

Practice Development Series

Module 7: Advice Delivery / Activity 1 – Making Recommendations and Handling Objections

Aligned with the PFA™ Designation Program

Instructions: Recall Alexis Tremblay from the activities in Module 6 and complete the activities below.

Note: You can create section headings in your completed activity to represent each topic area.

Case Study: Alexis Tremblay (from Module 6)

Alexis Tremblay, 39 years old, has worked as a radiology technician at a local hospital for the last ten years, earning an annual gross salary of \$102,000. She pays \$25,080 annually in income taxes, as well as \$2,760 in CPP Premiums, \$864 in EI Premiums and \$2,232 in employment source deductions for her group health and insurance plan.

Alexis would like to retire at age 65 with an annual after-tax income of \$50,000 (in today's dollars) at the beginning of each year. She would also like to pay for her son, Zacharia's, four-year post-secondary education, which he will likely start 16 years from now. The annual cost of education today is \$10,000 per year and payments are due at the beginning of the school year.

Alexis lives in a detached home, worth \$400,000, which she owns. She has lived there for eight months, since moving from her parents' home. Her fixed-rate mortgage has \$200,942 owing on it, is accruing interest at a rate of 5%, compounded semi-annually, and has 28 months remaining in its contractual term. Her minimum monthly mortgage payment is \$2,000. She has \$3,000 in her chequing account, \$189,992 in a Registered Retirement Savings (RRSP) that is earmarked for her retirement, and owns a car worth \$4,000.

Alexis' pays property taxes of \$3,900 per year and goes on vacation once a year at a cost of \$1,800. Her monthly living expenses include \$300 each for heat, hydro and water and \$800 for food and personal items. Her parents watch Zacharia while she is at work. Alexis provides them with \$125 per month to pay for food and activities related to his care. She also pays \$150 per month for the internet and her cell phone, as well as \$250 to run her car in addition to the \$150 she pays for her transit pass. She spends \$100 per month on entertainment and another \$50 for miscellaneous items.

Alexis owes \$15,000 on an unsecured line of credit that has a credit limit of \$20,000. The current interest rate charged on the line of credit is 7%. She pays \$450 per month towards the debt. She also has a \$10,000 student loan that is accruing at 6% and has a minimum payment of \$100 per month. Finally, she owes \$5,000 on a credit card that is accruing interest at 20%. She pays \$100 per month towards her credit card, which has a \$10,000 credit limit.



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Her group insurance plan provides life insurance coverage with a death benefit of double her annual salary. Her estate is named as the beneficiary of this policy. She currently has no will or power of attorney in place.

Alexis is comfortable investing for both her son's education and her retirement in a portfolio that is projected to earn 6.00% after fees (compounded annually). Inflation is projected to be 2.1% going forward and the most conservative estimate of Alexis' life expectancy is age 100. Alexis is expected to be in a 30% tax bracket in retirement. The maximum CPP Retirement Pension and OAS pension that an individual can currently receive is \$1,155 and \$601 per month, respectively.

Activities

1. What recommendations would you deliver to Alexis? What would the delivery of your recommendations to Alexis sound like? What modalities would you consider using to help deliver your recommendations? Present these recommendations to a colleague, supervisor, or friend and solicit feedback on the quality of your recommendations, including how your colleague, supervisor, or friend felt when they were receiving your recommendations.
2. Next, challenge yourself by asking your colleague, supervisor, or friend to object to your recommendations. What motivational interviewing techniques were you able to use in your responses?
3. If Alexis was unable to proceed with a debt consolidation (e.g. because her credit history was poor), and the only recommendation was for her to reduce her spending, how would you deliver that recommendation to her? Present this recommendation to a colleague, supervisor, or friend and solicit feedback on the quality of your recommendation, including how your colleague, supervisor, or friend felt when they were receiving your recommendation.
4. If Alexis responded to your recommendation to reduce spending by commenting that "I want to reduce my spending, but I don't know if I will be able to." how would you respond to her using motivational interviewing? Practice using motivational interviewing with a colleague, supervisor, or friend and solicit feedback on the quality of your interaction, including how your colleague, supervisor, or friend felt when you were engaging them in motivational interviewing.

