FAST

PROGRAM

RFPA

Ryerson Financial Planning Association

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INTRODUCTION

FAST PROGRAM

WHAT IS IT?

- FAST - Financial Adviser Skills Training
- The FAST Program is designed with a particular focus towards Accounting and Finance Majors, however is open to all disciplines.
- It is intended to help students bridge the gap between the classroom and the real-world.
- Upon completion of the program, a Certificate, signed by the Dean, will be awarded to the student.

HOW DOES IT WORK?

Online Modules are presented in PowerPoint format and will be accessible from the RFPA website. Online modules will be released a few days after the FAST Program Recommended Event

Requirements:
1. Applicants must attend 1 RFPA Event
2. After all Modules have been released, time will be given to study material
3. To conclude the program, applicants must pass (65% or higher) the In-Class Test
4. If passed, the applicant will be rewarded with a FAST Program Certificate

Upon completion of the program, a Certificate, signed by TRSM Finance Faculty Member and RFPA President, will be awarded to the applicant.

HOW DOES IT WORK?

- Enhance student knowledge, by applying classroom knowledge to the real world. Practical skills are an important focus of the FAST Program.
- Various events presented by industry professionals.
- Gives you a competitive advantage – add it your resume
- Ample opportunity to expand the student's professional network.
- Builds a strong sense of community within Ryerson, and the student's personal life.

Please note that a participant has limited chances to pass the test and failure to pass may be subject to a fee. Results from the test will NOT count towards your GPA/CGPA.

THE MODULES

- The FAST Program consists of 7 online modules
- Each module will build upon the student's knowledge of the Financial Services industry.
- The modules have been verified by industry experts, in order to ensure the material is relevant to industry standards

AREA OF FOCUS	LIVE EVENT*	ONLINE MODULE
Intro to Finance Planning	√	√
Prospecting		√
Client Types & Their Needs		√
Mutual Funds		√
Insurance		√
How to File a Tax Return	√	√
Financial Ethics	√	√

* Live Events are subject to change

PROSPECTING

- Prospecting is a means of reaching out to potential clients and closing the deal.
- It is a cornerstone of the financial services industry, yet many newcomers to the industry are reluctant to embrace it.
- Prospecting will have a live event where a guest speaker, with real-life industry experience, will show participants how to succeed in one of the most difficult aspects of obtaining clients.

CLIENT TYPES & THEIR NEEDS

- Different clients have different needs. Whether from an inheritance, lottery, or sale of a business – each has a different need, and Financial Planners must accommodate them.
- Client Types & Their Needs will have a live event where a guest speaker, with real-life industry experience, introduce different types of clients, and how their needs varies in different market situations.

THE MODULES

MUTUAL FUNDS

- Mutual Funds will give a thorough introduction as well as give proper foundation for those interested in becoming a Mutual Fund Representative
- Mutual Funds will have a live event where a guest speaker, with real-life industry experience, will present experiential knowledge and strategies to look for when selecting funds

FINANCIAL ETHICS

- With the increased stigmatism of the finance industry, ethics has become a crucial aspect of everyday business
- Each of the chartered banks in Canada has mandatory ethics training in order to comply with industry standards
- Financial Ethics will have a live event where a guest speakers, with real-life industry experience, will present experiential knowledge about ethics becoming a crucial aspect of everyday business

INSURANCE

- Insurance is a form of risk management where liability is transferred over to a third party
- While the majority of Financial Planners do not specifically deal with insurance, it is an important topic to understand
- Insurance will have a live event where a guest speaker, with real-life industry experience, discuss about their experiences within the industry

HOW TO FILE A TAX RETURN

- Tax plays a vital role in all investment decisions
- All for profit organizations financial decisions take after tax considerations
- How to File a Tax Return will have a live event where a guest speaker, with real-life industry experience, will help students understand the process and explain important tax regulations in Canada

EVENTS

- **Financial Planning Case Competition:** Complementary to the FAST Program, this event is fully sponsored by BMO Wealth Management with very noteworthy prizes
- **Gala Night:** Complementary to the FAST Program, this event is a financial planning discussion panel with food, refreshments and awesome prizes

HOW TO FILE A TAX RETURN

TAXES

WHAT IS TAX?

Tax is a legal financial liability all residents of Canada have annually. All tax returns and taxes owing are filed to Canada Revenue Agency (CRA). CRA is responsible for interpreting the rules in the Income Tax Act and collecting Taxes, they don't create the laws.

WHO GETS TAXED?

