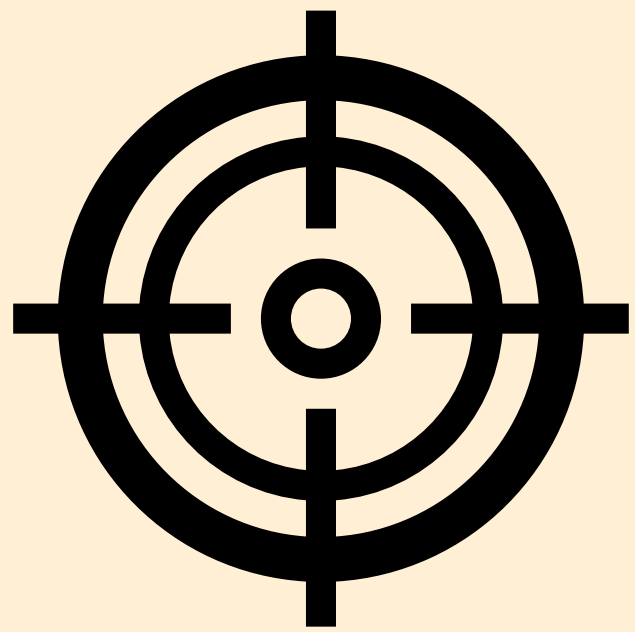




XYZ FINANCIAL

EDUCATION SAVINGS PLAN

The Best Investment Vehicle for your Child's Education



Objectives

- Understand the Education Savings Plan
- Need For Education Savings Plan
- How it works?
- Building an Investment Strategy
- Benefits of the Strategy
- Different Income Scenarios
- Recommendations

EXECUTIVE SUMMARY

Education will open many doors for your child. But with education costs rising faster than the cost of living, those doors can be expensive to open. That's why now, more than ever, it's best to have a plan – an Education Savings Plan. For a child born in 2018, the first year of university could cost as much as \$30,300 - that's more than \$120,000 for a four-year program.

Sitwell Financial is offering an attractive ESP for all employees where in a monthly contribution of upto 6% of an employee's annual salary will yield \$164,561 at the end of 18 years which will suffice for the undergraduation expenses of their child. Employees can contribute up to \$15,000 per year per child to the current plan.

We recommend that employees should consider investing in the current plan as it yields upto \$164561 at the end of 18 years which can cover the cost of undergraduate education. We suggest that Sitwell should make it more flexible for employees where in they can make withdrawals earlier than 18 years without any penalty. Tax- benefits are also additional benefits for the investor. There can be variable rate of return for different income groups with added support for employees making less than \$60,000 annually as they invest 10% every month to earn 5% ROI. Companies should offer the option of deferred money withdrawal if the child plans to delay their education.

Sources

Education Indicators in Canada: An International Perspective 2017. Statistics Canada, Dec. 2017, 2018 Graduating Student Survey, Master Report 2018. Canadian University Survey Consortium, June 2018.

KNOWING THE BASICS

What is a Education Savings Plan?

An Education savings plan(ESP) in Canada is an investment vehicle available to caregivers to save for their children's post-secondary education.

