

# Is it possible to **increase after-tax income** and leave more for your loved ones?

With a bit more planning it may be. Consider a **Personal Insured Annuity**





### *Here's the Issue*

You have worked hard to accumulate your investment savings. Your investment portfolio includes interest bearing investments such as GIC's, term deposits, bonds, bank accounts, etc. You are currently using the interest income from your investments to supplement your income. You would like to increase your income from your investments but don't want to reduce the amount you want to leave to your loved ones.

If your situation is similar to the one described above you should consider the benefits of a financial planning strategy known as a Personal Insured Annuity. This strategy is designed to give you increased income today, while ensuring that the assets you have worked hard to build are still available to gift to the people and organizations you love through your estate tomorrow.

### *Here's How the Insured Annuity Works?*

You use all or a portion of your interest bearing investments to purchase a life annuity contract, which provides a guaranteed income during your lifetime. You also purchase a life insurance policy with yourself as the life insured. The guaranteed payment stream is used to pay the life insurance premium and the tax on the annuity. The remaining amount is used to supplement your income, usually providing a substantially higher amount than current interest bearing alternatives. The beneficiary of the life insurance policy is someone you have named, such as your spouse, child, or favorite charity. When you die, the beneficiary receives the insurance proceeds tax-free.



You can increase what you receive today and give more tomorrow





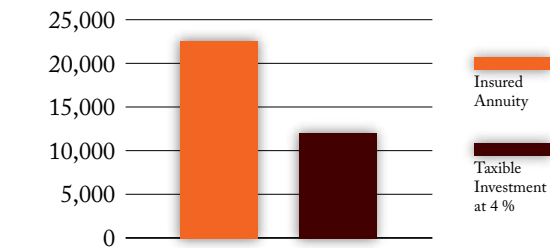
## Personal Annuity vs Interest Bearing Investment

Personal Information	Male, 70, non-smoker
Death Benefit	\$500,000
Funds available to purchase prescribed annuity	\$500,000
Marginal tax rate	39.00%

\*Based on 2011 combined Federal and Alberta top marginal tax rates.

	Insured Annuity	Taxable Investment
Total funds available	\$500,000	\$500,000
Annual income	\$47,918	\$20,000
Taxable amount	\$11,663	\$20,000
Tax payable	\$4,549	\$7,800
Cash flow before life insurance premium	\$43,369	\$12,200
Annual premium	\$20,115	\$0
Annual net cash flow	\$23,254	\$12,200
Estate value at age 86	\$500,000	\$371,587

### Comparing Cash Flows



Increase in annual new cash flow with the Insured Annuity \$11,054

### Benefits of the Personal Insured Annuity

- Increased cash flow for you today.
- Tax-Free insurance benefits can be gifted.
- Ability to fully guarantee your tax-free insurance benefits.
- Ability to lock in and guarantee your future investment income.

### Personal Insured Annuity





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