- Corporation
- Individuals
- Trust

For this module we will focus only on individuals

- Individuals determined to be residents are taxed on Employment income, Business income, Rental/Interest/Royalty/Dividend income, Gains on sale of Assets and other income like pensions, RRSP withdrawal earned/received worldwide

Lottery winnings and winnings from betting are not taxed. Only the sources of income specified are taxed

TAXATION PERIOD

- Individuals are taxed on all specified income earned/received from January to December. Usually employers start sending out T4 slips (a record of income reported by your employer to CRA) around January or February of the following year.
- A copy of all income slip is sent out to Canada Revenue Agency (CRA) and you.
- Examples of other income slips include: T4A, T4A (P), T5, etc.

WHEN ARE TAXES PAID?

- Unless CRA extends the deadline, tax returns are due April 30th and any taxes owed for the year are also due on April 30th.
- Tax returns have a section dedicated to calculate taxes owing, that way you can pay your taxes along with filing your tax return.
- Be wary of late filing fees and interest and late payment fees.

TAXES

TAX OWING

- Withholding of taxes, part of your income going towards CPP/EI/Taxes, is an obligation imposed on your employer by the government.
- It is an estimate of how much income individuals may have to pay at the end of the year.
- The determination of whether an individual gets a refund or taxes owing depends on how much tax is withheld during the year.
- The government wants to ensure taxes aren't avoided.
- Is it better to get a refund or a tax owing during the year?

FILING A TAX RETURN

Items needed:

- 20## T1 return/20## T1 guide (Can be found on www.cra-arc.ca)
- Social Insurance Number
- All income slips
- Free tax software: Studio tax
- The back of every income slip has information on where each number goes. The program will also guide you through the whole process until you get your taxable income and tax owing.
- Schedule 1 (ON 428 for Ontario provincial tax) will allow you to reduce your tax owing by the use of tax credits.
- CRA provides a tax guide where individuals can look at every line number on the tax return and see what amount goes in it and how it is calculated.
- Certain line numbers also require attachment of specific forms which can be found online on CRA website. For example, to claim Tuition and education amounts you have to input all information on the form Schedule 11 and transfer the final amount from that form to your tax return.
- Certain credits require you to send in proof. For example, charity donations require you to send in your charity receipts to CRA in order for you to claim that credit.

TAX TIPS

- As per your schedule 1, every individual is eligible for basic personal amount. If you made $11,327 in 2015 you owe zero taxes.
- RRSP contributions can help reduce your income that has to be taxed. Be wary of your total income earned during the preceding year before contributing.
- TFSA is a great tax saving tool that can help individuals earn untaxed interest and the ability to earn income from investments also untaxed. Like RRSP, it also has a limit to how much you can invest.

CLIENT TYPES & THEIR NEEDS

CLIENT TYPES & THEIR NEEDS

PLEASE NOTE

- All content presented throughout this module was graciously provided by Thane Stenner, Director of Wealth Management at Richardson GMP, a leading firm in high-Net-Worth client management, with over $28 Billion in client assets.
- From this module, you will learn (a), why Ultra-High-Net-Worth and High-Net-Worth individuals are different from those still accumulating wealth, and (b) various strategies for protecting and building wealth.

THE RICH ARE DIFFERENT

CHALLENGES

- Each cohort of the wealthy face different challenges. For High-Net-Worth individuals, the three central challenges are:
  (a) recognizing their status and accepting the new responsibilities of wealth;
  (b) having an overly concentrated portfolio, and
  (c) understanding that wealth management means more than investing.
- Ultra-High-Net-Worth individuals face two additional challenges:
  (a) ensuring they have a comprehensive financial plan;
  (b) matching sophisticated investments with their unique needs.
- The Super-Wealthy face three challenges:
  (a) assessing and monitoring investment situations,
  (b) formulating an effective intergenerational and/or estate plan and
  (c) finding qualified professionals that can handle the demands of their wealth.

"Our business is about people"

Wealth isn't just a number – it's a state of mind, and once you accumulate enough of it, wealth changes the way you think. Most High-Net-Worth individuals can be organized into nine distinct wealth personality profiles, based roughly on the way they think about wealth and wealth management.

CLIENT TYPES & THEIR NEEDS

PERSONALITY PROFILES

1. Caregivers (20% of the High-Net-Worth population) want to leave behind enough wealth to liberate their families from having to work as hard as they did.
2. Runaways (17%) don't want to be involved in the day-to-day details of wealth management.
3. Libertarians (13%) dream about the day they don't have to work anymore.
4. Recluse (12%) insists on a high degree of financial discretion and absolute privacy.
5. The Boss (10%) wealth is power. Plain and simple.
6. Superstars (8%) find the glamour and prestige of wealth appealing.
7. Empire-Builders (8%) view money as an end in itself.
8. Players (6%) view the accumulation of wealth as a challenge or game.
9. Academics (6%) find the minutiae and details of wealth management appealing.

