, for a low annual fee, significantly more financial expertise to the financial planning “do it yourselfer”, and for individuals suffering from high “wrapper” fees, our financial freedom coaching approach provides for thousands of dollars in annual fee savings. We believe that you are the best financial planner that you can find to look after your own interests, and with our support/coaching, you can achieve financial freedom!

iii) No Minimum Portfolio Amount

Recently, during a financial planning television show, a guest “wrapper” was explaining all of the services he provides to clients such as complete financial plan preparation, regular client newsletter, ongoing client contact, annual financial plan updates, investment advice including recommending discount/low fee mutual funds from which he declines the usual “kickback” commission, , etc.,etc. His wrap fee for all of this was “only” 1% of his clients total annual investment portfolio. In addition to having the usual “wrapper” disadvantages of conflicts and costs discussed above, he stated that his minimum investment portfolio for new clients was \$400,000.

W&A has NO minimum client investment portfolio amount requirement. We equally welcome clients with investment portfolio’s in excess of \$1 million, as we welcome clients recently discharged from bankruptcy with no net worth, and everybody in between.

iv) Investment Portfolio Controlled By Clients

Most financial planners, both from small and large financial institutions, usually require that your RRSP/other investment portfolio be transferred to them, and placed under their control. The primary reason for this is so that they can easily make monthly withdrawals from your investment portfolio for their own commission/wrap fees. Also, as most investors are now aware, there is a risk of loss to your portfolio, based on actual cases, where either the small financial institution has financial difficulty, or unauthorized trades/fraud is committed by somebody at a large financial institution. W&A clients are advised to keep their investment portfolio with the bank or financial institution that they have a long-term trusted relationship with, but to use a discount investment account at their bank to minimize their fees.

v) W&A Does Its Own Internal Investment Research

Most financial planners, given their sales/marketing background, rely totally on external sources for investment research. If they are large bank based financial planners, they rely on their internal research departments, but this is not truly independent investment research, as the large bank investment analysts are also usually part of the bank team that solicits underwriting/investment banking fees from the same companies that they write research reports on. Also, not all independent investment research companies use the same approaches, methods, perspectives, etc. such that the quality and cost of their investment research varies widely. Further, most investment research analysts still continue to base their calculations on the assumption that all public company financial statements are reliable, and don’t realize that expert forensic accounting must first be completed. Therefore, W&A developed its own internal investment research service, based on our exclusive “CEO – Leader or Looter?” analysis. Although most of our investment research involves direct analysis of public companies, we also continually research low management fee / no commission mutual funds. W&A’s investment research is included as part of W&A’s Financial Freedom Coaching service.

vi) Fully Integrated Financial Planning Approach

Some financial plans focus on investments, some on insurance, some on taxation, etc., depending on whether the financial plan was prepared by a stockbroker, an insurance agent, a tax specialist, etc., and such financial plans usually either don’t consider all aspects of financial planning, or at best, do not fully co-ordinate all aspects of financial planning. This can cause serious harm to clients. W&A’s Financial Freedom Coaching service is primarily based on our unique eleven (11) section Financial Freedom Coaching checklist, of which investments is only one (1) section. This ensures both that all aspects of financial planning are considered, and that all aspects of financial planning are completely coordinated.



**BOOK YOUR
FREE CONSULTATION**



**CALL US TOLL FREE
1-800-465-7532**



Chartered Accountants 4 Information Technologists

In effect, W&A acts as your personal Chief Financial Officer (CFO), and co-ordinates your financial freedom plan with other professionals.

vii) Asset/Creditor Protection

As stated above, in addition to having adequate disability and life insurance, it is critical to also ensure that a lifetime of asset accumulation is not completely devastated due to a creditor or other attack on your assets. Self employed individuals are usually at higher risk, and we have too often heard the words “I never thought something like this would happen to me” from clients. Incredibly, asset/creditor protection planning is usually completely absent from even the most expensive financial plans. Our Financial Freedom Coaching checklist devotes a complete section to asset protection covering everything from basic asset protection steps to the most complex asset protection needs, such as offshore asset protection trusts.

As already stated, all of the above Financial Freedom Coaching services are offered to clients based solely on hourly rates, with the total fee for most clients being only \$500 per year.

4. Q: Are safe 9% investment returns, used as an example in the Financial Freedom definition above, still possible in today’s low interest rate environment?

A. Yes, it is still possible to receive a monthly income based on a 9% annual cash investment return, with relatively low risk. W&A believes in safe steady monthly income based investments, with growth/capital gains as a secondary objective. We believe that your RRSP/RRIF and/or non registered financial freedom fund is not the place for high risk investments that focus completely on capital gains, and don’t pay any regular income. Although diversification is important, we believe that publicly traded Real Estate Investment Trusts (REIT’s) are an excellent investment alternative that can provide investors with 9% annual cash returns paid monthly, growth/capital gains, and relatively low risk. Also, non-RRSP/registered financial freedom funds can benefit from the significantly lower income taxes paid on monthly REIT income. However, extreme caution must be exercised, as not all REIT’s (just like not all financial planners) are the same, and any REIT investment should be based on reliable REIT investment research. W&A’s public company investment research service described above focuses primarily on REIT’s. More general REIT information is available at the www.canadianreits.com REIT industry website, including a free eight page “Report On Reits” article.

5. Q: What is the difference between a financial planner and a financial pedlar ?

A. Although much of this has been discussed above, we believe, together with many personal finance authors/newspaper columnists/television show hosts, that the starting point of a true professional financial planner is an individual that is compensated for their financial planning advice solely on an hourly rate basis. Lawyers, accountants, actuaries, and other business professionals have long considered hourly rate compensation one of the primary hallmarks of an independent professional. Investment commissions wrap fees, etc., whether paid on a direct or indirect basis result in a conflict of interest between the client and the financial planner, and even if fully disclosed to the client, a conflict still exists. Such a situation is similar to taking your personal income tax returns to a Canada Revenue Agency (CRA – formerly known as Revenue Canada) office, and asking the CRA staff to review your personal income tax returns to ensure that your personal income taxes have been minimized.

Having a professional financial designation is also important for a financial planner, however, it is a far more secondary criteria compared to the financial planners compensation basis. Unfortunately, we believe that only approximately 5% of all Canadian financial planners are compensated solely on an hourly rate basis. We consider the other 95% not to be professional conflict free financial planners, but instead financial product sales individuals masquerading as financial planners, and this includes wrappers, who should more accurately be called financial pedlars.

6. Q: How can I find out more?

A. Contact us for a FREE initial consultation!



**BOOK YOUR
FREE CONSULTATION**



**CALL US TOLL FREE
1-800-465-7532**