

INSURED ANNUITY

A financial strategy to maximize after-tax retirement income

New Client

Prepared by:
Advisor Guest
Life and Health Insurance Advisor

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Desjardins Insurance refers to Desjardins Financial Security
Life Assurance Company

WHAT IS AN INSURED ANNUITY?

A retirement planning strategy that can maximize after-tax guaranteed income during your lifetime and ensure your capital is returned to your heirs tax-free when you die.

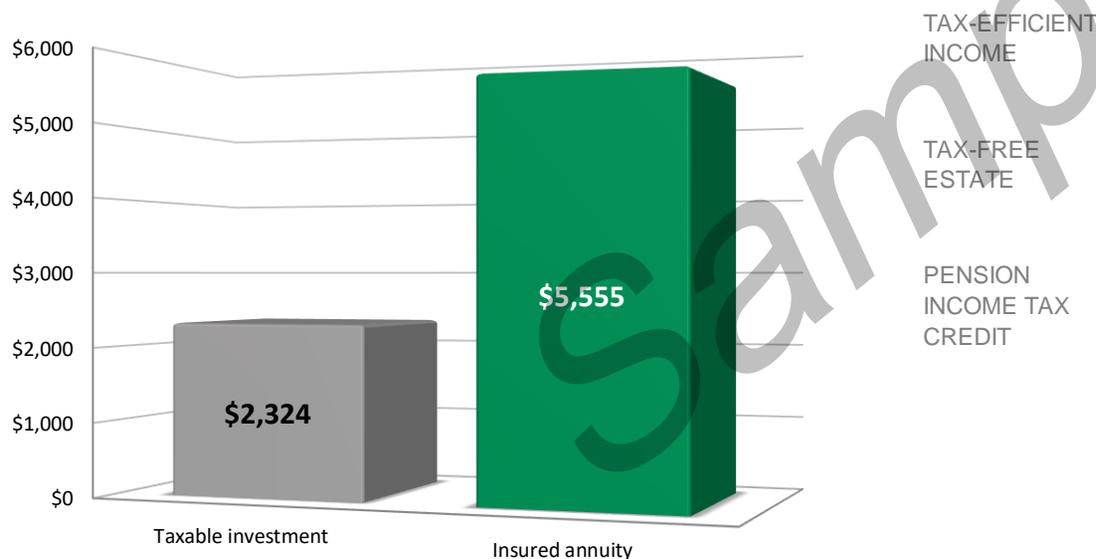
WHY DOES THIS STRATEGY WORK?

This strategy uses a prescribed annuity to provide a guaranteed lifetime income that is only partially taxable. You then use part of the annuity to pay for a life insurance policy that guarantees the tax-free transfer of your investment to your beneficiaries when you die.

WHO IS THIS STRATEGY FOR?

Insured annuities are perfect for retirees with substantial savings in non-registered, low-risk investments such as GICs and bonds. It's right for you if you want to leave an inheritance and are willing to have fewer liquid assets in your portfolio now so you can have more after-tax income when you retire.

After-tax income provided by a \$250,000 investment



Monthly income is comprised mainly of the tax-free return of your capital with a small amount of interest income.

Life insurance ensures that your original investment is repaid to the beneficiaries of your estate in a tax-free lump sum.

If you're 65 or older, the taxable portion of your prescribed annuity is eligible for the federal pension income tax credit (15% of a maximum of \$2,000). You may also be eligible for a provincial pension income tax credit.*

*The provincial tax credit and the applicable rules may vary from one province to another.

MAXIMIZING AFTER-TAX RETIREMENT INCOME

Assumptions

Taxable Investment

Taxable Investment Amount: \$250,000
Rate of Return: 2.00%

Insured Annuity

Life Annuity Deposit: \$250,000
Pre-tax Rate of Return: 4.78%
Assumed Tax Rate: 53.53%
Life Insurance Amount: \$250,000

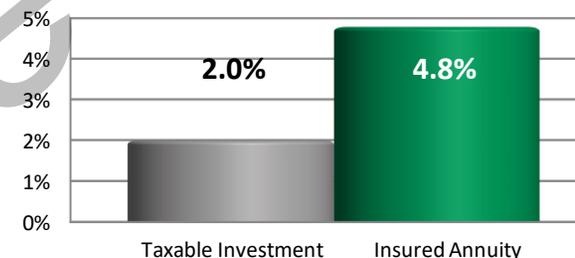
Insured

New Client1 (Male, 55, Preferred / Non-smoker)