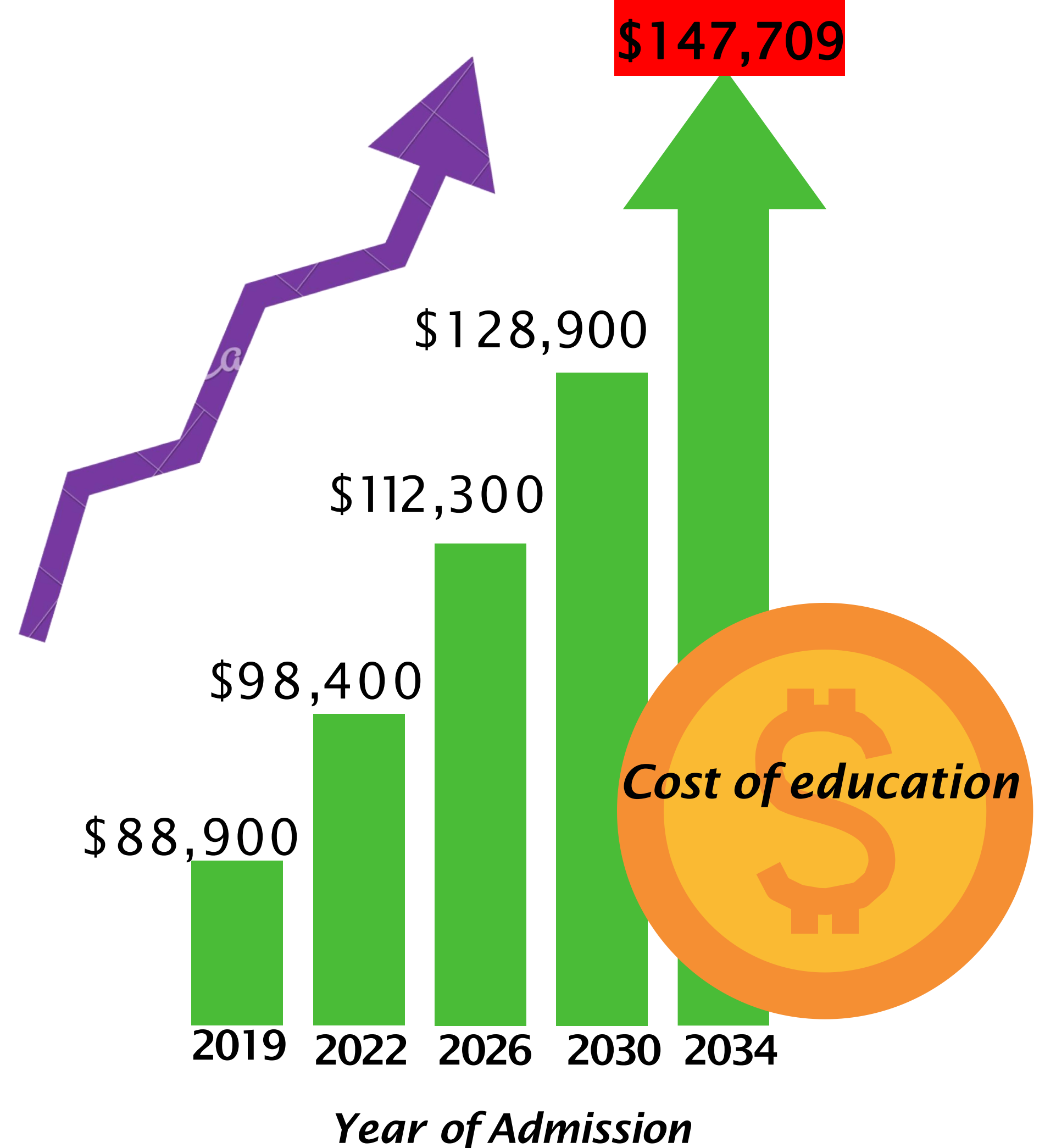
The principal advantages of ESPs are the access they provide to the Canada Education Savings Grant (CESG) and as a method of generating tax-deferred income.



Education Savings Calculator				
Employee Name	Josh Velez	Years	Future Value	Employee Investment
Annual Salary	\$94,250		\$164,561	101790
Percent Invested (upto)	6.00%	1	5,786.41	5,655.00
Annual Return	5%	2	11,868.87	11,310.00
Years	18	3	18,262.51	16,965.00
Monthly Contribution	471	4	24,983.26	22,620.00
Future Value	\$164,561	5	32,047.87	28,275.00
		6	39,473.91	33,930.00
		7	47,279.88	39,585.00
		8	55,485.22	45,240.00
		9	64,110.36	50,895.00
		10	73,176.77	56,550.00
		11	82,707.05	62,205.00
		12	92,724.91	67,860.00
		13	103,255.30	73,515.00
		14	114,324.45	79,170.00
		15	125,959.91	84,825.00
		16	138,190.67	90,480.00
		17	151,047.18	96,135.00
		18	164,561.45	101,790.00

