

# Your Company Name Insured Retirement

(current date)

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## **"Generating additional retirement income by rearranging assets!"**

Is providing additional retirement income one of your financial goals?

Have you maximized your RRSP contributions?

Have you maximized the amount of tax preferred income you could obtain?

Would you like to have the flexibility to pass on the remainder of your assets intact to your children or grandchildren, if you do not use them all to live on?

Many people are unaware that:

- \* There are ways to exchange assets to reduce income tax payable!
- \* Financial institutions see cash value in an insurance policy as a bona fide asset!

A life insurance policy that qualifies under section 148 of the Income Tax Act is an excellent planning tool that can be used to create a tax advantaged account. This account is totally accessible and under your control while you are alive (subject to collateral assignment to the lender), and is paid out to your designated beneficiary outside your estate at death. Thus, you avoid paying income taxes on the growth in the account as long as the growth remains in the exempt portion of the policy and you never withdraw it. You can make a collateral assignment of your policy to your financial institution, and, using the security of the policy, your financial institution can advance loans to you over the rest of your life.

Then, on your death, your financial institution exercises their collateral assignment rights against the death benefit, and the rest goes to your designated beneficiary. Thus you can avoid paying income tax, probate or legal fees on this asset.

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The illustration shows how the tax deferred growth of funds within an exempt life insurance policy can be used to generate tax free income through use of the policy as collateral against loans from your bank or trust company. The policy owner makes a collateral assignment of the policy to his/her financial institution giving them first rights against the cash value. The tax-free cash flow is generated through a series of loans against the security of the policy in a manner which postpones the repayment of the loan until the insured dies. Upon your death, your financial institution exercises its collateral assignment rights and collects sufficient funds from the estate benefit of the policy, and the balance is paid to the insured's beneficiary.

Care should be taken that the loan balance does not exceed 75% of the Fund Value of the policy. A loan exceeding a predetermined portion of the Fund Value may cause your financial institution to call the loan. This may result in significant tax consequences.

This illustration assumes that the loan interest is compounded monthly at the calculated Monthly Loan Rate. It is also assumed that the income will be loaned in monthly increments equal to 1/12 of the annual income.

*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.*

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## CONCEPT ASSUMPTIONS

### Insureds

**Insured:** Middle Aged Professional,  
Male Age 40 Non-Smoker

### Prepared By:

**Name:** Agent/Broker

### Product

**Name:** Universal Life  
**Policy Type:** Single Life  
**Face Amount:** \$250,000  
**Payment Method:** Planned Deposits (15 Years)  
**Projected Annual Growth Rate:** 6.000%

### Alternative Investment

**Growth Breakdown:** 100% Interest  
**Effective Tax Rate On Interest:** 50.00%  
**Projected Annual Growth Rate:** 6.000%

### Other Details

**From Year:** 26  
**To:** 36  
**Annualized Bank Loan Rate:** 8.000% [0.643% Monthly]

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## USING AN ALTERNATIVE INVESTMENT FOR RETIREMENT NEEDS

Pol Yr	Age	Annual Deposit	Annual Growth	Tax Due on Growth	Tax on Unrealized Gains on Withdrawal	Balance	After Tax Estate Benefit at Death	Net Income
1	41	6,765	406	203	0	6,968	6,968	0
2	42	6,765	824	412		14,145	14,145	0
3	43	6,765	1,255	627		21,537	21,537	0
4	44	6,765	1,698	849		29,151	29,151	0
5	45	6,765	2,155	1,077		36,994	36,994	0
6	46	6,765	2,626	1,313		45,072	45,072	0
7	47	6,765	3,110	1,555		53,392	53,392	0
8	48	6,765	3,609	1,805		61,962	61,962	0
9	49	6,765	4,124	2,062		70,789	70,789	0
10	50	6,765	4,653	2,327		79,880	79,880	0
11	51	6,765	5,199	2,599		89,245	89,245	0
12	52	6,765	5,761	2,880		98,890	98,890	0
13	53	6,765	6,339	3,170		108,825	108,825	0
14	54	6,765	6,935	3,468		119,057	119,057	0
15	55	6,765	7,549	3,775		129,597	129,597	0
16	56		7,776	3,888		133,485	133,485	0
17	57		8,009	4,005		137,490	137,490	0
18	58		8,249	4,125		141,614	141,614	0
19	59		8,497	4,248		145,863	145,863	0
20	60		8,752	4,376		150,239	150,239	0
21	61		9,014	4,507		154,746	154,746	0
22	62		9,285	4,642		159,388	159,388	0
23	63		9,563	4,782		164,170	164,170	0
24	64		9,850	4,925		169,095	169,095	0
25	65		10,146	5,073		174,168	174,168	0
26	66		9,354	4,677		160,569	160,569	18,524
27	67		8,538	4,269		146,563	146,563	18,524
28	68		7,697	3,849		132,136	132,136	18,524
29	69		6,832	3,416		117,276	117,276	18,524
30	70		5,940	2,970		101,971	101,971	18,524
31	71		5,022	2,511		86,207	86,207	18,524
32	72		4,076	2,038		69,969	69,969	18,524
33	73		3,102	1,551		53,245	53,245	18,524
34	74		2,098	1,049		36,018	36,018	18,524
35	75		1,065	532		18,275	18,275	18,524
36	76							18,524

