Guaranteed Lifetime Income in Action

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Disclaimer

A description of the key features of the individual variable insurance contract is contained in the Information Folder for the product being considered. **Any amount that is allocated to a Segregated Fund is invested at the risk of the contract owner and may increase or decrease in value.**

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What Canadians Want

Average Ranking*	Pension Plan/Retirement Plan features
8.4	Retirement income guaranteed to last lifetime
8.2	Retirement income that is predictable
8.2	Retirement income that keeps pace with inflation
7.7	Retirement savings plan that will provide income if I am forced to retire earlier than planned
7.6	Income that does not fluctuate with investment results

* Based on 10 point scale where 10 indicates extremely desirable.
Source: Designing retirement schemes Canadians want. CAAT Pension Plan. Apr. 13, 2017. www.caatpension.on.ca

Why more guaranteed lifetime income?

- Living longer
- Fear of outliving income
- May not be eligible for full government benefits
- Fewer have defined benefit pension plans through work
- Market volatility and contributing factors
- Cover fixed/regular expenses

Source: Statistics Canada, New facts on pension coverage in Canada, by Marie Drolet and René Morissette, (Insights on Canadian Society, 18 December 2014).

Focus on your client's needs

- Guaranteed income
- Tax-efficiency
- Flexibility
- Estate planning considerations
- Retirement planning lifecycle

Source: 2018 Canadian Guaranteed Lifetime Income Study, Greenwald & Associates and CANNEX

Products to help meet income needs

Income Solutions: Flexible Inheritance

Client Profile: Mike	
Age	73
Health	Good
Employment	Retired
Status	Single
Income Need	Flexible inheritance transfer

GIF Non-Reg.	**$1,200,000**
Grandchild #1	Jen (31)
Grandchild #2	Steve (29)
Grandchild #3	Mitchell (27)

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Customized Cash and Income Solutions:

Client Profile: Jeff & Maggie	
Jeff	Recently Deceased
Maggie	Failing health; Age 83
Income Need	Flexible inheritance transfer; Assisted living

Guaranteed Income Fund	$1,000,000
Life Insurance Proceeds	$1,200,000
Geoff	Age 52
Jeremy	Age 49
Stacey	Age 24
Steve	Age 19

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Income Solutions: Increased Rate of Return

Client Profile: Mary	
Age	70
Health	Good
Employment	Retired
Status	Widowed
Income Needs	Legacy + increased rate of return

Fixed Income	**$400,000**
Marginal Tax Rate	**40%**
Av Rate of Return	**2.25%**

Possible Income Solution: Pensionize assets

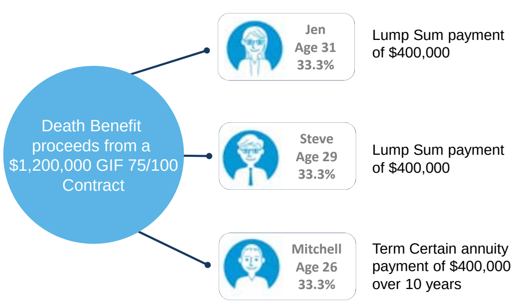
- Client need: Guaranteed income for life or for specific period of time
- Optimizing key features of an annuity
- Worry free, maintenance free, guaranteed lifetime income flow
- Easy for client and people acting under Power of Attorney or Guardianship

Annuity Settlement: Flexible Inheritance

Client Profile: Mike	
Age	73
Health	Good
Employment	Retired
Status	Single
Income Need	Flexible inheritance transfer

GIF 75/100	**$1,200,000**
Lump Sum	**Jen (31)**
Lump Sum	**Steve (29)**
10 Yr. Term Certain Annuity	**Mitchell (26)**

Annuity Settlement Option: Reward Beneficiaries Equally but Differently



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Steve	Age 19

Client Scenario Jeff: Covering final expenses *plus* lifetime income

Death Benefit Proceeds from $1,200,000 Empire Life Insurance Contract

5% Lump sum payment to cover estate and funeral expenses

Plus

45% for adult stepchildren from Jeff's first marriage

Plus

Maggie Age 78 100%

50% Single Life annuity with 5 year guarantee to fund ongoing assisted living care

Client Scenario Maggie: Paying off debts *plus* consistent income

Death Benefit Proceeds from $1,000,000 Class Plus 3.0 contract

Stacey Age 24 50%

20% Lump Sum payment to cover previous student loans

plus

30% Term Certain annuity payment over 10 years

Steve Age 19 50%

10% Lump Sum payment to cover current education expenses,

plus

40% Term Certain annuity payment over 10 years

Insured Annuity: Increased Rate of Return

Client Profile: Mary	
Age	70
Health	Good
Employment	Retired
Status	Widowed
Income Needs	Legacy + increased rate of return

Immediate Annuity	**$250,000**
Estatemax	**$250,000**
Liquid Fixed Income	**$150,000**

Traditional Insured Annuity Strategy:
Annuity + Permanent Life Insurance

	Fixed Income Investment	Traditional Insured Annuity
Gross Annual Income	$ 5,625.00	$14,974.14
Taxable Portion	5,625.00	1,424.71
Tax Payable	-$ 2,250.00	-$ 569.88
Sub-total:	$ 3,375.00	$14,404.26
Life Insurance Premium:	$	-$ 10,339.23
After Tax Return:	$ 3,375.00	$ 4,065.03
Advantage	+20%	$ 690.03
Equivalent Pre-tax Rate of Return		2.71%

Annuity quotes available at empire.ca/advisor

Income Solutions: Income + Upside Potential

Client Profile: Richard	
Age	65
Health	Very Good
Employment	Recently retired
Status	Single
Income Needs	Immediate + upside potential