Need for ESP

The rising cost of
undergraduate tuition fee
in the next 20 years



\$101,790.00

Total amount invested in Education Savings Plan by the end of 18 years



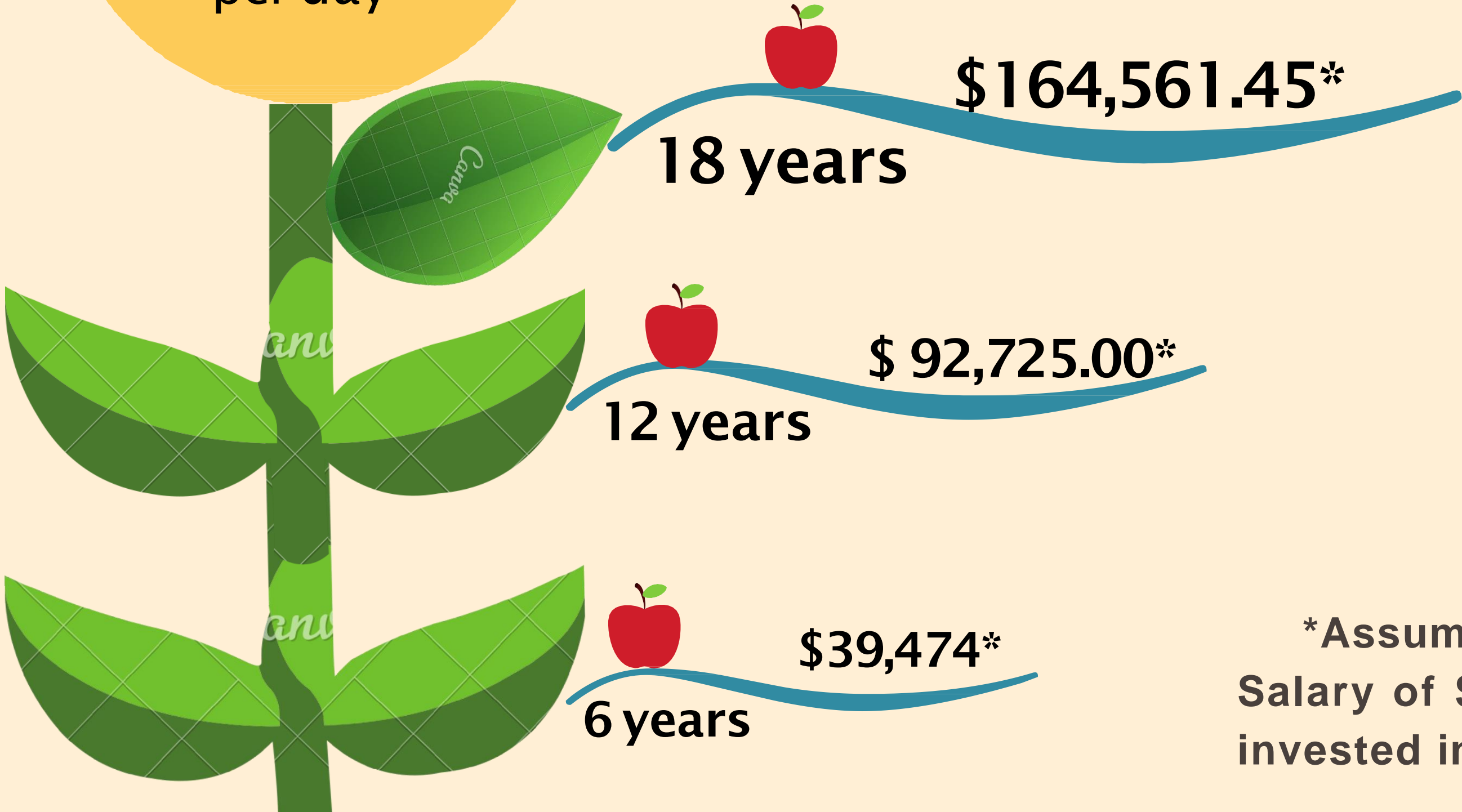
How it works

\$164,561.45

Total amount earned in the Education Savings Account at the end of 18 years

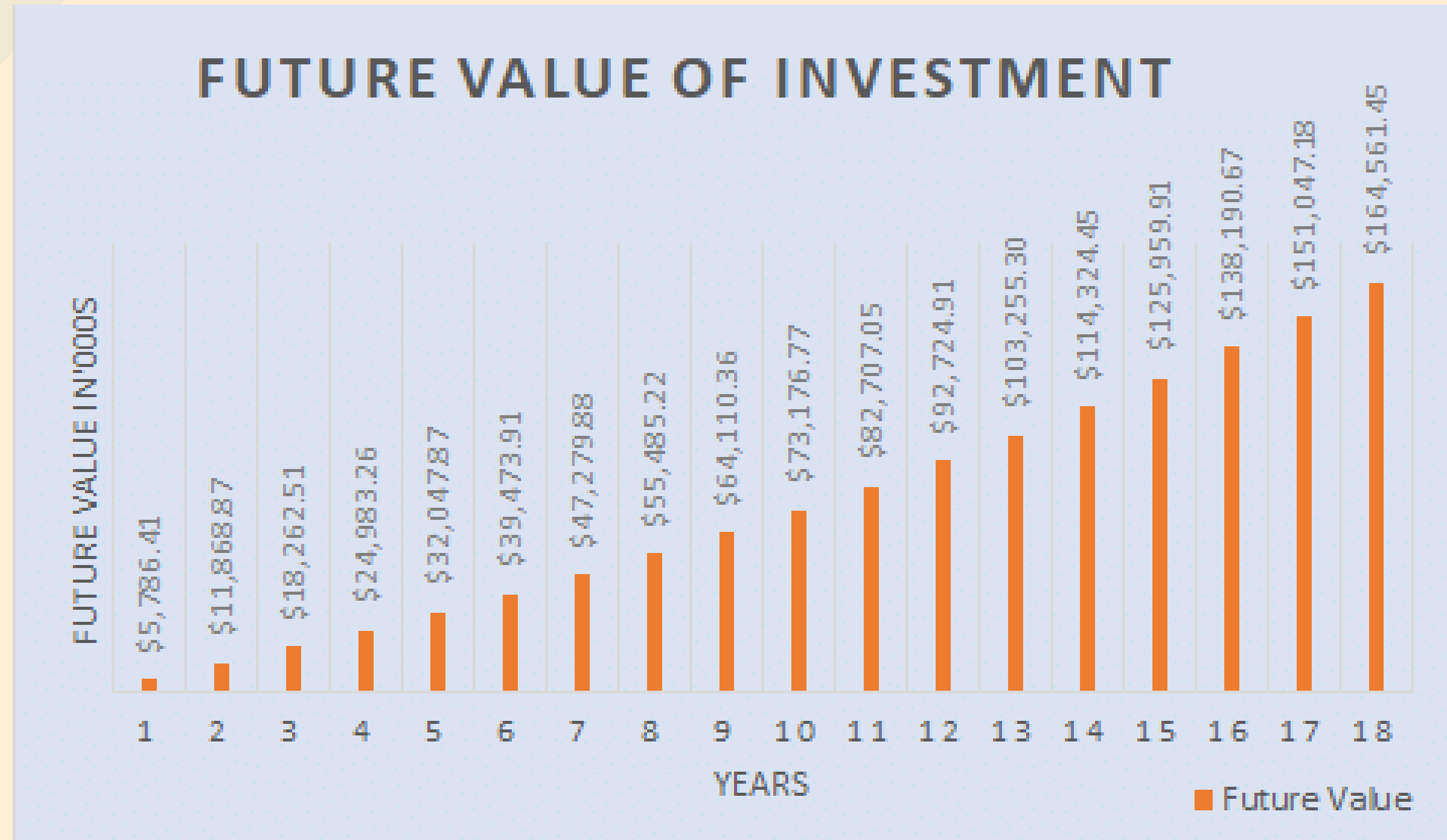


Building Your Investment Strategy

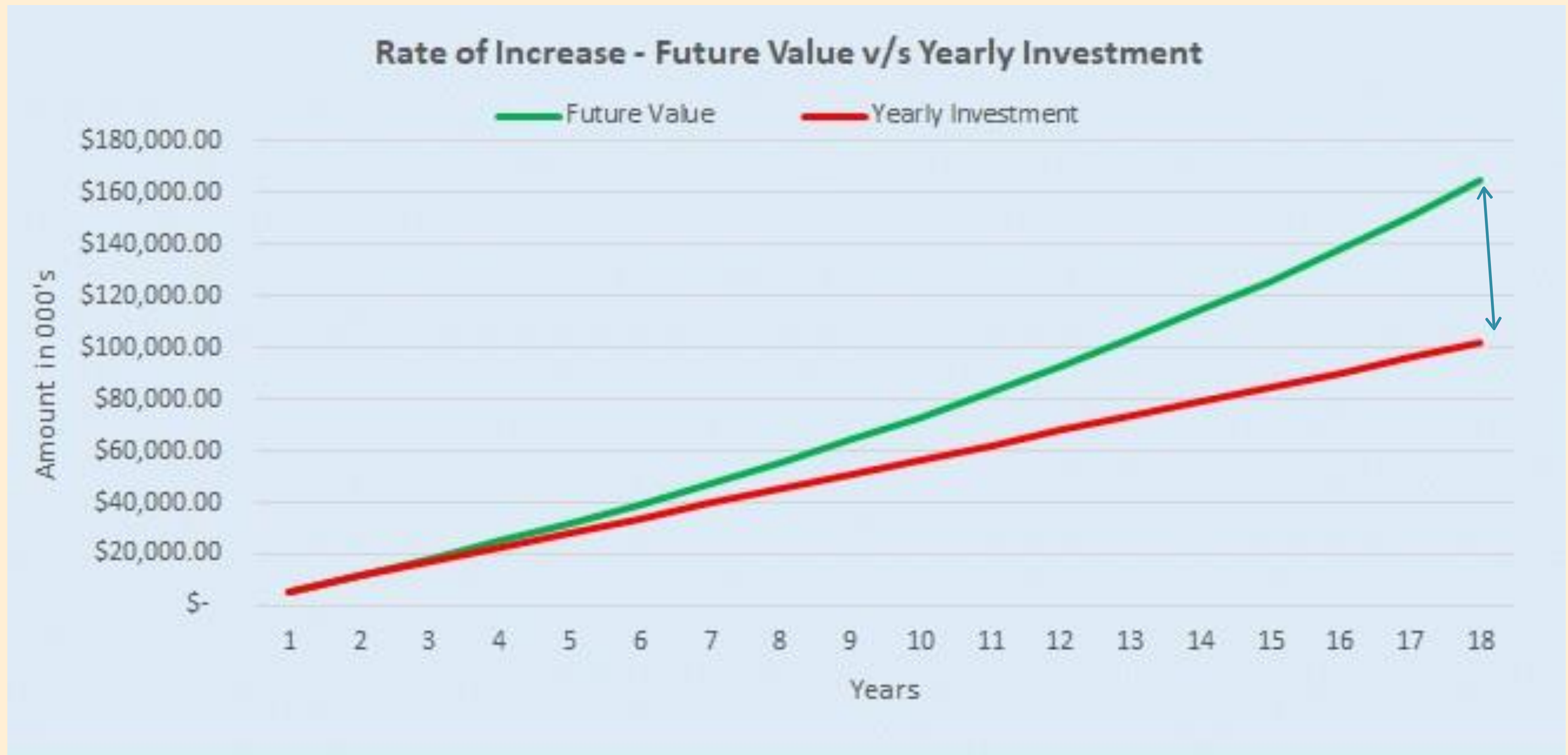


*Assumption based on Annual Salary of \$94,250 with upto 6% invested in ESP yielding 5% ROI

BENEFITS OF THE STRATEGY



