

RAWLING REPORT

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BY RAWLING FINANCIAL INC.

HELPING CLIENTS MAKE WISE DECISIONS REGARDING THEIR WEALTH

My Home Theatre Experience

I have had my home theatre up and running since August 2004. I haven't been to a movie theatre since then and don't miss that ritual. At home, I can sit in a comfortable leather chair, in front of a 120 inch screen (10 foot diagonal) and surrounded by a fantastic 5.1 surround sound system. I can eat my own snacks and drinks, and I can even have a BBQ burger down there. Last time I tried to have a BBQ at a movie theatre they weren't very happy about it.

The idea of the theatre started when our family was looking to finish our basement. I went to look at the large screen TVs. They were a lot of money and they were not going to be easy to get into the basement. At the time, a 50" Pioneer plasma TV was \$9,999. I noticed the DLP projector and how it recreated the big screen of the movie theatre at home. It came in a five pound briefcase that could easily be carried in one hand into the basement to be set up. You can't carry a 60 inch DLP TV into your basement with one hand! I wanted to research projectors before I purchased one and I found <http://www.projectorcentral.com/> to be an excellent source of information. The price of projectors had been falling. A few years before the low-end projector might have been \$8,000. I decided on the entry level Dell 2200 MP projector for \$1,299. This is a 1200 ANSI lumens which has worked well in our application. Prices have come down since then. I checked the Dell site <http://www1.ca.dell.com/content/products/category.aspx/>

[projectors?c=ca&l=en&s=dhs&cs=CADHS1&~ck=bt](http://www.projectorcentral.com/projectors?c=ca&l=en&s=dhs&cs=CADHS1&~ck=bt) on March 9th and the entry level projector is now called the 1100MP, with 1400 ANSI lumens and sells for \$799. The bulb lasts 2,000 hours and is \$314 to replace.

Now that I had the projector, I needed a screen. I went to some stores and found they were promoting the expensive Stewart Filmscreen from California, in the \$3,000 price range. That was more than I wanted to spend. In my research I discovered a great new product that is made in Kingston, Ontario. It is a painted screen system made by Goo Systems <http://www.goosystems.com/> For just over \$200 I bought the grey basecoat and topcoat as well as ultra black to paint the perimeter trim. This really was an amazing find, which allowed me to spend a little more money on my sound system.

For the sound system, I purchased a *Harman Kardon* AVR 130 5.1 Channel A/V Receiver for \$700 from *Target HiFi*, 144 Dundas St., London. I picked up a set of *Mission* M3 speakers and subwoofer made in England.

Target HiFi is an understated looking store from the street, but they carry some very high end audio equipment. The owner, Bill was helpful with his hints for proper set up. One great idea was to install a large plastic pipe in your wall before you drywall. That combined with a suspended ceiling allows you to change or run new wires from your A/V centre to speakers or projectors at a later date.

The theatre can project TV and with a large screen you really get the benefit of HD (high definition) TV. We also use the DVD player for movies and have a VHS player as well.

I hope this has opened your thoughts to a possible theatre in your home. Happy viewing!



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Keeping your legacy alive

Mike and Diane have spent their entire working lives planning and saving to secure a comfortable financial future. They've accumulated investments and assets that will allow them to retire and enjoy the lifestyle they've worked so hard for all these years. Another goal is to maximize their estate for their children and the various charitable organizations they've been involved with over their lifetime.

How secure is their future?

One important consideration, that is often forgotten by couples like Mike and Diane, could end up being their financial undoing – taxes owing on their estate. Quite possibly, the largest burden on an estate can be the taxes owing on assets that individuals accumulate over time.

Registered assets (RRSPs, RRIFs) are subject to tax potentially as high as 50 per cent in the year of death. Non-registered assets, including investments and real estate, are also subject to taxes. A substantial portion of what they've saved could possibly be lost to taxes.