Sale of business	**$1.5M**
Equities	**$750,000**
Fixed Income	**$350,000**
Guaranteed Income	**$400,000**

Income Solutions: Future Guaranteed Income

Client Profile: Sarah	
Age	50
Health	Good
Employment	Full time
Status	Married
Income Needs	Guaranteed income at retirement

Expected Retirement	65
Defined Contribution Pension Plan	$300,000
TFSA (Equities)	$70,000
Inheritance	**$250,000**

Income Solutions: RRIF Income Now

Client Profile: Edward	
Age	71
Health	Excellent
Employment	Retired
Status	Married
Income Needs	Stable & efficient income

Year RRIF Begins	72
RRIF Payments	Minimum
RRSP	**$300,000**

Income Solution: Guaranteed Withdrawal Benefit (GWB)

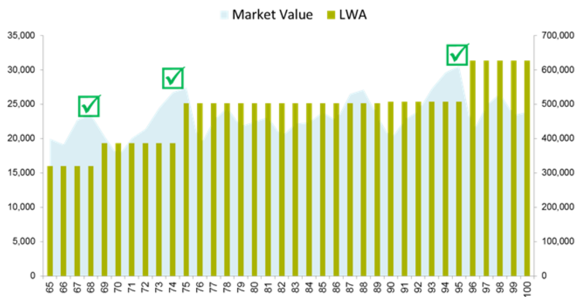
- Client need: Guaranteed income for life but wants to remain invested for upside potential & estate transfer
- Key income features
  - Income guaranteed for life as early as age 55
  - Income can be increased through annual deferral bonuses and triennial resets
  - Income payments stopped/started/changed at any time
  - Guaranteed income continues after market value=$0

Class Plus 3.0: Income + Upside Potential

Client Profile: Richard	
Age	65
Health	Very Good
Employment	Recently retired
Status	Single
Income Needs	Immediate + upside potential

Sale of business	$1.5M
Equities	$750,000
Fixed Income	$350,000
Class Plus 3.0 (non-registered)	**$400,000**

Richard's guaranteed income increases through triennial Income Base resets



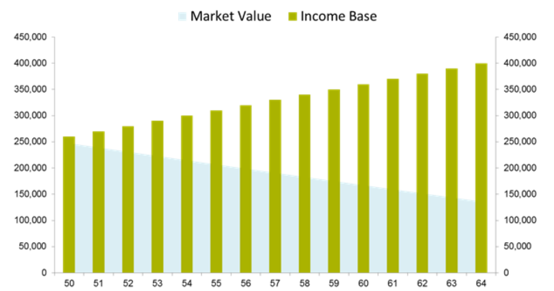
$400K in Class Plus 3.0 Non-Registered, 80% Equity/20% Fixed Income, Historical Rates of Return
For illustration purposes only

Class Plus 3.0: Future Guaranteed Income

Client Profile: Sarah	
Age	50
Health	Good
Employment	Full time
Status	Married
Income Needs	Guaranteed income at retirement

Expected Retirement	65
Defined Contribution	$300,000
TFSA (Equities)	$70,000
Class Plus 3.0 (non-registered)	**$250,000**

Sarah's guaranteed income increases from $10,000 to $16,000



$250K in Class Plus 3.0 Non-Registered, 80% Equity/20% Fixed Income, -2% Rate of Return
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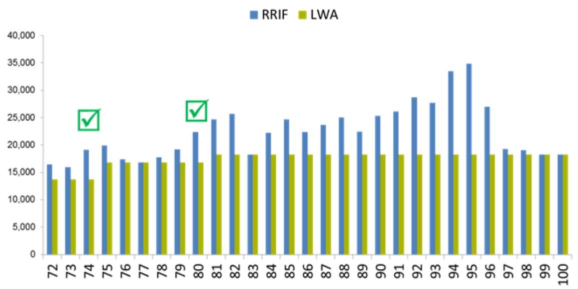
Class Plus 3.0: RRIF Minimum Now

Client Profile: Edward	
Age	71
Health	Excellent
Employment	Retired
Status	Married
Income Needs	Stable & efficient income

Year RRIF Begins	72
RRIF Payments	Minimum
Class Plus 3.0 RRIF	**$300,000**

Edward receives RRIF minimum in years it's higher than LWA



$400K in Class Plus 3.0 RRSP to RRIF, 80% Equity/20% Fixed Income, Historical rates of return
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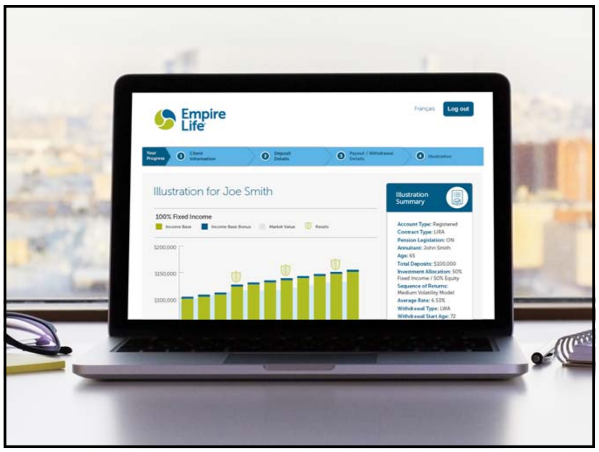

Aging Canadians want and value guaranteed lifetime income in addition to government benefits.

They expect advisors to inform them of the options and how they can address their concerns and help fulfill their plans.

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