

PLANNING TO PROSPER

Workshop 4: BUILDING YOUR BANKROLL

Pastor Mark Hughes with guests Jamie Neumann, Dean Highmoor, David Thiessen

Proverbs 13:22 NKJV

*A good man leaves an inheritance to his children's children,
But the wealth of the sinner is stored up for the righteous.*

Proverbs 28:20 NIV

*A faithful man will abound with blessings,
But he who hastens to be rich will not go unpunished.*

Proverbs 13:11 NIV

*Dishonest money dwindles away,
but whoever gathers money little by little makes it grow.*

Recent Polls (H&R Block)

- 52% Financially unprepared for retirement
- 50% say they will take a retirement job
- 44% say they will retire before age 65
- 36% say they will never retire

PREPARING TO RETIRE

1. What are your retirement objectives?
2. Have you prepared a retirement budget?
3. Have you retired all your debt?
4. Do you have an emergency fund?
5. Do you have life/health insurance?
6. Do you have a will?

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SAVING FOR RETIREMENT

1. Registered Savings Plans (RSPs)
2. Non-registered
3. Tax-Free Savings Accounts (TFSA)

WAYS TO SAVE FOR RETIREMENT

1. Own a Home
2. Employer Pension
3. Financial Institution
4. Financial Advisor
5. Self-Directed
6. Private Mortgage Funds
7. Real Estate
8. Building Own Business
9. Private Equity Funds
10. Crypto Currencies, Precious Metals, Collectables

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DEAN HIGHMOOR

- Grew up on a family hog farm north of Swan River, MB
- University of Saskatchewan Commerce (Finance) grad in '02
- Commercial Banker with TD ('02 - 06)
- Joined "buy side" in '06 in Asset Management
 - North American Equities and Income boutique at Mackenzie Investments
 - Focus on Canadian dividend paying stocks
- Started attending COTR in '06

HOW CAN I SAVE FOR RETIREMENT?

Registered Options:

REGISTERED RETIREMENT SAVINGS PLANS (RRSPS)

- Contributions are tax deductible, money with plan grows tax free
- Future withdrawals are taxable, forced withdrawals at 70

TAX FREE SAVINGS ACCOUNTS (TFAS)

- Contributions not tax deductible, but money within plan grows tax free
- Withdrawals not taxable, amount of withdrawals available in next year's TFSA room

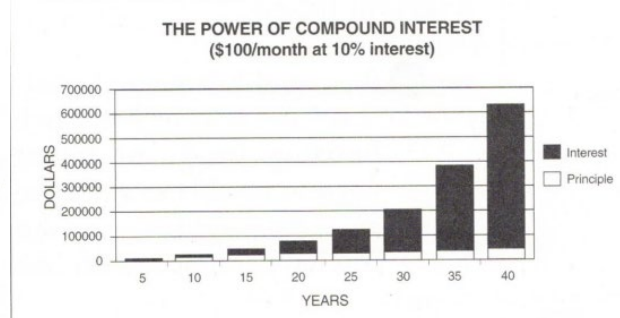
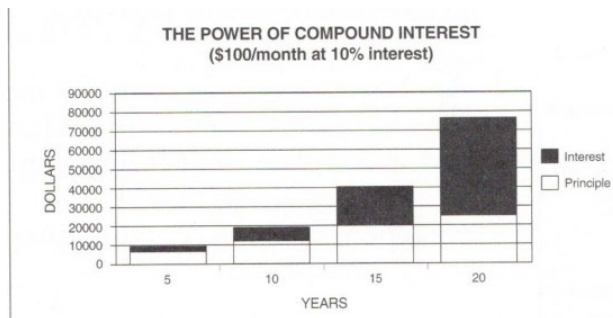
Recommend maxing out both of these first before pursuing non-registered investments

Non-registered investments ("open money"):

- Can use/access it at any time
- Will need to pay tax on annually any capital gains, dividends and/or interest earned through the year
- Recommend having any foreign investments or interest bearing investments within your registered accounts
- Best to have your Canadian paying dividend stocks in non-registered accounts (benefit from the dividend tax credit)

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COMPOUND INTEREST IS YOUR FRIEND



SOME THINGS TO THINK ABOUT

Only invest in what I know and understand

- Buy a mutual/index fund/etf may be a better alternative
- Diversification
- With stocks – stick with high quality names
- Typically higher risk investments have poor risk/reward trade-offs
- Paying off personal debt may be the best risk/return
- Marathon vs Sprint
 - Proverbs 13:11
 - Luke 16:10
- Never dismiss the day of small beginnings

BOOK RECOMMENDATIONS

- *The Wealthy Barber/The Wealthy Barber Returns* – David Chilton
- *Findependence Day* – Jonathan Chevreau
- *Money Rules* – Gail Vaz Oxlade
- books by Dave Ramsey or Suze Orman
- *The Millionaire Next Door* – Thomas Stanley/William Danko
- *The Little Book of Behavioral Investing* – James Montier

JAMIE NEUMANN

The First Purchased Property and the Last Purchased Property (Buy and Hold Strategy)

Running Numbers Before You Visit/Buy: Take the emotion out of the equation!