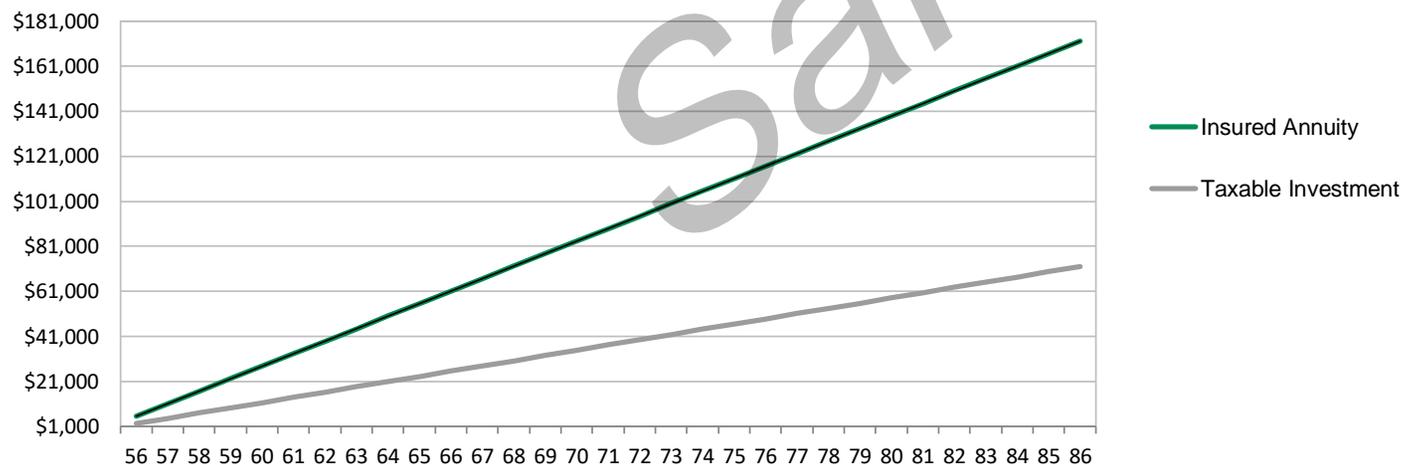
Income Comparison

	Taxable Investment	Insured Annuity	
Annual Income	\$5,000	\$11,741	▶ <i>Guaranteed income!</i>
Taxable Portion	\$5,000	\$2,774	
Income Tax	(\$2,677)	(\$1,485)	
After-Tax Income	\$2,324	\$10,256	
Insurance Premium	(\$0)	(\$4,701)	
Net Income	\$2,324	\$5,555	▶ <i>139% more income</i>
Estate Value	\$250,000	\$250,000	

Pre-tax Rate of Return



Cumulative After-Tax Income



RETIREMENT INCOME COMPARISON

Insured Annuity: after-tax estate value is \$250,000 for both investment strategies

Insured Annuity Strategy							Taxable Investment Strategy				
Age	Year	Annual Income	Taxable Portion	Income Tax	Insurance Premium	Net Income	Cumulative Income ¹	Annual Income	Income Tax	Net Income	Cumulative Income
56	1	\$11,741	\$2,774	\$1,485	\$4,701	\$5,555	\$5,555	\$5,000	\$2,677	\$2,324	\$2,324
57	2	\$11,741	\$2,774	\$1,485	\$4,701	\$5,555	\$11,111	\$5,000	\$2,677	\$2,324	\$4,647
58	3	\$11,741	\$2,774	\$1,485	\$4,701	\$5,555	\$16,666	\$5,000	\$2,677	\$2,324	\$6,971
59	4	\$11,741	\$2,774	\$1,485	\$4,701	\$5,555	\$22,221	\$5,000	\$2,677	\$2,324	\$9,294
60	5	\$11,741	\$2,774	\$1,485	\$4,701	\$5,555	\$27,777	\$5,000	\$2,677	\$2,324	\$11,618
61	6	\$11,741	\$2,774	\$1,485	\$4,701	\$5,555	\$33,332	\$5,000	\$2,677	\$2,324	\$13,941
62	7	\$11,741	\$2,774	\$1,485	\$4,701	\$5,555	\$38,887	\$5,000	\$2,677	\$2,324	\$16,265
63	8	\$11,741	\$2,774	\$1,485	\$4,701	\$5,555	\$44,443	\$5,000	\$2,677	\$2,324	\$18,588
64	9	\$11,741	\$2,774	\$1,485	\$4,701	\$5,555	\$49,998	\$5,000	\$2,677	\$2,324	\$20,912
65	10	\$11,741	\$2,774	\$1,485	\$4,701	\$5,555	\$55,553	\$5,000	\$2,677	\$2,324	\$23,235
70	15	\$11,741	\$2,774	\$1,485	\$4,701	\$5,555	\$83,330	\$5,000	\$2,677	\$2,324	\$34,853
75	20	\$11,741	\$2,774	\$1,485	\$4,701	\$5,555	\$111,106	\$5,000	\$2,677	\$2,324	\$46,470
80	25	\$11,741	\$2,774	\$1,485	\$4,701	\$5,555	\$138,883	\$5,000	\$2,677	\$2,324	\$58,088
85	30	\$11,741	\$2,774	\$1,485	\$4,701	\$5,555	\$166,660	\$5,000	\$2,677	\$2,324	\$69,705
90	35	\$11,741	\$2,774	\$1,485	\$4,701	\$5,555	\$194,436	\$5,000	\$2,677	\$2,324	\$81,323
95	40	\$11,741	\$2,774	\$1,485	\$4,701	\$5,555	\$222,213	\$5,000	\$2,677	\$2,324	\$92,940
100	45	\$11,741	\$2,774	\$1,485	\$4,701	\$5,555	\$249,989	\$5,000	\$2,677	\$2,324	\$104,558

