

Merrick Financial Inc.

Unbiased, professional and straight forward financial advice!

Business Owner - Higher Complexity - Case Study



The Situation

Mike, 46, owns a restaurant business that is doing quite well and has grown substantially over the years. He is now doing about \$9,000,000 per year in sales with a healthy profit margin. As he devotes so much time to the business he is no longer able to manage all of his assets and is looking for a higher level of advice and a partner to help him make big decisions. He also has a spouse, 2 kids and a brother who works in the business too. He is looking for high level advice on when he can be work optional, save tax, income split, investments, etc. Someone who can be his financial quarterback and interact with some of the other professionals (accountant, lawyer, etc.) in his life.

Business and Personal Assets

Business Shares	\$4,000,000
Business Investments	\$1,000,000
Investment Properties	\$2,000,000
Personal Investments	\$1,500,000
Primary Residence	\$2,000,000

Goals

1. When can I be work optional?
2. Find someone who can help me efficiently run my assets. To find more time.
3. Investment assessment and general advice - continue DIY or find a financial advisor?
4. Risk management - if something happens to me will my family be okay?
5. Someone to talk through big decisions with

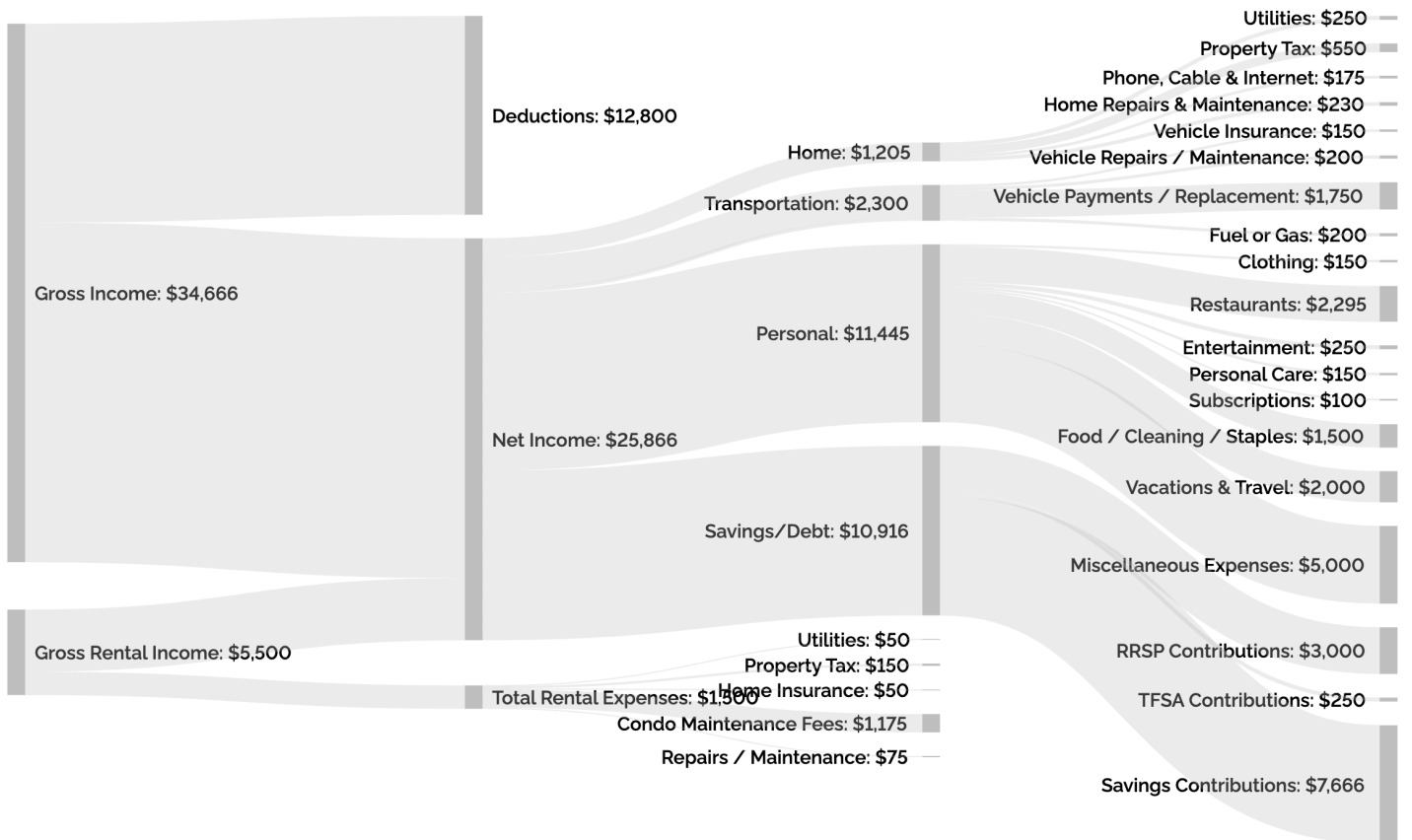
- 6. Estate planning
- 7. Compensation strategy with income splitting