	A	B	C	D	E	F	G	H	I
Address	123 Easy Street sample	1040 BANNERMAN AVE, WIN MLS# NUMBER 202226733	1040 BANNERMAN AVE, WIN 115-3077 Pembina MLS# NUMBER 202218432	980 Selkirk Ave Winnipeg R2X 0C1 MLS# 202218432	945 TAYLOR AVE, 1087 PRITCHAR MLS# NUMBER 202216857	1087 PRITCHAR MLS# NUMBER 202216857	1087 PRITCHAR MLS# NUMBER 202216857	134 Kairistine In MLS# NUMBER 202216857	134 McAdam
List	280000	379900	159900	289900	419900	319900	289900	289900	399900
Notes									369000
Goal Price	250000	325000	160000	260000	420000	300000	250000	250000	325000
Down	50000	81250	32000	52000	84000	60000	50000	50000	65000
Principal	200000	243750	128000	208000	336000	240000	200000	200000	260000
LOC Payments	208.3333333	338.5416667	133.3333333	216.6666667	350	250	208.3333333	270.8333333	270.8333333
Mortgage Payments	980	1194.375	627.2	1019.2	1646.4	1176	980	1274	1274
Taxes	3600	4600	2000	3600	5150	3150	2600	4100	4100
Monthly Taxes	300	383.3333333	166.6666667	300	429.1666667	262.5	216.6666667	341.6666667	341.6666667
Utilities	100	100	100	150	150	120	100	211	211
Maintenance	100	100	50	100	100	100	100	100	100
Management	176	220	108	160	224	194	136	192.72	192.72
Vacancy	110	137.5	67.5	100	140	121.25	85	120.45	120.45
Commercial Licences			307						
Insurance	150	200	100	150	150	150	125	150	150
Total Monthly Expenses	2124.3333333	2673.75	1559.7	2195.866667	3189.566667	2373.75	1951	2660.67	2660.67
Rent 1	1000	1300	1350	1000	1400	1200	1650	1195	1195

Consider the actual costs of owning this property against what you can expect to earn from it in the short term.

D18 | fx =D27*0.05

	A	B	C	D
1	Address	123 Easy Street	1040 BANNERMAN AVE, WIN	115-3077 Pembina
2		sample	ML# NUMBER 202226733	Wir
3				ML#
4	List	280000	379900	159900
5	Notes			
6				
7	Goal Price	250000	325000	160000
8	Down	50000	81250	32000
9	Principal	200000	243750	128000
10	LOC Payments	208.3333333	338.5416667	133.3333333
11	Mortgage Payments	980	1194.375	627.2
12	Taxes	3600	4600	2000
13	Monthly Taxes	300	383.3333333	166.6666667
14				
15	Utilities	100	100	
16	Maintenance	100	100	50
17	Management	176	220	108
18	Vacancy	110	137.5	67.5
19	Commercial Licences			307
20	Insurance	150	200	100
21				
22	Total Monthly Expenses	2124.3333333	2673.75	1559.7
23				
24	Rent 1	1000	1300	1350
25	Rent 2	1200	1450	
26	Rent 3			
27	Total Rents	2200	2750	1350
28				
29	Cash Flow	75.66666667	76.25	-209.7
30				

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	A	B	C	D	E
Rental Property					
Rental Income and Expenses					
For the 2022 year					
Address:					
Month					
Rental Income				23845	
Expenses					
Advertising				79.95	
1 Insurance				3094.5	
2 Interest				3891.92	
3 Office expenses				1081.9	
4 Professional fees				142.5	
5 Management and admin fees					
5 Maintenance and repairs				3114.57	
7 Salaries and wages					
3 Property taxes				3480	
3 Travel					
0 Utilities				3262.41	
1 Total Expenses				18147.75	
2					
3 Net Income				5697.25	
4					
5 Capital Expenditures:				17679.06	

Actual Annual Expenses: Property 1 (for income tax purposes)

Property Profile: 2 Unit Duplex (1.5 +2/3BRs per level)

List Price: ~\$265,000

Purchase Price: \$240,000 (2014)

Down Payment Source: Savings from
sale of personal residence+borrow
against equity in personal residence*

Original Mortgage: ~\$235,000

Capital Expenditures: ~\$20,000 (boosted
rent/select renter – new rents:\$2595/mo)

Market Value: ~\$340,000*

Existing Loan: ~\$167,000

Estimated Equity: ~\$130,000-150,000*