At 5% Annual Return, employees can see the future value of their investment. There is an year-by-year increase in future value of the investment which makes it a secure investment for the employees



The future value is increasing at a faster rate when compared with the yearly investment. This is shown by the increasing gap between the two lines, making it profitable for the investors

Different Income Scenarios



Income



**% of Income
Invested
in the ESP**

\$56,500

10.00%

\$80,000

7.07%

\$94,250

6.00%

\$110,000

5.14%

Observation:

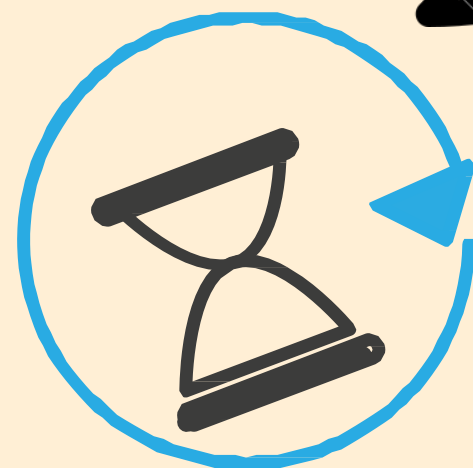
- To earn a future value of amount similar to \$164,561, the amount invested per month varies for employees in different income groups.
- As the yearly income increases, the percentage invested per month decreases to earn \$164,561 at the end of 18 years
- Employee making \$56,500 needs to invest 10% of the monthly salary to earn a ROI of 5% which is double and quite expensive.

RECOMMENDATIONS

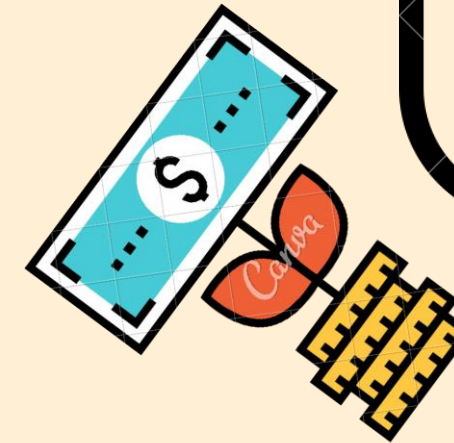
Employees can invest \$15 per day if they want to earn an amount of \$164,561 in 18 years at 5% ROI



