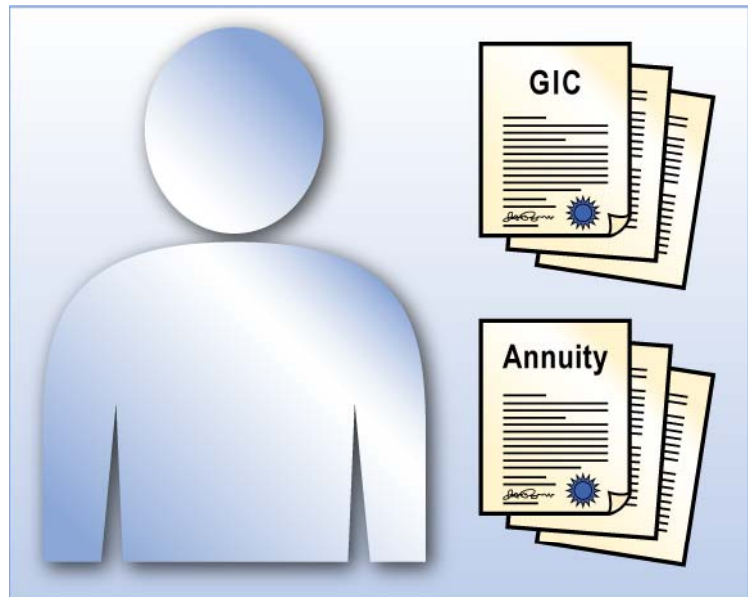




Insured Annuity

Ensuring Income for Life and
Providing an Estate Legacy



Designed for: Life Guard Client

Designed by: Life Guard Insurance

August 6, 2011

The Problem

Second only to health concerns, the greatest fear among today's retirees is outlasting their assets during retirement.

With interest rates being at or near all time lows a retiree can no longer rely on deriving an acceptable retirement cash flow from just the interest income on invested capital.

It is inevitable that the classic Guaranteed Investment Certificate (GIC) strategy will at some point require a retiree to erode their capital in favour of supplementing their income.

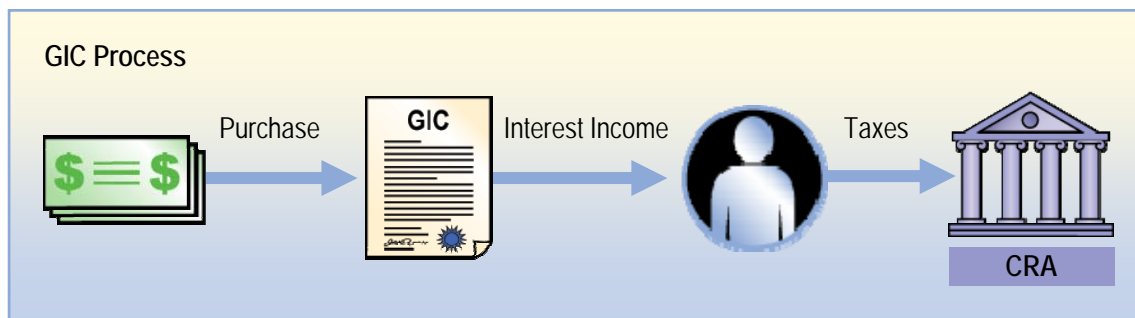
Using a GIC strategy may put the retiree at risk of outliving their capital or deteriorating the very estate they had hoped to leave to loved ones and/or charitable organizations.

Classic GIC Income Strategy

Using a Guaranteed Investment Certificate (GIC) to create an income from assets is a common strategy.

Process:

1. Use cash to purchase GICs that provide a rate of return for a set period of time.
2. Take monthly interest payments received from the GICs as income.
3. Pay tax on the total annual interest income derived from the GIC investment.



