



Cove

Financial Planning Ltd.

October 31, 2007

RE: Fall Quarterly Letter

Fall is a favorite time of the year for me. Maybe it's the return to the kid's routine of school and sports, the predictability that it brings or the light of the autumn sunshine. Either way I have no complaints. I find that it easier to get into an exercise routine when the options are limited to activities not affected by rain, like running and riding.

We now have two kids in high school and we know fewer and fewer parents in Lukas's elementary school as he gets older. There is a certain nostalgic joy in watching parents of the younger children knowing that we have been there and done that. I'm sure that parents of older children feel the same way as they see us making our way through the system. Christie and I commented the other day that as the kids get older we seem to have less and less to do with other parents.

One way that we are able to keep in touch with our kids and their friends is through sports. Christie is coaching Volleyball, Basketball and Assistant Coaching Soccer this fall for Nikki's teams which helps us stay in touch with Nikki. Lukas and Derek are into Basketball, Hockey and Mountain Biking and Snowboarding. I can still win the race down the slopes so until that changes I will still be able to watch and participate along side of them in those activities. Driving them to games and practices is a constant. We see how they interact with their friends, hear about what they are into and keep our finger on their pulse. Sports have been a great way for us to get an intimate view of their growing up process. The next big step will be Derek getting his drivers license and driving himself. I am pleased to say we are all healthy and happy...most of the time.

Christie and I just returned from a cruise ship holiday that we really enjoyed. It was mid October and we were fortunate to have excellent weather. We cruised from Athens to Turkey, back up to Croatia and still further north to Italy. Holidays without the kids are relaxing but filled with missing them. One highlight of the trip was being in places where many of the things we take for granted today started; such as medicine, mathematics, sciences, literature, theatre, and of course democracy. This part of the world was the collision point between Eastern and Western thought, culture and politics. It was the stage on which many of modern civilization's biggest dramas unfolded. A good friend lent me the book, *Persian Fire: The First World Empire and the Battle for the West*, by Tom Holland, which covers this epic struggle and the knowledge of the historical significance of the region made the trip exciting and relevant for me. It brought about a much deeper understanding of the roots of the conflicts that continue to this day. My conclusion is that we are very lucky to be living where we are at this time in history. Other highlights were running in Rhodes, scootering in Aegina, kayaking in Dubrovnik, and of course the company of Christie and many friends. I am told that the cruise line, Regent is one of the best, however, since I have not been on any other cruise line I cannot verify this. We can say, however, that it was an exceptional experience and would recommend this company to anyone without hesitation.

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Life Balance Advisory Alliance

There is a need to create Life Balance in all areas of our life. I have yet to meet a person or an organization that feels they have perfect balance. They may have taken steps along the path but few will declare that they have been successful in all areas of their life. Achieving balance is subjective and success is defined differently by every individual. Balance within an organization is also subjective but is defined and measured by a group collectively versus individually. Personal balance and organizational balance go hand in hand, and it is difficult to achieve one without the other. This is why it is so important for organizations to not only support, but to encourage balance to the greatest extent possible for the organization and for the individuals.

Life balance for an executive is his/her ability to be effective and wisely divide time between professional pursuits and the pursuits of personal and family life. The company must juggle between the goals of the company such as shareholder value, and the well-being of the people that work in the company at every level. The needs of the company must accommodate the individual, and vice versa. There is a need to balance between the goals of the company and the customers it serves.

In order to bring the best value possible to my clients I have always worked with other professionals that offer complimentary service to those that I offer. To that end I have been working with my friend and business associate, Kirk Davis, on a new venture. We call it the Life Balance Advisory Alliance.

The Life Balance Advisory Alliance aims to provide products and services that can help companies, shareholders, executives and employees get closer to the perfect balance of the competing interests that exists between these parties.

The Life Balance Advisory Alliance is a cooperative of independent professional advisors who have combined their services to deliver an integrated approach to employee, executive and shareholder benefits, risk management and business consulting. I am proud to be a founding member of the LBAA. I am excited about the opportunities the Life Balance Advisory Alliance brings to my clients and the clients of my partners. The idea of developing this Alliance came from my desire to work with other specialists in the field of risk and financial management, and wellness programs. We are independent and each enjoy the freedom that managing our own businesses brings, however, we realize the advantage of bringing our knowledge, skills, expertise and entrepreneurial spirit together for a common purpose. Please see the enclosed leaflet for a listing and description of some of the members of the Life Balance Advisory Alliance.

“We have found that when each of us, within the LBAA, bring our passion and specialized skills together we can accomplish so much more for our clients than when we operate independently of one another. The spirit of cooperation in working towards the goals of our clients not only enhances the outcome, but enhances the positive experience our clients have while they are dealing with otherwise complex or difficult issues.”