5 RULES OF WEALTH

Wealth management is a complex subject. When it comes to making wealth management decisions, High-Net-Worth individuals must:

1

Be personally responsible for their wealth. This means accepting a minimum level of engagement with wealth issues, and participation in decisions.

2

Consider wealth in a different way. That is, seeing or viewing wealth from the perspective of the practical difference it makes in life.

3

Secure wealth first, build wealth second.

4

Investigate new wealth management options for your client.

5

Ensure your client not only has investment tools, but has estate and tax planning advice.

CLIENT TYPES & THEIR NEEDS

NEW MONEY; OLD MONEY

Those who become wealthy suddenly, face significant challenges when it comes to managing their wealth on an ongoing basis.

TIPS

- Business owners need to investigate divesture options, and explore strategies well in advance of the sale of their business.
- Executives need to control their own financial behaviour in regards to their new wealth. They need to learn what their options are, and understand what to do after exercising those options.
- Heirs need to learn more about wealth, and ask parents about their intentions.
- Athletes and entertainers need to secure wealth during their prime "earning years."
- Divorcees need to separate the emotional consequences of divorce from their financial decision-making, and prepare for a complete overhaul of their finances.

ADVICE FOR A CLIENT

No matter how your client became suddenly wealth, four simple steps can you them manage the new challenges they face:

1. Take a time out. Establish a time-period in which your client will defer important financial decisions.
2. Construct a wish-list. Determine what kinds of changes your client wishes to make in their life.
3. Re-visit your client's goals. Then, determine which of those goals your client can afford.
4. Segregate wealth into two piles – Safe money (needed to fund your clients lifestyle) and play money (money your client uses to purchase whatever they wish).

MONEY IN MOTION

The financial challenges facing High-Net-Worth individuals are connected to their life circumstances. For that reason, any examination of wealth management must involve an examination of an individual's life goals. On the next few pages, we will present five real-life case studies that demonstrate the real-life complexities and challenges faced by High-Net-Worth individuals.

*Note – In these cases, "we" refers to Richardson GMP Investment Partners.

1

SECURING WEALTH FOR RETIREMENT

"Perry" was a former professional hockey player with a net worth of over $5-million. Perry's financial goals were similar to other retirees, but his net worth demanded a more sophisticated approach when it came to his retirement portfolio.

His portfolio was divided into two portions: (a) income- generating assets; and (b) growth assets. The first component was assigned to two managed-yield mutual funds. The second to a portfolio of I-class and F-class mutual funds(explained in the mutual fund module). A small portion of the portfolio was dedicated to individual growth stocks. While the challenge facing Perry certainly wasn't unique, the solutions offered were more specialized—a typical scenario with U/HNWIs.

2

ALLOCATING WEALTH AFTER A BUSINESS SALE

"David" was a farmer who had inherited his family's business and property. After selling his business for over $30-million, he was unsure of what to do with the proceeds. We divided his portfolio into "core" (long-term conservative holdings) and "satellite" (opportunistic investments) positions.

Most of the former was placed with a respected value manager; $1.5-million of the latter portion was placed in a "fund of funds" hedge fund that offered diversification and low correlation to overall markets. $500,000 was kept in cash for special situations. Finally, a tax specialist and an estate planner were brought in, as to ensure all areas of David's finances were addressed.