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Pol Yr	Age	Annual Deposit	Net Income From Loan	Accumulating Loan			Life Insurance Policy		
				Annual Loan Draw	Loan Balance	% of Fund Value	Fund Value	Fund Value After Loan	Net Estate Benefit
1	41	6,765	0	0	0	0%	5,691	5,691	255,691
2	42	6,765	0	0	0	0%	11,724	11,724	261,724
3	43	6,765	0	0	0	0%	18,119	18,119	268,119
4	44	6,765	0	0	0	0%	24,897	24,897	274,897
5	45	6,765	0	0	0	0%	32,083	32,083	282,083
6	46	6,765	0	0	0	0%	39,699	39,699	289,699
7	47	6,765	0	0	0	0%	47,772	47,772	297,772
8	48	6,765	0	0	0	0%	56,330	56,330	306,330
9	49	6,765	0	0	0	0%	65,401	65,401	315,401
10	50	6,765	0	0	0	0%	82,933	82,933	332,933
11	51	6,765	0	0	0	0%	94,069	94,069	344,069
12	52	6,765	0	0	0	0%	105,931	105,931	355,931
13	53	6,765	0	0	0	0%	118,568	118,568	368,568
14	54	6,765	0	0	0	0%	132,031	132,031	382,031
15	55	6,765	0	0	0	0%	152,342	152,342	402,342
16	56		0	0	0	0%	160,923	160,923	414,906
17	57		0	0	0	0%	170,088	170,088	420,088
18	58		0	0	0	0%	179,852	179,852	429,852
19	59		0	0	0	0%	190,253	190,253	440,253
20	60		0	0	0	0%	210,359	210,359	460,359
21	61		0	0	0	0%	222,752	222,752	472,752
22	62		0	0	0	0%	235,955	235,955	485,955
23	63		0	0	0	0%	250,020	250,020	500,020
24	64		0	0	0	0%	265,003	265,003	515,003
25	65		0	0	0	0%	293,512	293,512	543,512
26	66		28,595	28,595	29,819	10%	311,336	281,516	531,516
27	67		28,595	28,595	62,024	19%	330,323	268,299	518,299
28	68		28,595	28,595	96,805	28%	350,550	253,745	503,745
29	69		28,595	28,595	134,369	36%	372,098	237,729	487,729
30	70		28,595	28,595	174,938	42%	412,647	237,709	487,709
31	71		28,595	28,595	218,752	50%	438,250	219,498	469,498
32	72		28,595	28,595	266,071	57%	465,525	199,453	449,453
33	73		28,595	28,595	317,176	64%	494,581	177,404	427,404
34	74		28,595	28,595	372,370	71%	525,534	153,164	403,164
35	75		28,595	28,595	431,979	74%	583,332	151,354	401,354
36	76		28,595	28,595	496,356	80%	620,081	123,725	373,725
37	77				536,065	81%	659,229	123,165	373,165
38	78				578,950	83%	700,934	121,984	371,984
39	79				625,266	84%	745,362	120,096	370,096
40	80				675,287	82%	827,875	152,587	402,587
41	81				729,310	83%	880,592	151,282	401,282
42	82				787,655	84%	936,752	149,097	399,097
43	83				850,667	85%	996,579	145,911	395,911
44	84				918,721	87%	1,060,312	141,591	391,591

