



Wealth
Management



Enhance your income and estate value with insurance-based solutions

There are several insurance-based income products that offer guaranteed income, investment protection and tax efficiency. These solutions can be added to diversify or enhance any investment portfolio.

This includes Guaranteed Interest Annuities (GIA), annuities, segregated funds and income segregated funds. As these products are insurance-based, they may be passed on to beneficiaries without having to go through the estate settlement process and being subject to probate fees.

Guaranteed Interest Annuities (GIAs)

GIAs are the insurance industry's version of Guaranteed Investment Certificates (GICs). They offer a fixed interest rate, comparable to those available with GICs. They also may bypass probate. GIAs are available in a wide range of terms to meet your long and short term investment needs. Typical terms range from 30 days to 10 years.

Annuities

An annuity is a non-liquid investment that will pay you capital and interest over a fixed period of time in exchange for a lump sum paid to the insurance company. Annuities can be an efficient way for retirees to pay their fixed costs,

while other investment assets can be used to provide for any additional discretionary needs. The benefit to including life annuities in an income portfolio is that you will never outlive the income stream and only the interest income is taxable. The taxable portion of the annuity is usually significantly lower than that of other fixed-income investments (like GICs) which results in more cash in your pocket without the need to reinvest at an unknown future interest rate.

The general concern with annuities is that once you purchase an annuity, the funds used for that purchase are no longer accessible to you. If you pass away and the annuity has no guarantee period or the guarantee period has expired, the annuity will terminate and no further annuity payments will be made. Adding a lengthy guarantee period may provide some protection, but an insured annuity would eliminate this risk since it integrates a life insurance policy which pays out a tax-free death benefit.

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Everyone would like higher returns on their investments, but few are willing to assume the higher risk usually associated with higher returns. A product that provides investment choice and gives you the potential for capital growth, the flexibility for diversification and the security of a guaranteed investment is a segregated fund.

An annuity, available for purchase with either registered or non-registered funds, may give you the peace of mind knowing that your income is independent from both market and interest rate fluctuations. A prescribed annuity, purchased with non-registered funds provides payments that are a level blend of both interest and capital; this means that a fixed portion of each annuity payment will be taxable. The formula used to calculate the taxable portion of a prescribed annuity payment is calculated using mortality tables.

Segregated funds

Like mutual funds, segregated funds are professionally managed and invested in a portfolio of securities. Many segregated funds invest in brand-name mutual funds but offer additional benefits only associated with insurance contracts.

Maturity guarantees

Regardless of market performance, clients are guaranteed a minimum of 75% of the original investment. At maturity, clients receive the higher of the guaranteed amount or the market value, less any proportionate withdrawals.

Death benefit guarantees

Segregated funds also offer a death benefit guarantee. In the event of your death, the greater of a guaranteed percentage of your initial deposit or your investment value will flow directly to your named beneficiaries.

Income Segregated Funds

An income segregated fund contract offers guarantees that ensures the repayment of your principal and capital growth over your lifetime. They are a reliable source for a predictable and sustainable income that you will not outlive. They offer upside potential through investment selection and the ability to lock in gains for potential higher withdrawals in the future.

Payout rates vary depending on age and gender and exceptions are made for registered contracts. Some income guaranteed segregated funds offer a single streamlined fixed-income investment fund to provide even more predictable income at a lower cost.

Income segregated funds are designed specifically for income purposes. They also maintain death benefit and maturity guarantees, but are reduced proportionately for withdrawals. Like annuities, they are ideally suited for retirees needing a set income stream to pay fixed costs, while other investments can be utilized to pay discretionary costs and to preserve wealth for the next generation.

Please contact us if you are interested in getting more information or implementing any of the discussed planning solutions.