3

EXECUTIVE OPTIONS

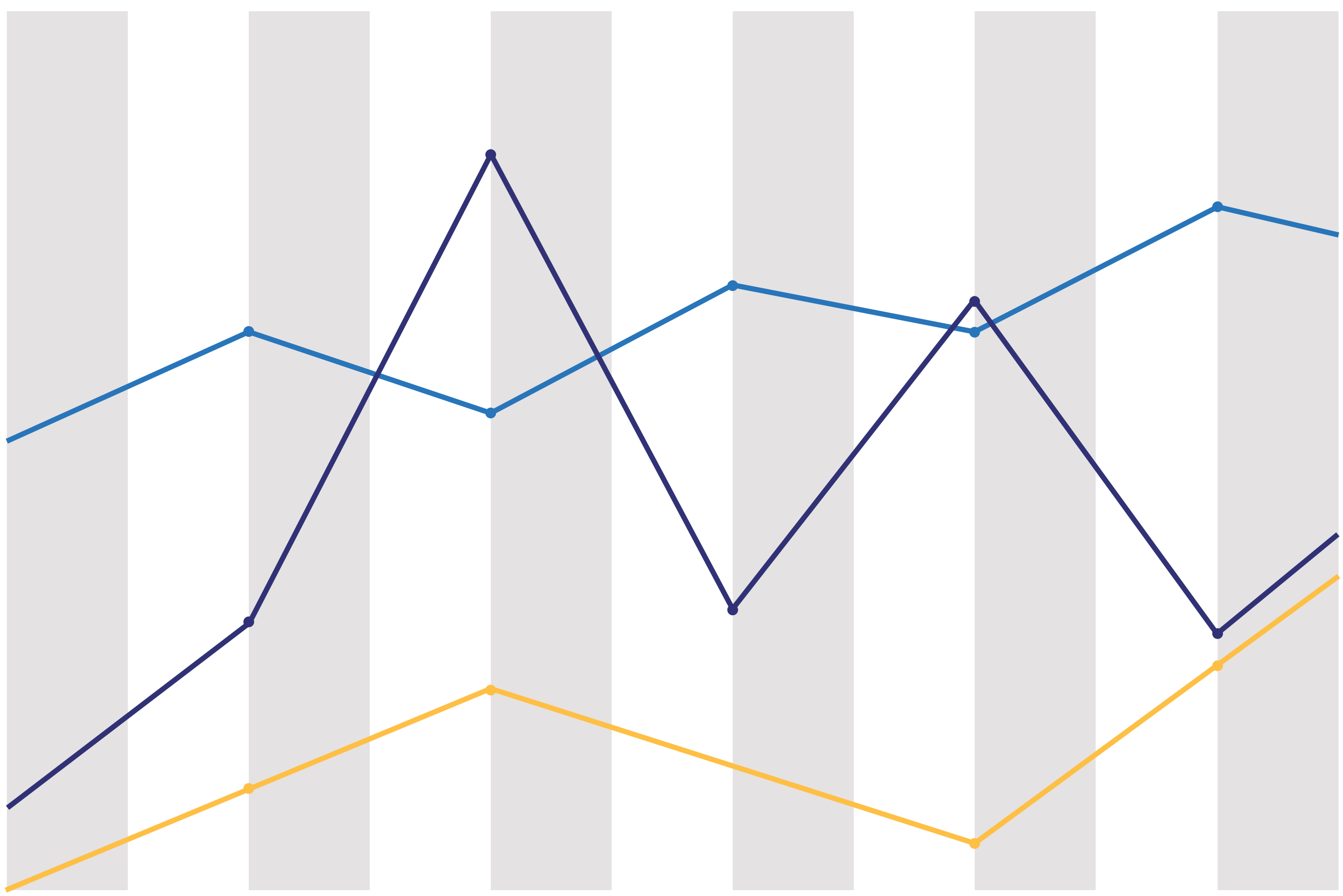
"Diana" was an executive for a large pharmaceutical company; options were a large part of her compensation package. As the company's fortunes improved, so did the value of Diana's options—to about $15-million.

We worked with Diana to establish an appropriate exercise schedule for her options, which eliminated guesswork and reduced the temptation to co-ordinate exercise with market events. We also constructed a plan to deal with the proceeds of her options. This provided Diana with clarity and eliminated much of the stress that came with her sudden wealth.

INVESTMENT PRINCIPLES

The following principles are what leading wealth management professionals are recommending to their High-Net-Worth clients:

1. Be a contrarian investor. Follow an independent mindset and tune out the actions of the crowd.
2. Believe in equities. Equities have the ability to protect you against inflation and taxes.
3. Manage risk first. The primary goal of all investment strategies for High-Net-Worth clients should be to minimize potential threats to one's standard of living.
4. Construct a diversified portfolio.
5. Pay attention to history. Those who ignore history, are condemned to repeat the mistakes of the past.
6. Be a tax-smart investor for your clients. A consideration of after-tax returns is the only real way to ensure long-term wealth.
7. Manage wealth for the benefit of your client, but also family and community. Because from those who have much, much is expected.
8. Take a structured approach. First, take an inventory of assets and goals. Next, outline options for your clients in achieving those goals. Then, put the portfolio together and conduct ongoing reviews.
9. Academics (6%) find the minutiae and details of wealth management appealing.



CLIENT TYPES & THEIR NEEDS

THE DANGER OF CONCENTRATION RISK

Why should High-Net-Worth clients diversify? It's simple: they have too much to lose by concentrating their wealth. While there are many examples of how concentrated portfolios can result in tremendous wealth, it does not make sense to gamble your clients wealth.

HOW TO MINIMIZE IT

- There are two general methods for dealing with concentration risk; diversification, and hedging.
- Diversification is a strategy that depends largely on the needs of the individual investor. The best way to construct a diversified portfolio for our High-Net-Worth client, is to base allocation decisions on risk tolerance rather than investment goals or age.
- Hedging - Put and call options can be effective tools for hedging concentrated positions in publicly-listed stock. An option collar may be an effective tool for High-Net-Worth clients who want to limit downside risk without selling their positions, although the price of this protection is giving some upside potential.

