

**FNCE 627: Week 7 Case Study 1**

*Below, I am including a case study for you to complete covering a portion of the material we covered this semester.*

Evaluate the information and prepare a written financial plan of maximum 8 pages following the table of contents as outlined below.

1. Assumptions and Key Considerations
2. Recommendations
3. Financial Analysis
   1. Net Worth
   2. Cash Flow
   3. Strategies
   4. Insurance Coverage
   5. Retirement
   6. Education
   7. Major Purchase
   8. Emergency Fund
   9. IPP
4. Estate Analysis and Discussion
5. Selling the Business
   1. Tax Planning for Selling the Business

**CASE STUDY**

Greg Hoffman: DOB December 31, 1976

Anna Hoffman: DOB May 12, 1973

Greg and Anna have been married for 15 years and appear to be have a stable and committed relationship.

They have three children:

Nina: DOB March 5, 2012

Jake: DOB May 12, 2010

Maddy: DOB July 8, 2008

In June of 2015, Greg boot-strapped a technology-based business in the garage of their home in West Vancouver. He wanted to work with other socially conscious entrepreneurs. They have become increasingly successful and last year’s revenues were about $5 million. They expect to do better than that next year. Anna works 2 or 3 hours a week in the business and takes a salary of $100,000 annually. Greg takes $125,000. They each take dividends from the corporate account of about $30,000/ year.

They have been instructed by their accountant to maximize their contributions to their RRSP’s which are now: Anna: $225,000 Greg: $300,000 They also have a joint investment account with us valued at $5,920,000 They have a corporate account (Hoffman Holdings LT) that has only cash in it: $1,500,000 CAD and $600,000 USD. Many of their clients pay in US funds and their accountant has instructed them to keep it in that currency. They purchased a lot in Hawaii valued currently at $400,000 USD and are wanting to build on it in the next three or four years. In the meantime they are strategizing ways to get a townhouse at Whistler. They are avid skiers and love the outdoors. They are very devoted to the family and getting as much time as possible with the kids while they are young.

They are toying with selling the business later this year. With the growth trajectory they currently have, the calibre of the staff they currently employ and projections for future revenue, Greg has had an estimate from a CPA/BV friend of his that the business (and its intellectual property) could probably sell for between $11 and $13 million USD. But the BV also advised that if he waits for the patent for one of his side projects to come through it could be as high as $20 million USD.

They have a moderate lifestyle. They have asked us to weigh in on: 1) What they should do regarding selling the business. 2) What kind of insurance they should have. 3) Education for the kids 4) Tax planning for when they sell the business. 5) How much they might need to have to never work again and maintain their current lifestyle 6) How they should invest their funds. Additionally, Greg has an uncle who is very wealthy in the US and who has told him that they will be inheriting his house and one of his businesses as well. He is 84.

***Note, turn in one file only for this assignment – good luck!***