¹ The values indicated in the table apply at the end of each contract year.

ESTATE VALUE COMPARISON

Insured Annuity: after-tax net income is \$5,555 for both investment strategies

Age	Year	Insured Annuity Strategy					Taxable Investment Strategy				
		Annual Income	Income Tax	Insurance Premium	Net Income	Estate Value	Annual Income	Income Tax	Principal Withdrawal	Net Income	Estate Value
56	1	\$11,741	\$1,485	\$4,701	\$5,555	\$250,000	\$5,000	\$2,677	\$3,232	\$5,555	\$246,768
57	2	\$11,741	\$1,485	\$4,701	\$5,555	\$250,000	\$4,935	\$2,677	\$3,296	\$5,555	\$243,472
58	3	\$11,741	\$1,485	\$4,701	\$5,555	\$250,000	\$4,869	\$2,677	\$3,362	\$5,555	\$240,109
59	4	\$11,741	\$1,485	\$4,701	\$5,555	\$250,000	\$4,802	\$2,677	\$3,430	\$5,555	\$236,680
60	5	\$11,741	\$1,485	\$4,701	\$5,555	\$250,000	\$4,734	\$2,677	\$3,498	\$5,555	\$233,181
61	6	\$11,741	\$1,485	\$4,701	\$5,555	\$250,000	\$4,664	\$2,677	\$3,568	\$5,555	\$229,613
62	7	\$11,741	\$1,485	\$4,701	\$5,555	\$250,000	\$4,592	\$2,677	\$3,640	\$5,555	\$225,974
63	8	\$11,741	\$1,485	\$4,701	\$5,555	\$250,000	\$4,519	\$2,677	\$3,712	\$5,555	\$222,261
64	9	\$11,741	\$1,485	\$4,701	\$5,555	\$250,000	\$4,445	\$2,677	\$3,787	\$5,555	\$218,475
65	10	\$11,741	\$1,485	\$4,701	\$5,555	\$250,000	\$4,369	\$2,677	\$3,862	\$5,555	\$214,612
70	15	\$11,741	\$1,485	\$4,701	\$5,555	\$250,000	\$3,968	\$2,677	\$4,264	\$5,555	\$194,111
75	20	\$11,741	\$1,485	\$4,701	\$5,555	\$250,000	\$3,524	\$2,677	\$4,708	\$5,555	\$171,475
80	25	\$11,741	\$1,485	\$4,701	\$5,555	\$250,000	\$3,034	\$2,677	\$5,198	\$5,555	\$146,484
85	30	\$11,741	\$1,485	\$4,701	\$5,555	\$250,000	\$2,493	\$2,677	\$5,739	\$5,555	\$118,891
90	35	\$11,741	\$1,485	\$4,701	\$5,555	\$250,000	\$1,895	\$2,677	\$6,337	\$5,555	\$88,427
95	40	\$11,741	\$1,485	\$4,701	\$5,555	\$250,000	\$1,236	\$2,677	\$6,996	\$5,555	\$54,792
100	45	\$11,741	\$1,485	\$4,701	\$5,555	\$250,000	\$508	\$2,677	\$7,724	\$5,555	\$17,656

IMPORTANT INFORMATION

This report is only complete if all the pages are included. Its purpose is to demonstrate the Wealth Escalator Plan features and must be given along with the Desjardins Insurance product's illustration report. This report was prepared for informative purposes only and is not part of the policy contract. It is neither an insurance offer nor an insurance contract and it is not a legal or tax opinion.

The illustrated advantages in this report are subject to change as a result of possible future amendments to tax legislation and Desjardins Insurance cannot be held responsible for them. Please contact your legal and tax advisor for further advice on the matter.

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