SO MANY OPTIONS

Options have the power not only to change your clients financial situation, but also the way they think about wealth. In fact, there are several psychological pitfalls option holders find themselves in:

1. Not understanding the tax and investment implications of options.
2. Considering options as a get-rich-quick scheme.
3. Getting greedy and not diversifying from concentrated stock positions.
4. Allowing market volatility to affect your decision to exercise.
5. Pre-spending the proceeds from options, or spending them on basic living expenses or luxury goods.

CLIENT TYPES & THEIR NEEDS

ESTATE PLANNING FOR THE HIGH-NET-WORTH CLIENT

While must HNW clients have taken at least the basic steps towards organizing their estates, many haven't yet formulated a full estate plan. Here is a basic guide, in helping your clients:

1. HNW clients have unique needs. Their estate plans must be equally unique.
2. The primary goal of any estate is to satisfy the intentions of the HNW client.
3. Estate planning is an ongoing process requiring monitoring and periodic reviews.
4. HNW clients need to communicate their intentions for their estate plan with family and friends, well before the plan is finalized.

No matter how complicated the estate, every well-constructed plan shares five basic goals:

1. Retention of control; make your intentions possible.
2. Minimization of tax; less tax means more money for your heirs.
3. Liquidity; to satisfy the immediate needs of your heirs, and to prevent assets from being sold to pay taxes and fees.
4. Business succession plan; a must for all High-Net-Worth clients with a business.
5. Bulletproofing; to ensure your intentions can survive legal challenges.

TRUSTS

Trusts are one of the most flexible, most efficient estate planning tools available to HNW clients. The basic trust structure involves three parties (a) the settlor, who grants assets to the trust, (b) the trustee, who manages those assets, and (c) the beneficiaries who receive income and/or benefit from the assets within the trust.

Trusts offer a number of substantial benefits to HNW clients. These are:
(a) Control over assets;
(b) Tax advantages;
(c) Protection for assets;
(d) Privacy.

In this quick video, Thane Stenner goes over the investment mix of common wealthy portfolios:
https://www.youtube.com/watch?v=xEIN0LuDu_w

FINANCIAL ETHICS

FINANCIAL ETHICS

WHAT IS ETHICS?

Tax is a legal financial liability all residents of Canada have annually. All tax returns and taxes owing are filed to Canada Revenue Agency (CRA). CRA is responsible for interpreting the rules in the Income Tax Act and collecting Taxes, they don't create the laws.

- A system of moral principles.
- Rules of conduct recognized in respect to a particular class of human actions.
- Ethics is also called the determination of right or wrong; the standards of appropriate conduct or behaviour for members of a profession; what those members may or may not be.

WHY ARE ETHICS IMPORTANT?

- The finance industry has become increasingly stigmatized and stereotyped. People have suggested that the finance industry is very cynical and unethical. With these established and common beliefs, financial professionals and finance classes have begun to incorporate ethics into their learning strategies.
- FIN401 and 502 both have specific classes designated solely towards ethical behaviour in the industry.
- BMO Nesbitt Burns is one example of a company that provides mandatory ethical training once a year for every employee to maintain well rounded moral principles.

THE 7 PRINCIPLES

According to the CFP Board there are 7 principles that represent the Code of Ethics and Professional Responsibility:

1

"Integrity demands honesty and candor which must not be subordinated to personal gain and advantage. Certificants are placed in positions of trust by clients, and the ultimate source of that trust is the certificant's personal integrity. Allowance can be made for innocent error and legitimate differences of opinion, but integrity cannot co-exist with deceit or subordination of one's principles."

2

"Objectivity requires intellectual honesty and impartiality. Regardless of the particular service rendered or the capacity in which a certificant functions, certificants should protect the integrity of their work, maintain objectivity and avoid subordination of their judgment."

3

"Competence means attaining and maintaining an adequate level of knowledge and skill, and application of that knowledge and skill in providing services to clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation with other professionals is appropriate or referral to other professionals necessary. Certificants make a continuing commitment to learning and professional improvement."

4

"Fairness requires impartiality, intellectual honesty and disclosure of material conflicts of interest. It involves a subordination of one's own feelings, prejudices and desires so as to achieve a proper balance of conflicting interests. Fairness is treating others in the same fashion that you would want to be treated."

5

"Confidentiality means ensuring that information is accessible only to those authorized to have access. A relationship of trust and confidence with the client can only be built upon the understanding that the client's information will remain confidential."

6

"Professionalism requires behaving with dignity and courtesy to clients, fellow professionals, and others in business-related activities.

Certificants cooperate with fellow certificants to enhance and maintain the profession's public image and improve the quality of services."

7

"Diligence is the provision of services in a reasonably prompt and thorough manner, including the proper planning for, and supervision of, the rendering of professional services."

Watch this video of Chuck Gallagher on Business Ethics:
https://www.youtube.com/watch?v=gUJ00vNGCPE

MUTUAL FUNDS

MUTUAL FUNDS

WHAT IS IT?