GIC Results

Cash Flow Example

- Principal / Face Amount \$500,000
- GIC Rate 4.00 %
- Tax Rate 39.00 %

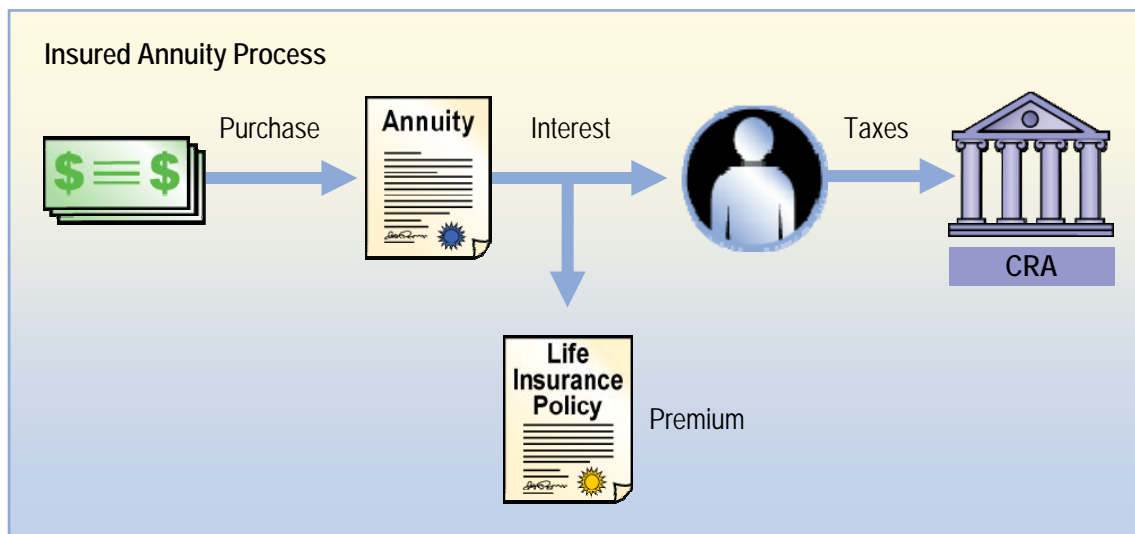
	GIC
Monthly Cash Flow	\$1,667
Tax Payable	\$650
Insurance Premium	\$0
Net Monthly Cash Flow	\$1,017
Net After Tax Yield	2.44 %

The Insured Annuity Strategy

The use of an Insured Annuity Strategy will provide a superior result to that of the GIC income strategy.

Process:

1. Use cash to purchase a Prescribed Life Annuity on the client's life.
2. Pay tax on the annual taxable amount of annuity income.
3. Pay a monthly premium for a life insurance policy using a portion of after tax annuity income.
4. At death, the clients' beneficiary will receive the life insurance face amount tax free.

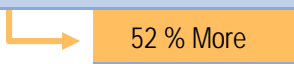


Comparing Results

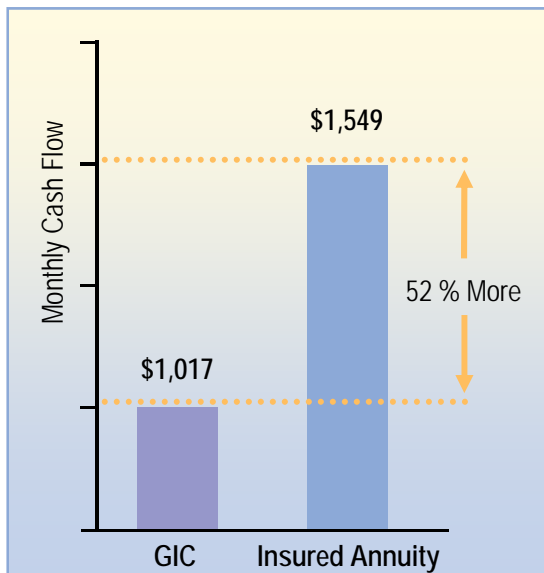
Cash Flow Example

- Principal / Face Amount \$500,000
- GIC Rate 4.00 %
- Tax Rate 39.00 %
- Permanent Insurance BMO Insurance, Pure Term 100
- Annuity BMO Insurance

	GIC	Insured Annuity
Monthly Cash Flow	\$1,667	\$3,976
Tax Payable	\$650	\$32
Insurance Premium	\$0	\$2,394
Net Monthly Cash Flow	\$1,017	\$1,549
Net After Tax Yield	2.44 %	3.72 %
Equivalent GIC Rate		6.09 %



If the desire is to preserve capital to ensure no depletion of interest income, an Equivalent GIC Rate of 6.09 % would need to be earned.



August 6, 2011

■ See **Some Important Notes** at the end of this presentation.

Summarize the Difference

	GIC Strategy	Insured Annuity Strategy
Guaranteed Cash Flow for Life	No	Yes
Tax Efficient Monthly Cash Flow	No	Yes
Reduce chance of reduction in Government Programs (OAS, GIS)	No	Yes
Creditor Protection	No	Yes
Efficient, predetermined transfer of assets to heirs	No	Yes
Avoids Wills Variation Act issues	No	Yes
Estate transfer is free of Probate Tax	No	Yes

Some Important Notes

The scenarios described in the preceding presentation provide general outlines of some financial strategies. Any premiums or cash values illustrated in this presentation have been calculated without verification from the illustrated insurance company. These numbers must be verified before proceeding with any purchase. Readers should seek independent legal, tax and accounting advice with regard to the views expressed in this document. The figures used to illustrate the examples are meant to provide example scenarios using figures created for the financial products on the day the quotes were created. Annuity quotes are based upon the prevailing interest rates available on the day the quote was created and as such are subject to change any day after. Please see Life Insurance and Annuity Illustrations for further details.

August 6, 2011