

RICHMOND HILL

Small business owners have wide-ranging financial planning needs

Financial advisors sometimes have little in common professionally with their clients but **Tina Tehranchian** is an exception. She believes that as a business owner in her own right, she is on the same wavelength as her clients who work as small business owners or self-employed professionals.

"I'm self-employed. I own my own practice. I'm not a big financial in-

stitution employee-type of financial advisor," says Ms. Tehranchian, a CFP and Branch Manager at **Assante Capital Management** in Richmond Hill. "That's why I can identify with what small or medium-sized business owners go through."

She decided to specialize in working with small business owners and the self-employed by studying her practice after several years as an advisor. She analyzed her book of business to determine the clients with whom she most enjoyed working, considered the best fit and most profitable and found that eight out of ten of her best clients fell into these two groups. Her client roster in these groups now ranges between 40 and 65 years and many qualify as high net worth individuals.

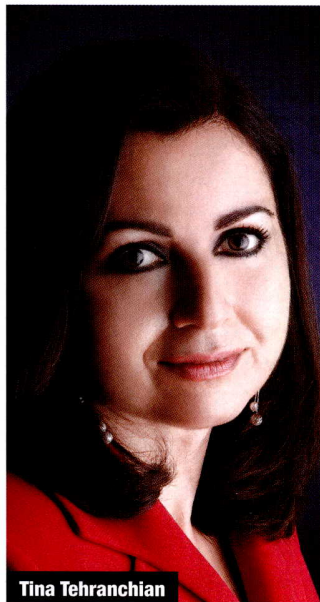
Substantial opportunities

These groups represent substantial business opportunities since they need most or all of her services. "They don't have a rich company pension plan," she says. "They need to think about their own retirement planning. They definitely need RRSPs, and individual pension plans. They don't have big group life insurance plans," she says. In effect, she sometimes becomes a benefits department for business owner clients.

In their investment strategies, small business owners and self-employed clients can vary in risk tolerance and liquidity requirements. With a small business owner, whose company experiences high fluctuations and the owner feels exposed to risk, he or she may need more liquidity and less volatility in investment values. This is because it may become necessary to dip into the investments for business expenses.

Retirement planning strategies also vary between small business owners and the self-employed. Established business owners hold the bulk of their wealth in the business, so retirement income will come the sale of the business. "Even though they have hundreds of thousands of dollars in RRSPs, they really don't rely on those for retirement," she says. Those clients can afford to take some risks with their investment portfolios and RRSPs since they will not be as dependent on RRSPs as the self-employed professionals.

By comparison, self-employed clients may be entirely dependent on RRSPs or individual pension



Tina Tehranchian

suading business owners to put at least some funds into conventional investments such as real estate, stocks or bonds.

Also in the investment category, corporate class mutual funds provide a good vehicle for investing spare cash in corporate accounts tax-effectively. Distributions with corporate class mutual funds occur less often than with regular funds since the gains and losses will be offset against each other.

Risk management strategies for her business-owning and self-employed clients include creditor-protected products such as RRSPs and segregated funds for non-registered money. She may also recommend placing property in the name of the individual's spouse.

Another risk management strategy is to have a large line of credit in place even when there is no pressing need for extra cash. That may prevent dipping into assets during a financial emergency.

Retirement planning

Retirement planning strategies for her clients often involve individual pension plans (IPP), which she considers advantageous, since many small businesses do not have the kinds of defined benefit pension plans.

Retirement compensation arrangements provide another avenue that she considers underutilized by business owners. "They can provide significantly higher income than you could get from an IPP so they are very useful for very high net worth business owners who have the cash flow to be able to support them."

In the insurance category, Ms. Tehranchian views disability insurance as one of the most important products for both individual and key person insurance, since small businesses often depend on or two key people. Universal life insurance accommodates the fluctuating cash flows often experienced by business owners and professionals because of the flexibility of premiums.

Succession planning is another area in which she works closely with clients. It requires considerable skills since it includes business decisions such as choice of successor and financial inheritance decisions, a combination that makes the process longer and more complex than the insurance process.

Al Emid

APPOINTMENT

Watermark Insurance Services Inc.



Aula Izzat

Watermark Insurance Services Inc. is Canada's fastest growing national Paramedical and APS collection organization. Owned and operated by Underwriters, our sole focus is to provide superior client services across the country. We are constantly adding Client Support talent to our team. To that end, Steve Kambasis, Vice President Client Support & Business Development, is pleased to announce the following appointment in our Head office:

Aula Izzat, Director, Client Support and Business Development

Aula brings a wealth of knowledge and experience to our Client Support Team. She has a proven record of performance and is well known in the field. We are excited to have Aula join our Client Support Team. I am sure she will welcome the opportunity to continue to service your business with her new team at Watermark.