- A pool of funds collected from many investors for the purpose of investing in diversified holdings.
- This pool gives you greater purchasing power than you could have own your own.
- Funds are invested and managed by portfolio managers into various securities.
- Common securities consist of stocks, bonds, money market instruments.

DIFFERENT TYPES OF MODULES

- There are more than 10,000 Mutual Funds in North America.
- Three main varieties of funds organized by risk level from least to most:

1

MONEY MARKET FUNDS

- Consists of short-term debts
- Little return
- Principal is often not lost
- Example: Treasury Bills

2

FIXED INCOME FUNDS

- Primarily invested in government and corporate debt
- Objective is to provide steady cash flow.
- Higher return but can be riskier than Money Market funds

3

EQUITY FUNDS

- Objective is long term capital growth
- Largest category of Funds
- Highest risk but also the highest reward
- There are many different types of these kinds of funds. Generally characterized price to earning ratios, price-to-book ratios and dividend yield

- Other types of securities
    - Balanced Funds
    - Global Funds
    - Specialty Funds
    - Index Funds

HOW IS INCOME EARNED?

- Dividends on stocks and interest on bonds.
- If the fund sells securities that have increased in price, the fund has a capital gain.
- Increase in price of the funds.

MUTUAL FUNDS

RISE OF MUTUAL FUNDS

- The world's first mutual fund dates back to 1774.
- The funds were not introduced to the public until 1928.
- The first Canadian fund, Canadian Investment Fund Ltd.(CIF), was established in 1932.
- It gained majority of it's popularity in the 1960s and the asset has been on the rise since. Estimated to be worth $800 billion in 2012.

WHY MUTUAL FUNDS?

- Simplicity: Makes investment in financial markets easy.
- Diversification: Managing risks becomes easier with mixing investments in different securities rather than individual portfolios.
- Economies of Scale: Transactions can be made on a much larger scale for less money.
- Divisibility: Purchasing funds in smaller denominations provide mutual fund investors to take advantage of dollar-cost averaging.
- Liquidity: Getting in and out of mutual funds is relatively easy.
- Professional Management: Portfolio managers, who are knowledgeable on investment, monitor the investments.

DRAWBACKS

- Professional Management: Profits on investments is not a guarantee.
- Costs: Running a mutual fund can be expensive.
- Dilution: Too much diversification does not bring an overall high return.
- Taxes: Income is taxed.

HOW TO PICK A MUTUAL FUND

- Set goals on the desired capital gains and consider how much risk they are willing to take.
- Decide on when and how you would like to get your return.
- Understand the fees associated with the investment.
- Evaluate past results of portfolio manager.
- Choose the size of the fund

MUTUAL FUNDS

COST ASSOCIATED WITH BUYING FUNDS

The most common fees are:

- Ongoing yearly fees of maintaining your investment

  > Often represented by the expense ratio, which is composed of:
  > - Cost of hiring fund manager
  > - Administrative costs
  > - Brokerage Commissions

- Transaction fees to buy or sell shares in a fund

  > They are basically fees paid to the sales person and they can be either for:
  > - Load Funds: These are funds sold by third parties. These funds can't be bought directly by the public.
  > - No-Load Funds: Funds sold directly to the public.

ANALYSING THE FUNDS IN THE MARKET

- Funds data can be found online or in newspapers.
- There are third party organizations dedicated to evaluating the Mutual Funds in the market and their progress.
- An example of organizations of such nature is showed in the video while also demonstrating key data to look at when evaluating funds.

KEY TERMINOLOGY

- Management Expense Ratio(MER): Total Administrative costs incurred by a mutual fund expressed as a percentage of the asset.
- Net Asset Value(NAV): Size of fund in millions of dollars. Total assets minus current liabilities.
- DCAF: Dollar Cost Averaging Fund
- Yield: Income return on an investment
- Total Expense Ratio(TER): Total Fund costs divided by Total Fund Asset.

GOVERNMENT BODY IN CANADA

- Mutual Fund Dealer's Association(MFDA) oversees Canadian Mutual Fund Industry.
- A not-for-profit organization created in 1998.
- It's main objective is to protect investors by regulating all transactions.
- Yield: More information regarding MFDA can be found on their website: http://www.mfda.ca/index.html

INSURANCE

INSURANCE

RISKS

- Risks come with every decision made in life.
- Risks can be preventable, avoidable or completely unforeseeable.
- Risks can be managed by:
    - Avoiding the risk
    - Transferring them to insurance companies

INSURANCE

- Insurance allows entities to protect themselves against potential losses and financial hardship at a reasonably affordable rate.
- It serves as an excellent risk-management and wealth-preservation tool.