Flexible option of deferred withdrawal of money without any fines just in case children postpone their plan of education

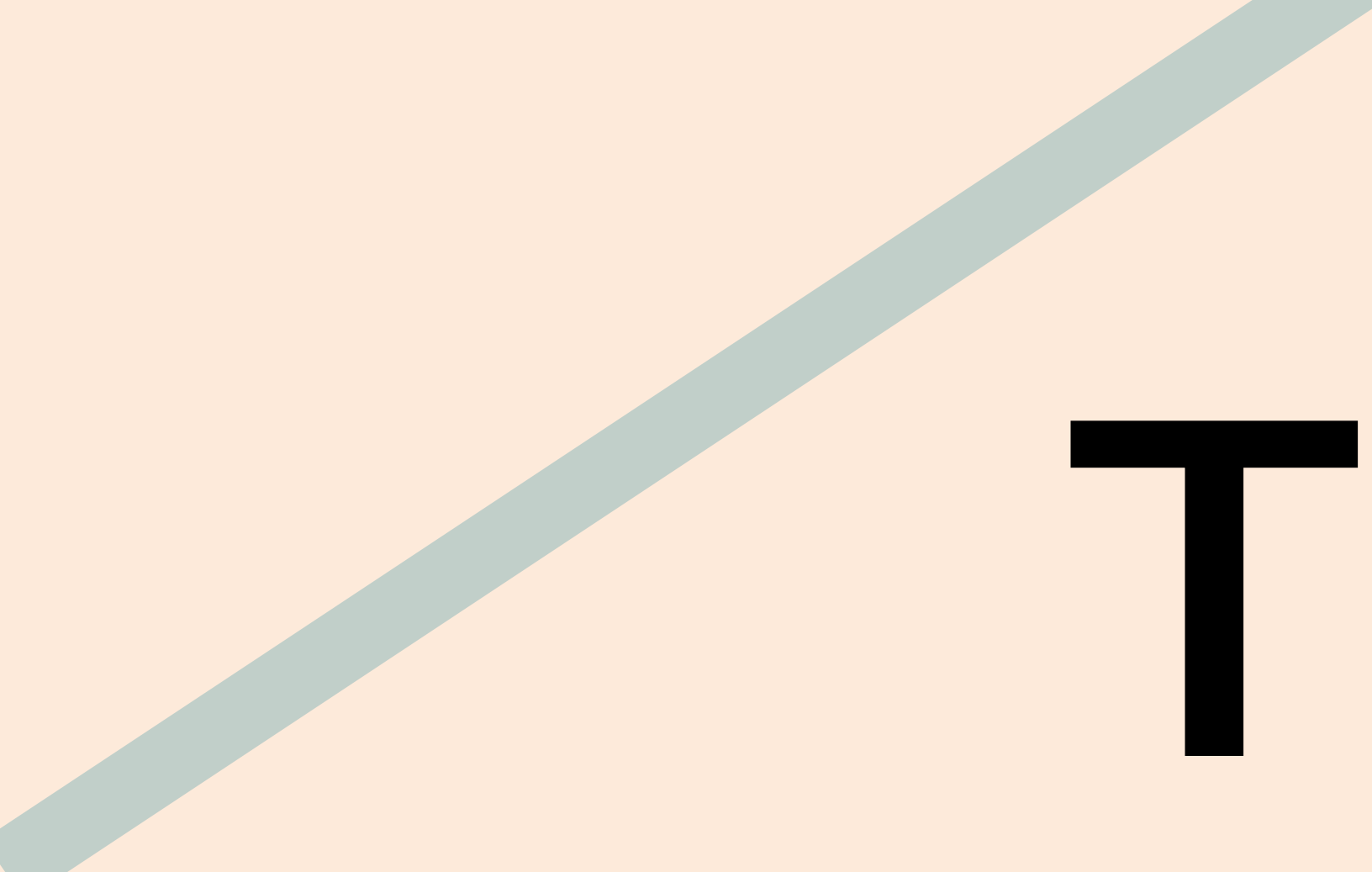


It is beneficial to invest for 18 years as future value increases at a faster rate than the yearly investment as the years progress



Special support for employees making less than \$60,000 as they have to invest 10% to earn \$164,561 in 18 years



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THANK

YOU

A thick teal diagonal line runs from the bottom-right corner towards the center of the image.