"Maximize your charitable donation and generate an income for life on a tax favored basis!"

Would you like to increase your spendable income now, and create a substantial charitable donation at your death?

Many people are unaware that:

* They can drastically increase their net income by combining an annuity with a charitable insurance policy!

* They do not have to risk money in an Equity investment to have higher after tax income!

A Charitable Insured Annuity combines two well known financial planning tools, but in a rather unique way. A "Prescribed Annuity" provides you with a guaranteed tax preferred income for the rest of your life, and the life insurance policy issued for the same amount of your annuity deposit, guarantees the original asset will be passed to your charity at death. This asset is transferred outside of your estate, which means you avoid paying probate and legal fees as well!

The income stream from the Prescribed Annuity creates an improvement over simply keeping the money in an Alternative Investment, but when combined with a life insurance policy that is assigned to the charity, it creates a double tax incentive. You have less tax to pay because of the low taxable amount in each annuity payment, plus the added tax credit received for each insurance premium paid!

The Charitable Insured Annuity concept is designed for those who wish to have a guaranteed income for life, and yet provide a maximal donation to one or more charities at death. This can be done by combining a prescribed Single Deposit Life-0 Annuity with one or more Term to 100 life insurance policies.

The donor purchases a Life-0 prescribed annuity on the donor's life, and uses part of the after-tax proceeds to purchase Term to 100 life insurance policy(ies) for the charity(ies) of the donor's choice. The donor then receives a tax credit for a portion of each premium paid, thus increasing the donor's net income. It is also possible to use part of the proceeds to purchase a Term to 100 policy for the donor's estate as well. In this case, the difference is that the payment of premiums does not result in a tax credit for the donor.

The insurance policy(ies) must be owned by the CHARITY(IES). If the donor owns the policy(ies), the premiums CANNOT be credited for income tax purposes, even if the charity(ies) are listed as the beneficiary(ies).

If the donor owns a policy, and the estate is the beneficiary, the proceeds of the policy can then be directed to one or more charities through the will. In this case, the only credit allowed will be in the year of the donor's death and the year preceding the death, and the deduction will be limited to a maximum of 100% of the donor's income in each of those two years. If the donation is made to a charity which is an agent of Her Majesty in the right of Canada or a province, the 75% maximum applies regardless of the year when it is made.

If the donor owns a policy, and names the charity as beneficiary, there is NEITHER a charitable credit for premiums paid, NOR is there a tax credit when the charity receives the death benefit, however the growth in the policy is tax exempt as long as the policy complies.

The donor may credit up to a maximum of 75% of the donor's income in any one year for charitable donation, although the donation may be carried forward for five years if there is an excess. The maximum is increased to 100% in the year of death and the immediately Preceding tax year.

Donations received by charities must be spent according to a set of rules known as " Disbursement Quotas ". The Disbursement Quotas dictate what proportion of the preceding year's donations must be spent by the charity for charitable purposes in the current year. The actual proportion depends on the category of the charity. Charitable Organizations and Public Foundations must disburse 80% of their income, and Private Foundations must disburse 100%.

There is an exception to these rules, however. If the donor stipulates that the charity may not disburse the donation for ten years, then the donation is not added to the calculation for the disbursement quota, but the donor still gets a receipt in the year the donation is made. Therefore, in this case, the donor must stipulate that the charity may not disburse the donated premiums, or substituted property, until TEN YEARS after the LAST premium was paid on the policy, which will be ten years after the donor's death.

Investment income is not included in the charities disbursement quota calculations. In addition, the charity does not pay any tax on investment income. This allows the charity to be indifferent to owning an exempt or non-exempt life insurance policy.

For illustration purposes, the tax savings are calculated using a flat provincial rate of 50% of federal taxes. The actual rate varies by province and may be higher or lower than 50%.

NOTE: The tax credit for the portion of the donation which exceeds $200.00 is calculated by applying the individual's marginal tax rate. As a result, this illustration will be valid only for those individuals who are in the top tax bracket.

This is an illustration only and NOT a Contract. Rates of return and values contained within are projections only and are not guarantees or forecasts of future performance. It must be read in conjunction with a policy illustration from the Life Company.

CONCEPT ASSUMPTIONS

Insureds

Insured:	Retired Gentleman, Male Age 70 Non-Smoker

Prepared By:

Name:	Agent / Broker

Product

Name:	Term to 100
Policy Type:	Single Life
Payment Method:	Life Pay

Alternative Investment

Growth Breakdown:	100% Interest
Effective Tax Rate On Interest:	45.00%
Projected Annual Growth Rate:	6.000%

Your Company Name
Charitable Insured Annuity

LONG TERM ALTERNATIVE INVESTMENT:

Amount Invested	:	$250,000	
Assumed annual investment rate	:	6.00%	
Gross yearly earnings	:	$15,000	
Taxable annual portion	:	$15,000	
Tax Payable	:	($6,750)	
Net annual after tax payout	:		$8,250

CHARITABLE LIFE INSURED ANNUITY:

Amount Invested	:	$250,000	
Annual income for life	:	$24,460	
Taxable annual portion	:	$6,291	
Tax Payable	:	($2,831)	
Annual after tax payout	:	$21,629	
Term to 100 annual Premium:			
Local Charity (Amount insured: $250,000)	:	($10,415)	
Annual tax savings	:	$4,648	
Net annual after tax payout	:		$15,862
Equivalent annual pre-tax yield	:		11.54%

DIFFERENCE (92.26%) : $7,612