RISK MANAGEMENT PROCESS

- If decision is made to transfer losses, the next step is to seek out insurance coverage.
- There are two type of agents that can provide insurance:
    - Captive Agents: Representative of a single insurance company.
    - Independent Agent: Representative of multiple companies but work on behalf of client.
- These agents bind the policy which contains main components of the insurance.

HOW DOES INSURANCE WORK

- Insurance fees are collected by insurance companies from large numbers of people and are pooled together.
- Statistical analysis used by insurance companies project their losses. They use this to determine premiums required by their customers.
- They know not all individuals will suffer losses at the same time.

TYPES OF INSURANCE

1 LIFE INSURANCE

- Saves income for the dependants of a deceased.
- It may also cover funeral, burial or other final expenses.
- Can be paid out in lump sum or annuity.
- Most popular types of life insurance are either:
    - Whole Life: provides guaranteed insurance protection for the entire life of the insured.
    - Term Life insurance: only provides protection for a definite, but limited, amount of time.

2 HOME INSURANCE

- Provides coverage for damage or destruction of the insured's personal property.
- How much you pay depends on many factors such as material used, age of property and geographical location.

3 AUTO MOBILE INSURANCE

- Provides coverage for both bodily injury and physical damage of vehicle.
- How much you pay depends on factors such as driving records, vehicle value, how much you drive, age and sex.

OTHER INSURANCE POLICIES

- There is insurance for just about anything, some examples are:
    - Health
    - Disability
    - Workers' compensation
    - Fire
    - Natural disaster
    - Crop
    - Marine

INSURANCE

THINGS TO CONSIDER

- How much insurance needed?
- How long is the coverage needed?
- How much premiums can you afford to pay?
- It is also important that research is done of the markets and quotes of different companies are compared before the final decision.

HOW ARE PREMIUMS CALCULATED?

This short video gives brief information of factors that decide premiums on insurance: https://www.youtube.com/watch?v=uu1FqsR7JV0

TYPES OF INSURANCE COMPANIES

- Insurance companies can either be:
    - Stock Insurance company: publicly traded firm that issues shares to the public to raise capital.
    - Mutual insurance: owned entirely by its policyholders.
- Stock Insurance is the more popular insurance company due to its ability to improve it's capital standing.

HOW DO INSURANCE COMPANIES OPERATE

- Part of premiums paid to insurance companies are set aside to respond to any claims during the year.
- Most of the money is invested into stocks and bonds.
- Insurance companies must be wise with their investments or else they might not be fulfill obligations and may have to file for bankruptcy.
- Investing allows insurance companies to keep insurance premiums as low as possible.

HISTORY OF INSURANCE IN CANADA

- Earliest insurance dates back to ancient civilizations of China.
- Canada Life Financial Corporation – the first Canadian life-insurance company founded in 1847 in Hamilton, Ontario.
- Canadian insurance law was passed in 1868.

INSURANCE

SUPERVISION & REGULATION

- The responsibility for supervision of insurance in Canada is shared by the federal (OSFI) and provincial (FSCO) governments.
- OSFI requires insurance companies to submit financial statements.
- FSCO government regulate licensing of agents, brokers and adjusters.
- More information of the federal department can be found at: http://www.osfi-bsif.gc.ca/Eng/Pages/default.aspx#
- And provincial department of Ontario at: http://www.fsco.gov.on.ca/en/pages/default.aspx

KEY TERMINOLOGY

- **Underwriting Rules:** Rules used by insurance companies to assess the risk they are taking by insuring a customer.
- **Like Kind and Quality(LKQ):** Replacement of damaged property with similar type and condition.
- **Hard Market:** Insurance cycle in which premiums rise significantly
- **Actuary:** a professional dealing with the assessment and management of risk for insurance policies and any other ventures involving a measure of uncertainty.
- **Bound:** Acceptance of insurance after the binding process.
- **Premium:** Insurance cost requirement.
- **Policy:** Contract of Insurance
- **Claim:** Use of Insurance policy

KEY STATISTICS

- By year-end 2013, Canadians owned:
    - Individual life insurance - $2,370 billion
    - Group life insurance - $690 billion
    - Total life insurance - $4,060 billion
- More than 21 million Canadians own life insurance for the future financial security of their families.
- Average amounts owned were $189,600 for insured individuals and $373,400 for insured households.

PROSPECTING

PROSPECTING

This module will assist each program participant with the skills necessary to succeed in a field built on phone-sales.

WHAT IS PROSPECTING

- Prospecting, is the development of prospective customers that are in the market to buy your product, or service.
- Prospects are the lifeblood of the financial services industry.
- A prospect is a potential customer, or sales lead, which has been qualified as fitting a certain criteria. This may include: fitting the target market, having buying authority, and being a key decision maker.
- Most companies have their own set of guidelines for what constitutes a qualified prospect, however, in general it is considered that a qualified prospect is someone that has expressed the need for your product or service.
- The most important thing to understand with prospecting, is that it's a numbers game. The more you call, the more sales you will make.
- Experienced callers will often track the amount of prospects they call per hour, and compare with how many they "qualified."