What follows is a very quick snapshot of the financial planning process as it excludes many parts of the process. Every client's situation is different and this is for illustrative purposes only:

The Plan

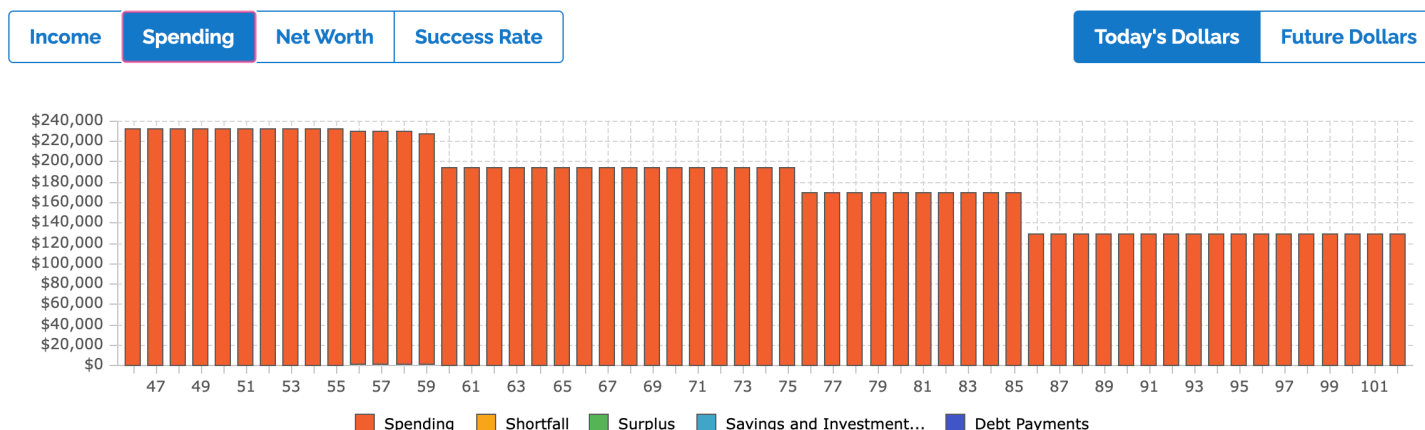
A big priority is seeing where their money is being spent and the cash flow chart achieves this. We can see what their current savings rate and future asset drawdown percentage are going to be.

