



# AGELESS INVESTING

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Insurance & Investments  
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## Agenda



- Ageless Investing
  - Introduction
  - Cost-effective Estate Planning
  - Death in a Down Market
  - Spousal Income Splitting
  - Guaranteed Withdrawal Benefit

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## Ageless Investing: An Introduction



Age 70+ customers interests:

- Asset growth including capital gains
- Deferral of capital gains
- Control and use of invested monies
- Guarantees and downside protection

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**Ageless Investing: An Introduction** 

- Why insurance-based assets
  - Probate-free transfer if named beneficiary on policy
  - Pass assets outside the estate
  - Benefit guarantees, resets on segregated funds
- Controlling assets
  - Investment choice
  - Flexibility
- Passing on assets by structuring policy with:
  - Successor owner
  - Successor annuitant
  - Beneficiary

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**Ageless Investing: An Introduction** 

And...

- Preserve assets under administration from one generation to the next



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**AGELESS INVESTING:**  
Cost-Effective  
Estate Planning

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**Ageless Investing:**  
**Cost-effective estate planning**



- Peter, 78-year old retiree, grandfather, and long-term investor
- Has diversified investment portfolio
- Does not require entire portfolio to support lifestyle
- Wishes to begin planning estate bequest to son, Joseph, 45
- Joseph married to Catherine, 44



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**Ageless Investing:**  
**Cost-effective estate planning**



- Peter is concerned about:
  - Asset control
  - Asset access
  - Security
  - Estate planning
- Possible Solution:
  - Empire Life Guaranteed Investment Fund 75/100

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**Ageless Investing:**  
**Cost-effective estate planning**



- Policy Set-up:
  - Peter is owner and beneficiary
  - Joseph, Peter's son, is successor owner and annuitant
  - Joseph's wife, Catherine, is successor annuitant

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**Ageless Investing:  
Cost-effective estate planning** 

- Advantages of this structure:
  - Investment control
  - Access to assets<sup>1</sup>
  - Security of 100% Death Benefit Guarantee<sup>2, 3</sup>
  - Protection from market downturns with Death Benefit Guarantee resets<sup>4</sup>
  - Cost-effective estate transfer

<sup>1</sup> Subject to applicable taxation and surrender fee schedules  
<sup>2</sup> 100% Death Benefit Guarantee if policy issued before Annuitant's 80<sup>th</sup> birthday, otherwise 75% of deposits guaranteed  
<sup>3</sup> Death and Maturity Guarantees are reduced proportionally by withdrawals  
<sup>4</sup> Empire Life may change the reset feature at any time without providing notice and may cancel the reset feature at any time by providing 60 days notice to the policy owner

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**Ageless Investing:  
Cost-effective estate planning** 

- When Peter dies:
  - No death benefit payable
  - Capital gains and losses triggered and taxable to Peter's estate
  - Assets pass directly to Joseph, as successor owner, at fair market value
  - Probate costs are bypassed
  - Joseph taxed on future income earned

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**Ageless Investing:  
Cost-effective estate planning** 

Joseph dies before his father:

- No death benefit is payable
- No deemed disposition of the segregated funds because Joseph's wife, Catherine, becomes annuitant
- Policy continues as is with Peter as owner
- See "Ageless Investing with Empire Life Guaranteed Investment Funds" 75/100 (INV-781)

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## AGELESS INVESTING: Death in a Down Market

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### Ageless Investing: Death in a Down Market



- Susan, 70, retiree
- Douglas, son, in mining business, divorced with no children
- If Douglas predeceases her, local charity named beneficiary

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### Ageless Investing: Death in a Down Market



- Susan is concerned about:
  - Investment control
  - Market volatility
  - Wants to retain ability to reset benefit guarantees
  - Worried about bear market impacting market value and legacy
- Possible Solution:
  - Empire Life Guaranteed Investment Funds 100/100

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**Ageless Investing:  
Death in a Down Market** 

- Policy set-up:
  - Susan is owner and beneficiary
  - Douglas is annuitant and successor owner
  - No successor annuitant is named
  - Maturity date set at 15 years after issue date

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**Ageless Investing:  
Death in a Down Market** 

- If Douglas dies first:
  - Death benefit payable
  - 100% Death Benefit Guarantee assures return of Susan's capital
  - Susan reinvests in Empire Life GIC and names charity as beneficiary

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**Ageless Investing:  
Death in a Down Market** 

When Susan dies:

- No death benefit as Douglas is annuitant
- Capital gains and losses triggered and taxable to Susan's estate
- Douglas becomes owner
- No probate costs: quick transfer to Douglas
- He keeps current maturity and deferred sales charge schedules, and death benefit guarantee
- Only 7 more years to maturity date
- His Adjusted Cost Basis adjusted to fair market value
- Only taxed on future growth

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## AGELESS INVESTING: Spousal Income Splitting

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### Ageless Investing: Spousal Income Splitting



- William, 65-year old entrepreneur, married and ready to retire
- GIC included in his portfolio
- Transferred some assets to wife
- Still paying taxes on transferred assets

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### Ageless Investing: Spousal Income Splitting



- William is concerned about:
  - Income taxes, claw back and reductions in net income tested benefits
  - Expenses in the event of critical illness
  - Taxes due at his death
  - Interested in alternatives but wants both net income and asset preservation and investment guarantees
- Possible Solution:
  - Empire Life GIC and critical illness

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**Ageless Investing:  
Spousal Income Splitting** 

- Advantages of this structure:
  - GIC - variety of terms – redeemable<sup>5</sup> - no penalty on early payout at death
  - Interest income qualifies as eligible pension income and for a pension tax credit of \$2,000
  - Lowers William's reportable income and net income
  - William can name a beneficiary for probate-free transfer and a private transfer of estate assets
  - Tax savings could help fund critical illness coverage and/or life insurance to pay taxes on death

<sup>5</sup> Withdrawals prior to maturity subject to market value adjustment

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Class Plus 3.0**

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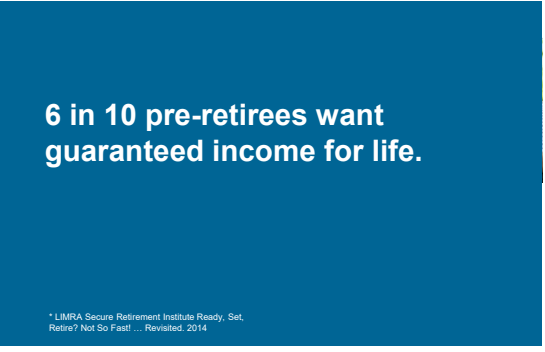
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**6 in 10 pre-retirees want  
guaranteed income for life.**

\* LIMRA Secure Retirement Institute Ready, Set, Retire? Not So Fast! ... Revised, 2014



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**Ageless Investing: Wrap Up** 

Age 70+ customers interests:

- Asset growth including capital gains
- Deferral of capital gains
- Control and use of invested monies
- Guarantees and downside protection



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