We are all committed to being a true business supporter to each of our partners and our clients. We seek people who share these ideals and principles:

- To build long-term client relationships based on trust
- To provide industry-leading business and financial planning services
- To maintain the highest levels of credibility, professionalism and profitability
- To always pursue learning, growth, and excellence

Our track record shows that alliances which embrace these values are successful for our clients and our partners. It's good business.

Benefits Portfolio

Benefits Portfolio is a brand new web portal and approach for managing employee and executive benefits which brings a whole new perspective to benefit planning. The traditional approach to benefit management is to determine a standard of benefits to be provided by the company and pay the resulting costs. The typical approach to assessing costs delivered in this manner is to shop the benefits program and look for the best price for comparable benefits to reduce cost or to modify the plan to contain costs, which means reduced benefits. This approach delivers the same level of benefit to everyone within a class of employees and leaves very little room for customization according to individual or family needs. It

also discriminates against highly paid executives and the shareholder employees because their benefits are limited to plan maximums which, as a percentage of compensation, are disproportionately low compared to the lower paid employees. For example a traditional approach would be to purchase a dental plan on behalf of the employee or executive with the cost being fixed at \$1,440 per year. For an employee earning \$120,000 this represents 1.2% of salary but for an employee but for the employee earning \$36,000 of salary the percentage changes to 4% of salary. So what about taking a completely different approach and providing benefits based on a flat percentage of total compensation? This is called a "Defined Contribution" plan versus the "Defined Benefit", the traditional approach. In a Defined Contribution plan if all employees got 4% of salary then the employee earning \$120,000 would have \$4,800 of benefit dollars available to spend of which \$1,440 would be applied to the dental portion of the plan leaving an unallocated balance of \$3,360. This additional \$3,360 could be placed in a Health Spending Account that can be used to pay for uninsured expenses or optional benefits such as physiotherapy, massage therapy, counseling and Healthy Living Incentive Programs or other insured benefits such as Long Term Care insurance, Life Insurance, Enhanced Long Term Disability coverage, TriAccess Insurance, Travel Insurance, Enhanced Medical Care, Private Surgery expenses and much more. All benefits are administered through a third party, and access to information about your plan is available 24-7 online. The high quality products available through Benefits Portfolio are second to none and were previously not available on a group basis. By using Benefits portfolio to deliver benefits to your employees you will become unique among employers and an attractive alternative to similar employers offering inferior benefits. The balance to the high quality is the cost effectiveness of the Benefits Portfolio structure and products. Cut costs while dramatically improving employee benefits, the perfect combination.

The percentage of allocation to Benefits Portfolio is fully discretionary on the part of the employer and can be set at the level that provides the employer with the tools needed to attract and maintain the human resources that they need for their business in a very competitive job market. A recent study indicated that employees, particularly executive employees, are looking for creative ways to be compensated to reduce their tax burden and increase access to benefits that would otherwise not be available to them individually. Benefits Portfolio is the perfect solution to provide tax relief and access to benefits.

Life Insurance Planning

The Investment Credit Facility through RBC Insurance and PPI Financial Group has redefined insurance planning opportunities available to business owners and highly paid professionals and executives. The overall acceptance of Investment Credit Facility has been exceptional. It has been almost 6 years since the concept was introduced and acceptance has become more and more widespread among top advisors and their clients across the country.

Since RBC and PPI introduced the concept one other insurance company has attempted to follow RBC's lead by introducing their own version of the Investment Credit Facility. One of the challenges that followers have is that since they did not develop the concept they do not fully understand some of the issues that need to be dealt with in order to make the program viable, both from an underwriting and administrative point of view, and from a practical and tax perspective. I am happy to announce that PPI Financial Group has been working actively with this second entrant into the market to bring their offering in line with that of RBC and, in some cases, improve aspects of their Investment Credit Facility. Just recently this second company, Industrial Alliance Insurance Company, finalized an agreement with PPI Financial Group making its products available to me and my clients. What does this mean to you? It simply means that I can provide you with more choices. Both offerings through RBC and Industrial Alliance (IA) are very competitive with respect to underlying insurance costs and financial stability. The difference is most noticeable from an administrative perspective. Having this second player in the market also provides competition which for the most part is a good thing. Time will tell, but I can see this new development within the high end insurance market inspiring new developments and innovation, at least this is my hope.

If you earn a high income, have accumulated significant business value and feel that you pay more tax than you like, call us. Using an Investment Credit Facility in conjunction with your life insurance might be a viable option for you. Although it is not appropriate for everyone, it might be right for you and we can help you make that determination. For more information about the Investment Credit Facilities with RBC and Industrial Alliance, please contact our office.

Kolbe.com

Our goal is to help our business clients become the best employer they can be; increasing employee retention, making their companies more attractive to skilled, productive individuals, while living a lifestyle that is reflective of their personal goals and ambitions, all the while making the business more profitable. To that end we have incorporated the use of the Kolbe Consulting System into our practices as well as some organizations that we work for.