Cash Flow

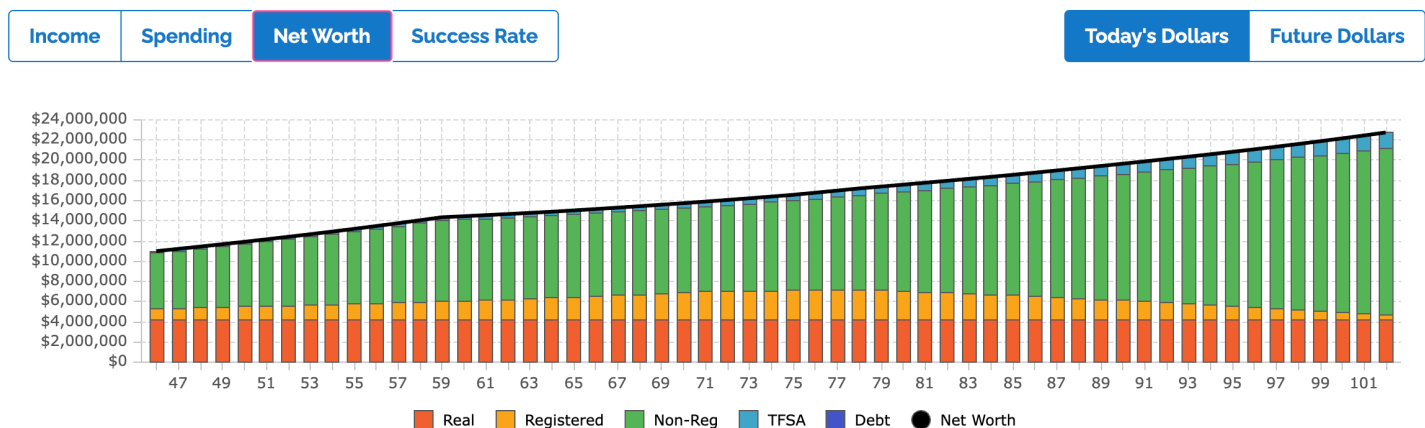


Spending

We can also see where they are spending money over time and account for renovations, gifts to the kids, increased travel, etc.

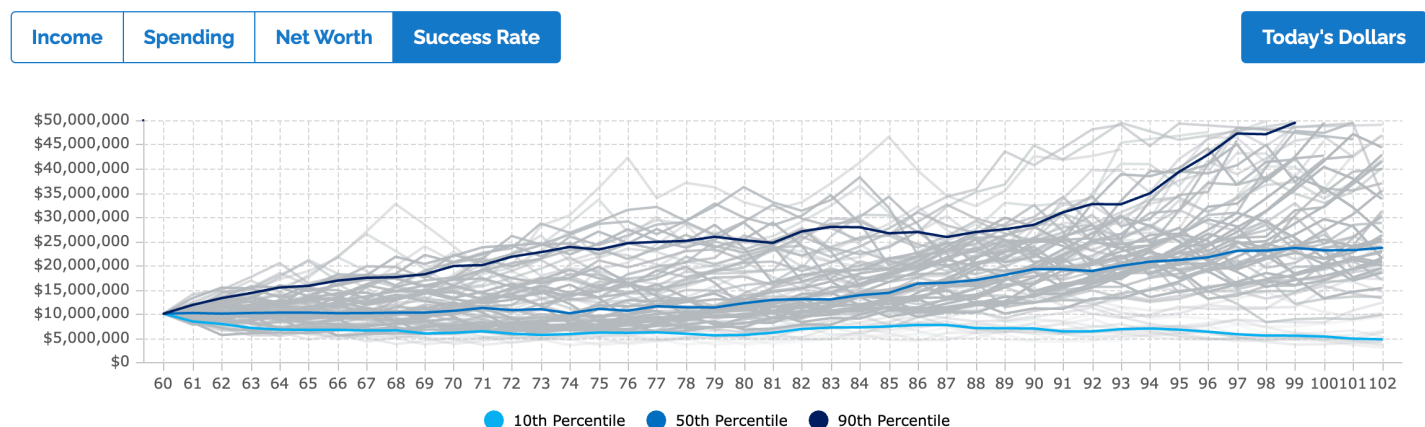


Net Worth



Success Rate

Here, a large number of financial projections are done with our computers and a detailed success percentage is created. We generally like to see it between 60 - 80% which implies a higher margin of safety. This often requires multiple scenarios and adjustments accordingly.



Success Rate: 100%

Recommendations

1. A determination on when he can slow down his work and maintain his lifestyle and estate planning goals
2. Regular meetings with his financial planner to review issues as they come up. Regular phone / email contact.
3. An investment manager search and determination that this is the best path forward. Detailed recommendations for life insurance and disability. A recommendation for a good insurance agent and jointly meeting with them.
4. Based on their future spending needs a detailed compensation strategy is put together. This accounts for some future, larger withdrawals.

After a series of video calls a detailed set of financial projections is given to the client along with an action based written report to be implemented.

Result

Peace of mind that everything possible is being done with their finances. Offloading much of the work for this to their financial planner, who acts as the quarterback. An ongoing relationship with an annual retainer. Yearly net worth / expense tracking. More time for Mike and his family to enjoy themselves.

Let us know what you want to improve from your current financial situation.

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