Sun Life Financial Personal Finance Case 2019

Rules & Regulations

- Team size is limited to groups of 1 to 2 students and must have registered through the Google Form on our website: https://goo.gl/forms/LucHnf3R341HfDw73.
- You are limited to a maximum of 10 slides (including title slides and appendices.)
- Slide decks must be PowerPoint formatted upon submission.
- Your slide deck must be submitted electronically by Saturday, February 23, at 11:59PM EST.
- Teams are to submit their presentation slides to cfo@goodmanbfig.com.
- Late submissions will not be accepted.
- Finalists will be announced on Sunday, February 24, 2019.
- Finalists' presentations will be **8 minutes**, followed by a question and answer period of **4 minutes** from the judging panel.
- Dress code for finalists' presentations: Business Formal.
- You should resist the temptation to simply repeat the case topics to the judges as they have already read them.
- Likewise, you should assume that the judges are familiar with the basic facts of the case and personal finance in general.
- You'll be judged based on the following criteria:
    - Deliverable Formatting – 10%
    - Analysis & Recommendation – 50%
    - Presentation Skills – 20%
    - Question & Answer Period – 20%

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Rob & Susan Burgundy

Rob (47) and Susan (43) Burgundy have 3 children: Nathaniel (14), Elizabeth (12), and Moe (7). Rob is a news anchor for the local TV network (currently earning $115,000), while Susan runs a small hairdressing studio out of their basement (earning $28,000).

Rob feels like they need to begin focusing on retirement savings, but also feels that they've been getting great advice from their bank they've been working with for nearly 20 years. Rob is open to a second opinion to see if they should be doing anything on top of what they are already doing to ensure they reach their desired retirement date. They plan on retiring when Rob turns 60. Susan feels they cannot do anything more towards their retirement as she believes they are paycheque-to-paycheque.

They currently own their home, which is worth approximately $600,000. They previously had their mortgage paid down to $150,000, but at the advice of their mortgage specialist, they very recently refinanced their mortgage to allow for a $170,000 renovation, which included a pool. Their mortgage payment is $2,200 per month at a rate of 3.25%. Property taxes are $400 per month, and utilities run an average of $350 per month. Home insurance is $120 per month, and they believe repairs and maintenance average approximately $200 per month.

They hope all three children attend university after taking some time off between high school and university to work and save for their first year. If they can accomplish this on their own, both Rob and Susan agree to cover their tuition costs for the next 3 years. They currently have $28,000 saved in a family RESP and are contributing $350 per month.

They currently have two cars. Rob drives an 8-year-old BMW 328 that has no loan. He estimates it's worth 9,000. Car insurance is $115 per month; fuel is $250 per month; he typically has $2,000 of maintenance and repairs each year. Susan drives a 2017 Honda Odyssey which has a loan of $32,000 and a payment of $525 per month at 2.99%; insurance is 105 per month. It has warranty, which covers any repairs, but requires 2 oil changes a year at $70 each. Fuel cost is $150 per month. They know that they will require a 3rd vehicle when Nathaniel reaches 16 years old, so he can drive himself to his after-school job at the local feed mill. Rob would like to give him the BMW and buy himself a new car at that time but is concerned Nathaniel won't be able to afford the up-keep. He has also considered buying a new Toyota Corolla for the kids when the time comes to avoid any expensive repairs which would be covered under a new car warranty. He anticipates this option would cost $20,000 for the Corolla, and he would still like to replace his BMW.

While discussing other monthly expenses, Susan brought out a scrap piece of paper with some numbers on it. She had written these items down late at night while concerned about their cashflow.

Dining out	300
Groceries	1200
Entertainment	300
Clothing	150
Personal Hygiene	100
Alcohol	150
Gifts	150
Cell Phones	200
Cable/Internet	225
Pool	200
Pets	100

Rob would like to purchase a hot tub soon to compliment the new pool, valued at $12,000. They recently added a $2,000 expense to their credit card (which now has a current balance of $6,500) for a new fridge after theirs stopped working.

Rob has a Defined Contribution plan through work where he contributes 5% of his income, and his employer contributes 5.5%. His current DCPP account balance is $107,000. Both Rob and Susan have RRSP's through their bank: Rob has $163,000 and contributes $200 /month, Susan has $73,000 and contributes $100/month. They have a non-registered high interest account valued at $12,000 with no regular contributions that earns 4%.

In retirement, Rob plans to work part-time for his brother – who owns the local Honda dealership – as a courtesy shuttle driver. He expects to earn $30,000 per year and plans to do this for the first 5 years of retirement. Susan intends to maintain some of her favourite hairdressing clients during this time and continue to bring in approximately $15,000 per year. They plan to spend their winters in Fort Meyers, Florida, spending approximately 1 month per year during their first 5 years of retirement, then going down from Jan 1 to Apr 1 thereafter. They anticipate additional costs of $5,000 per month while in Florida (including house rental, dining out, golf, and entertainment). They also would like to purchase a sailboat for the summer months on Lake Ontario. He hopes to spend $50,000 at age 60 and thinks it will cost $7,000 per year in dock fees, etc. Rob also mentioned in passing that they would like to get a condo or townhome around Port Dalhousie at retirement of similar value to their current home. He anticipates monthly condo fees of $300.

They both have some life insurance currently. Susan's past co-worker is a part-time insurance agent and they each have $250,000 universal life insurance policies, as well as some attached term 20 for $350,000 (these policies are 1 year old); Frank's premium is $125 monthly, while Susan's is $85. The children each have $50,000 Permanent policies which cost $35 each. They also have mortgage insurance through their bank, the payment for which is part of their mortgage payment

They simply want a second opinion. Rob strongly believes they are on track for their goals, but Susan is beginning to have some doubts.

Your challenge:

1) Identify any financial risks that the Burgundy family may face which could derail their plans.
2) What opportunities do you see in their scenario which may help them achieve their goals?
3) What funds do you see as being available to implement points 1 and 2? What challenges to you see for them, if any, to achieve their goals?
4) Given your observations in the previous questions create a high-level financial plan for the Burgundys which highlights what you feel are their greatest opportunities to take advantage of and risks to mitigate along with some consideration to help prioritize their goals. You plan should include suggested steps towards implementing your plan with clear time lines and prioritization of your suggestions.