"It is possible to develop a corporate culture that is the envy of the industry and we want to help our clients reach that goal if it is important to them. This includes Executive MO analysis, Team Synergy Analysis, and determination of areas of strain and conflict within the organization to maximize the potential that each team member brings to the table. We use Kolbe Wisdom™ tools as the basis of our consulting process."

I have used Kathy Kolbe's tools in my practice for 13 years to increase team productivity as well as with clients to determine how best to assist them in working through difficult strategic decisions or issues. I did not fully understand the power of this system until I attended a certification course in January of this year. Since that time I have been working to integrate the Kolbe tools more effectively into my practice as well as introducing them to clients to assist them in managing their businesses. If you think we can be of assistance to you in this area, please call our office.

"Where your talents and the needs of the world cross, there lies your vocation."
-- Aristotle

What's the buzz?

Work Unhappiness Linked to Heart Disease - Researchers in Finland say male employees who feel they are treated unfairly by their bosses face an increased risk for coronary heart disease. A recent study with these findings also showed a 30 percent decrease in the risk for heart problems among workers who felt their supervisors to be fair and honest.

In Closing

My main source of new clients is referrals from you, non-insurance professionals and other insurance and investment advisors. The best situation for everyone involved is where I am introduced by a trusted friend, advisor or colleague. I do not take lightly the confidence this type of referral implies and holds. I am thankful for the introductions you have provided to me. If you know someone that you feel would benefit from speaking to me, please call me and I would be happy to discuss the best way for us to be introduced. Thank you for allowing me to be of service to you.

Sincerely,

Cove Financial Planning Ltd.



Bernie Geiss, CFP, CLU, FMA, RHU
President



Life Balance Advisory Alliance™*

“In partnership with Cove Financial Planning Ltd., K.J. Davis Corporate Insurance Benefits Ltd., PPI Financial Group Ltd., Strategic Advisory Experience Inc., ClearPoint, and others, Life Balance Advisory Alliance is able to offer leading edge proprietary insurance, planning and management tools that go beyond the scope of traditional consulting models. In addition we can accommodate the delivery of products and services across Canada, the United States and internationally.”

Cove Financial Planning Ltd.

Bernie Geiss, President of Cove Financial Planning Ltd., and his team provide business owners and high income earning professionals and executives with personalized risk management planning. Our goal is to make sure that our clients are utilizing effective tax, ownership and funding structures in the purchase of their personal or corporate life and health insurance plans. We also strive to make sure that they implement only the highest quality products available. We use our proprietary process to walk our clients through a wide variety of planning issues including the effective use of inter vivos and testamentary trusts, holding companies, operating companies, business agreements, wills, representation agreements, and human resources in order to tie everything together.

K.J. Davis Corporate Insurance Benefits Ltd.

Founded by Kirk Davis in 1980 with a focus on life insurance and estate planning, Davis Corporate Insurance Benefits has since changed its direction to focus solely on Employee Benefits & Workplace Wellness. Today, they consult with over 120 companies in a wide variety of industries from manufacturing to professional services. Their mission is to be the employee benefits & workplace wellness consulting firm of choice, by working with like-minded people who are caring, understanding & treat people with respect. They are catalysts to the growth of their clients businesses by providing unparalleled advice, value and service, with a commitment to continual improvement.

PPI Financial Group Ltd.

PPI Financial Group is a unique organization in the insurance industry, dedicated to meeting the needs of specialized insurance professionals. They support independent agents who become Associates with innovative - often customized - insurance and financial products; training; industry-leading contracts with reliable carriers; and a complete array of marketing and other business services. PPI is one of the largest companies of its kind. Founded in 1978, it serves a nationwide network of PPI Associates through marketing and resource offices located in major cities across Canada. They are dedicated to the success of their associates and to giving them the competitive products, knowledge, expertise and support they need to flourish and excel. This commitment forms the heart of their business philosophy and drives their corporate and creative energy. PPI focuses on the individual needs of associates, to create products and applications that will meet the specific - perhaps even one-of-a-kind - requirements of their clients. PPI is respected as a visionary force within the insurance industry, offering a collective strength to associates by negotiating with a variety of major carriers on their behalf. Because they operate as independent business owners, PPI helps associates deliver value-added service to their clients.”

ClearPoint

ClearPoint was incorporated in 1997 and is based in Seattle, Washington, with additional offices in Boston, Massachusetts and Portland, Maine. ClearPoint deals exclusively with health and welfare plan management locally, nationally and internationally. ClearPoint is of the largest independent benefits brokerage and consulting firms in the Pacific Northwest and one of the fastest growing consulting firms in both Massachusetts and Maine. ClearPoint is the US representative of ASINTA, a worldwide network of independent employee benefits consulting firms. Their mission is to bring a new perspective to employee benefits through a dedication to technology and an acute awareness of the challenges facing the health care industry today.

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