Insured Retirement Strategy

Have you considered an Insured Retirement Strategy?

For many people, an Insured Retirement Strategy can be an effective way to plan for retirement. This Strategy provides you with two distinct benefits. First, it enables you to generate additional funds in retirement by growing tax-deferred cash value in your universal life insurance policy, and, second, it provides a death benefit for the security of your loved ones.

Let's take a closer look

Chances are you're looking forward to enjoying your retirement years in financial comfort. But, if you've reached the contribution limit on your RRSPs and TFSAs and still need to save more, your choices can be limited and investments in non-registered investments, like mutual funds, stocks, and bonds, can be highly taxed. That's where an Insured Retirement Strategy can help. This Strategy works with your universal life insurance policy to provide additional funds for you to access in retirement.

Building a financial reserve for your retirement

Your universal life insurance policy can help you supplement the secure and comfortable retirement you want. Here's how it works:

1. Prior to retirement, the deposits you make into your universal life insurance policy will grow tax-deferred, earning interest based on investment options specifically chosen to fit your investment risk profile. To maximize the growth of the cash value in the policy, consider overfunding your universal life insurance policy (up to the maximum allowable limit) until retirement.
2. When you retire, you borrow money from a bank, or other third-party lender, using the cash value of your universal life policy as collateral. This is called a collateral loan. A collateral loan provides you with additional non-taxable funds to help supplement your retirement income.

Deferred repayment of the loan

You and your third-party lender can negotiate a repayment option that may allow the loan interest to be capitalized. This means that the outstanding loan balance, plus interest, will be repaid upon your passing using the death benefit funds from your life insurance policy. Any excess proceeds, over and above what is required to repay the loan, are then paid to your beneficiaries and are not subject to tax.

Benefits of universal life insurance

While an Insured Retirement Strategy works using a universal life insurance policy, it should not be the reason you decide to purchase universal life insurance. A universal life insurance policy should be considered for the benefits it provides, including:

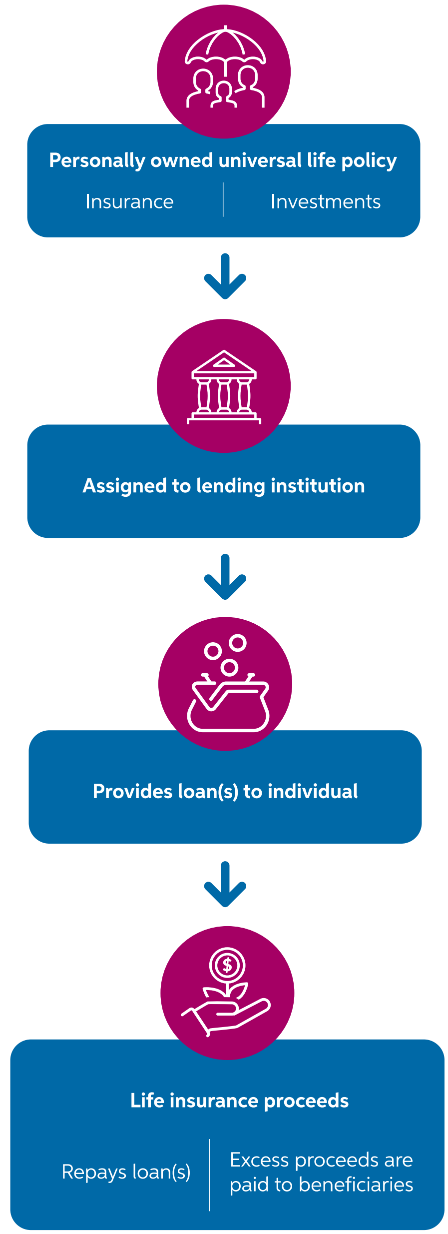
- **Increasing your wealth**
  The death benefit increases your net worth as soon as your policy is purchased.
- **Protecting your estate**
  Any death benefit (net of loan obligations) paid to your named beneficiaries (other than estate) avoids probate, legal and executor fees.
- **Giving you investment options**
  You can base the growth of your savings on a wide range of underlying investment options – from guaranteed Treasury Bill Interest Options or Fixed-Rate Interest Options to the non-guaranteed returns of both passive and managed Index Interest Options.
- **Providing creditor protection**
  Your universal life policy may be protected from the claims of creditors, subject to current laws and provided certain family relationships exist between the life insured (in Quebec, the policyowner) and the beneficiaries.

How Insured Retirement Strategy works:

Insured Retirement Strategy is designed to meet your need for life insurance protection now while providing you with a way to supplement your funds in retirement.

1. You obtain a universal life insurance policy on your life.
2. You overfund your policy (up to the maximum allowable limits) so that you can maximize the amount of cash value in your policy to grow on a tax-deferred basis.
3. At retirement, you assign your policy to a third-party lending institution, using the cash value of your policy as collateral for a loan(s).
4. You receive the borrowed funds which you can use for a variety of things such as:
   - Supplementing retirement income
   - Taking vacations
   - Giving gifts to family or charities
   - Taking advantage of other investment opportunities
5. The loan(s) are eventually paid off by the policy's insurance death benefit proceeds which includes the payment of the insurance component and the fund value you have built. Any excess proceeds are paid to your beneficiaries, not subject to tax.

   The Insured Retirement Strategy is an alternative financial solution that your advisor can customize for your specific needs. Consult your advisor to fully assess the risks of this strategy. These may include risks related to life expectancy, interest spreads, available bank financing, tax and market volatility.



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