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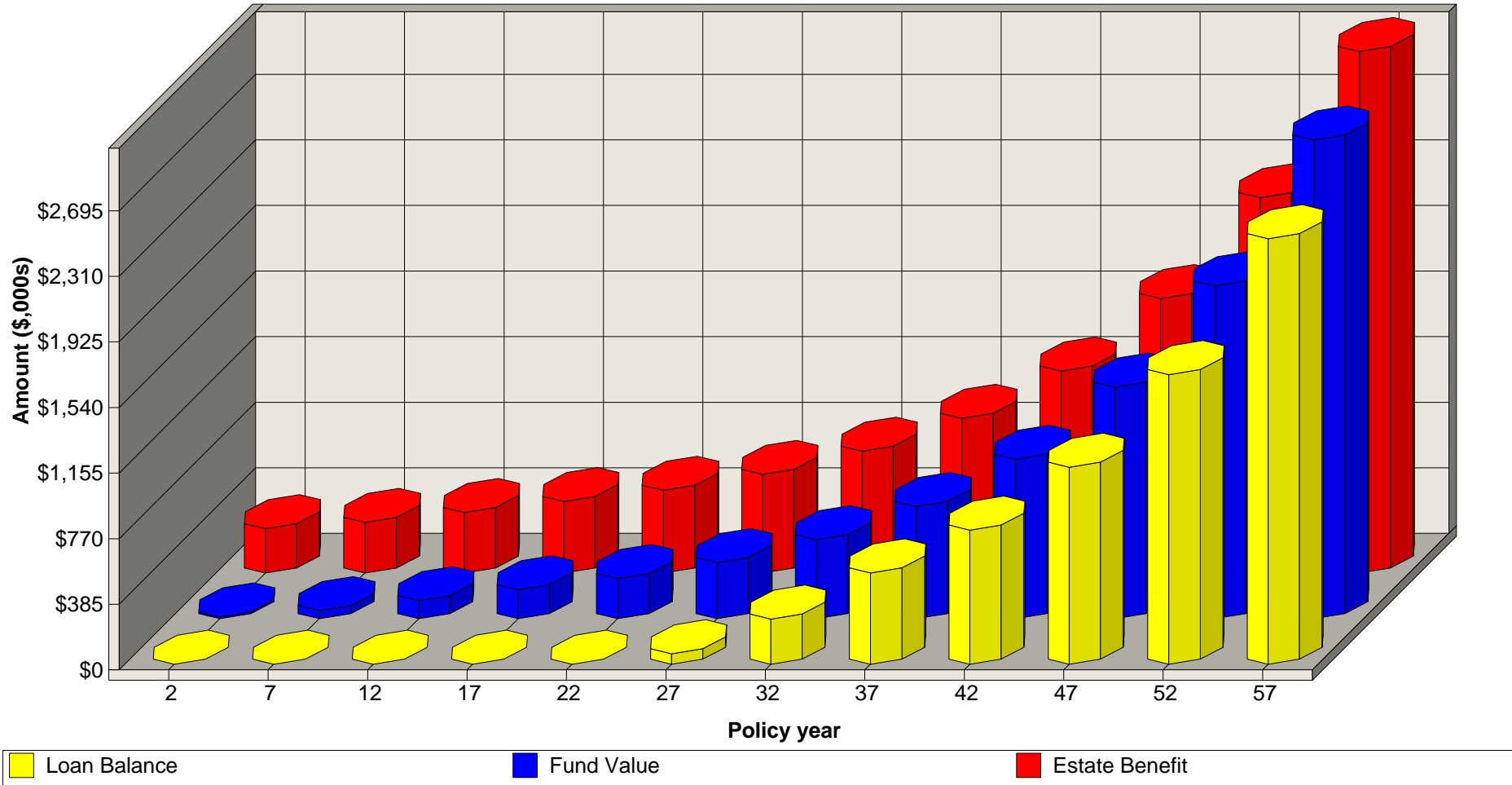
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Pol Yr	Age	Annual Deposit	Net Income From Loan	Accumulating Loan			Life Insurance Policy		
				Annual Loan Draw	Loan Balance	% of Fund Value	Fund Value	Fund Value After Loan	Net Estate Benefit
45	85				992,219	84%	1,178,232	186,014	436,014
46	86				1,071,596	85%	1,266,366	194,770	444,770
47	87				1,157,324	85%	1,361,194	203,871	453,871
48	88				1,249,910	85%	1,463,225	213,315	463,315
49	89				1,349,902	86%	1,573,005	223,102	473,102
50	90				1,457,895	86%	1,691,123	233,228	483,228
51	91				1,574,526	87%	1,818,212	243,686	493,686
52	92				1,700,488	87%	1,954,955	254,467	504,467
53	93				1,836,527	87%	2,102,083	265,556	515,556
54	94				1,983,449	88%	2,260,386	276,937	526,937
55	95				2,142,125	88%	2,430,713	288,588	538,588
56	96				2,313,495	89%	2,613,977	300,481	550,481
57	97				2,498,575	89%	2,811,160	312,585	562,585
58	98				2,698,461	89%	3,023,320	324,859	574,859
59	99				2,914,338	90%	3,251,594	337,256	587,256
60	100				3,147,485	90%	3,497,206	349,721	599,721