1

WHAT ARE YOU SELLING?

The first step of prospecting is to understand what you're selling. For the purposes of this module, we're going to assume you are selling financial services.

You must also create an ideal client profile; who are the "individuals" that would be responsible for the use of our services.

2

INFO GATHERING

After figuring out what you're selling, the next step is to gather information about your prospective client. Tailored mailing lists are readily available that will help you target specific neighbourhoods with higher incomes.

3

CONTACT STRATEGY

The next stage in prospecting is to start creating awareness with your prospects.

Experienced salesmen will often warm-up to clients by sending mailers, canvassing neighbourhoods, and inviting them to seminars.

After the warm-up phase, is when the calling begins. The purpose of this contact (within financial services) will often be to set up a face-to-face meeting to discuss your services.

COLD-CALLING

DON'T TAKE REJECTION PERSONALLY

- Cold-calling can be very frightening at first. The fear of rejection is often the number one reason why salespeople are unsuccessful at prospecting.
- Rejection is anticipated as a natural aspect of the prospect qualification process, so don't take it personally. Learn from rejection by using it as a valuable feedback mechanism.

THE TIME TO CALL

- In 2007, a professor at Sung Kyun Kwan Graduate School of Business conducted a study with the Kellogg School of Management to study cold calling success and came up with the ideal times.
- The study took place over 4 months with companies of various sizes from more than 40 industries taking part with 495 responses.
- The time to cold-call varies depending on which type of client you are calling, however the general best times to call are between the hours of 8-9am, and 4-5pm, with 1-2pm being the absolute worst.
- Some other stats from the study: Leads that are generated from a website have a very short lifespan (5 minutes); however, if you call a lead back within 5-10 minutes you are 4 times as likely to qualify your lead, and turn them into a client.

AVOID TEMPTATION

- A common mistake with cold-callers, is that they attempt to sell their product over the phone. In some industries that is required, however, in financial planning it can be a costly mistake.
- Your objective for every call is to generate interest, gather information, and make an appointment.

SCRIPTS

TO USE A SCRIPT, OR NOT?

- When starting out, it is essential to use a script, so that you do not leave out key information.
- It's a good idea to role-play your script over the phone with your sales manager, until the feel you sound confident enough, without sounding monotone.

COLD-CALLING SCRIPTS

- Throughout your time as a cold-caller, you will undoubtedly go through numerous scripts. You will change scripts to suit your needs, and preferences, however, some basic guidelines apply.

1. Introduce yourself. Not introducing yourself is a sure-fire way to get hung up on. "Hi Jim, my name is John calling from____". It's a quick introduction, so that the contact knows who you are, and can get a general idea of why you're calling.
2. Questioning. Prepare and ask good, proactive questions, to help the contact understand why they need your services. A good question that relates to the financial planning industry, is "When is the last time you met with, or spoke to your financial advisor?". This question makes the contact sincerely think about the question.
3. Objectivity. Remain fair, and neutral. People don't want to be 'sold' – they want to be helped and guided by an expert. The more you 'push', the more you hurt your chances.
4. Listen, and interpret. It is better to listen and interpret from the customers perspective, rather than act as a biased self-interested seller.
5. Inform and educate. You are an expert in your given field. Giving your contact useful, and informative information is extremely important in building a rapport.
6. Keep in touch. You will seldom set up a meeting on the first call, however, jotting down your contacts information, sending mailers, will all help build rapport and inch you closer to qualifying them.

PROSPECTING

SALES WALL

- The following is a video that has been used as a personal training tool by many cold-callers. The cold-caller in this case, is a real-estate agent.
- Prospects often have a "sales wall", and as this cold-caller shows, it's important to break that wall down, with honest responses to prospect objections.
- Bypassing a sales wall:
  https://www.youtube.com/watch?v=XbS-y0L3gRI

SUMMARY

- Creating a summary for prospecting, there are Four key ingredients that you need to be successful.

> 1. List. You will a need a list. As previously stated, tailored lists are available online, at little cost.
> 2. Sound. Professional sound is a must. If you sound uncertain, monotone, or have any other unprofessional sounds you will have lost your contact – even with the best script.
> 3. Numbers. This cannot be stressed enough. 40 calls per hour is on the low end, with the ideal number being 100 (depending on how many answering machines you get). ***Note on answering machines: General consensus is to NOT leave a voice-mail. This gives you a reason to call back.
> 4. Script. When starting out, you will need a script. The script will change over time, and eventually you may do without the script