The *Income Tax Act* allows the transfer of investments to the surviving spouse and the deferment of some tax burden until the surviving spouse's death. However, when the surviving spouse dies, these taxes will need to be paid

by the heir, or by the estate. That could amount to 50 per cent of a lifetime of savings gone.

A legacy of a lifetime of careful planning could be in jeopardy. You can avoid this situation in your own life by planning now. A permanent life insurance policy could fund the taxes owing upon death, leaving your estate to those that mean the most to you – debt free.

Here's an example

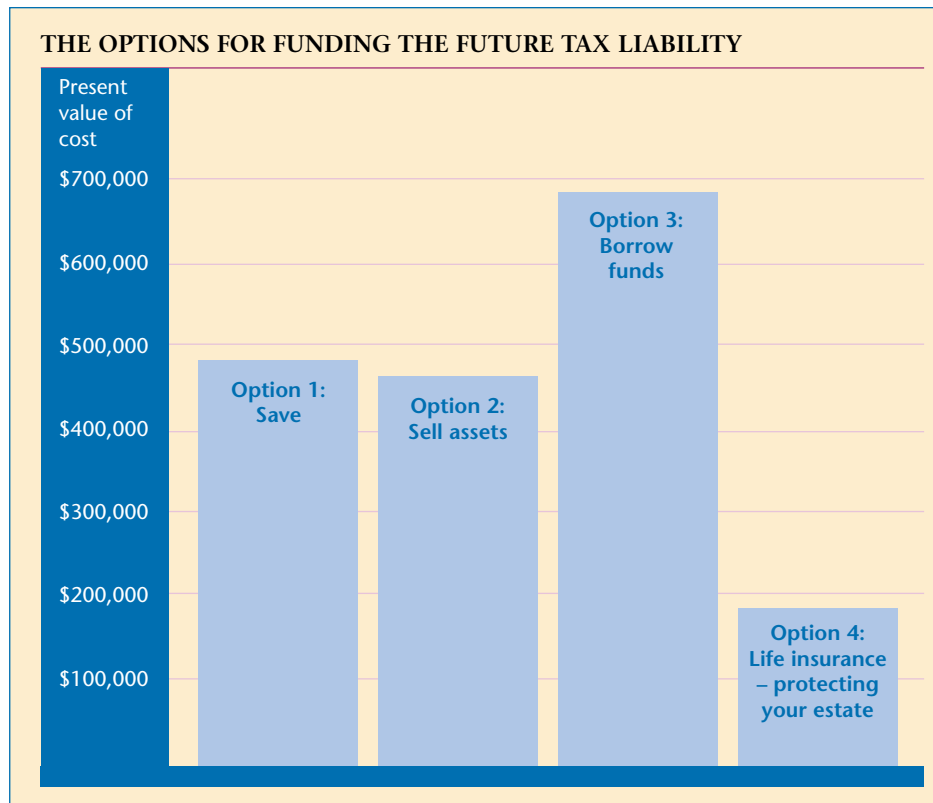
The following is a comparison chart of the costs of the various options for paying a tax liability.

- Mike and Diane are currently age 50, non-smoker, standard risk.
- Their current capital gains tax liability is \$250,000 growing to approximately \$1,000,000 by age 85 based on the assumed rates of return, a 50 per cent capital gains inclusion rate and a 45 per cent marginal tax rate.
- The life insurance policy is structured as a joint last-to-die to provide the funds exactly when they're needed.
- A \$285,000* 20-pay life participating policy is purchased today and will grow to \$1,000,000* by year 35 assuming all 20 premiums are paid out-of-pocket, based on current dividend assumptions. The following assumptions

were used in this example: Saving option rate of return of four per cent, a borrowing cost of nine per cent. As in most cases, the life insurance policy proves to be the most cost-effective way to offset the anticipated taxes owing on death.

If you've done everything right so far, make sure you protect your estate and secure your loved ones' future.

*This example is not complete without the London Life illustration including the cover page, reduced example and product features pages having



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