# Your Company Name

Proposal For: Middle Aged Professional Prepared By: Agent/Broker

## Insured Retirement



Male 40 NS. PRODUCT: Universal Life. FACE AMOUNT: \$250,000. TAX RATE: 50.00%

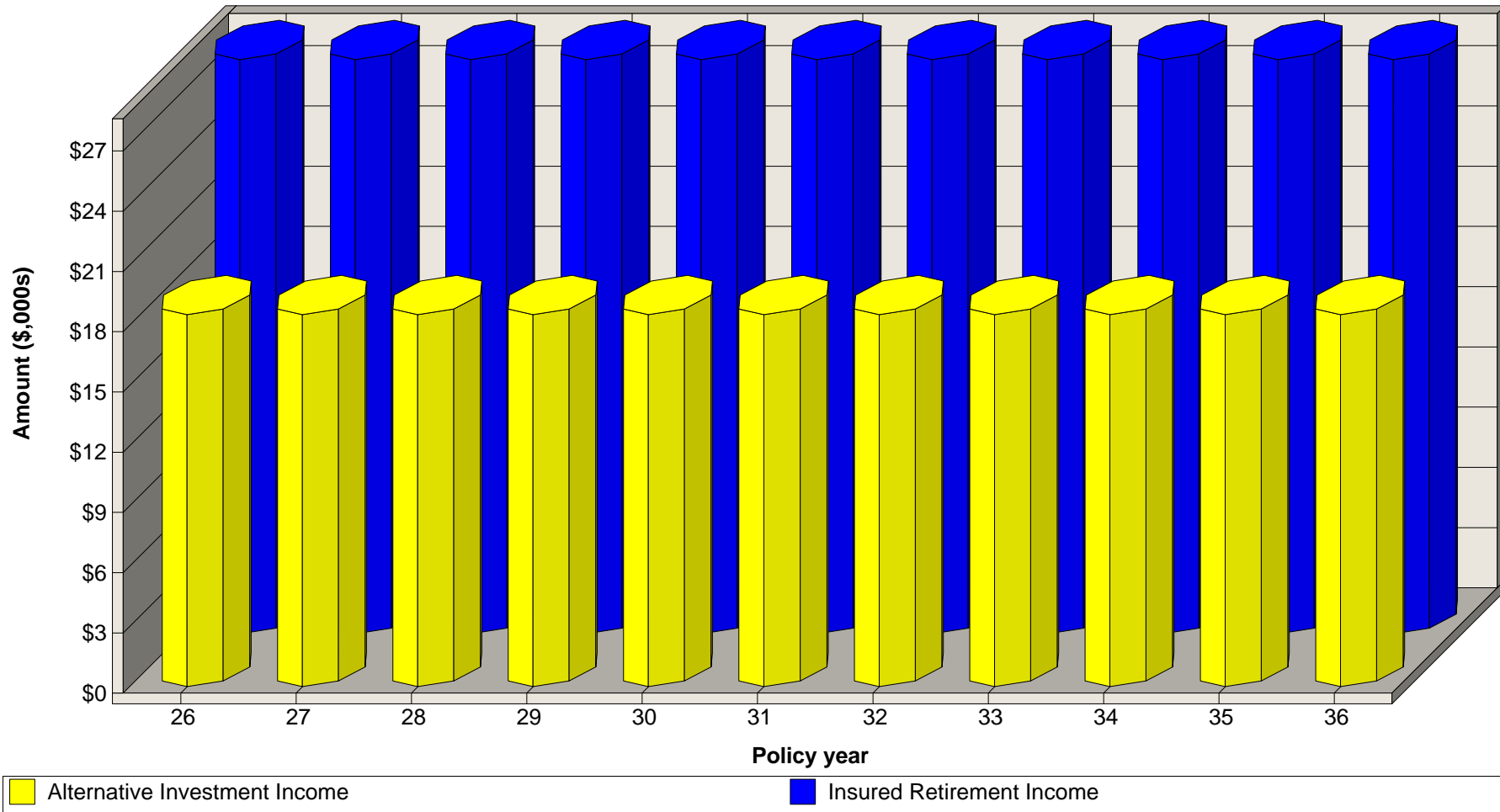
Plan Income: From Year 26 To 36

NOTE: F.V. shown as portion of D.B. Must accompany a policy illustration. E.&O.E.

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