



Canada Life™

Payout annuities

The cornerstone of your retirement income planning

Reliable income payments

No need to manage investments

Can provide income for life

Stable and secure





“Life annuities are likely to rise
in popularity as the Baby Boom
generation retires”

Jonathan Chevreau, National Post, June 2, 2005

Payout annuities

The cornerstone of your retirement income planning

The payout annuity is a simple yet powerful concept. In basic terms, an annuity is a financial product you buy from a life insurer who, in turn, **pays you a regular income for a fixed period or for the rest of your life.**

Payout annuities are ideal for transforming a lump sum payment into a dependable income stream, especially when you need to convert your registered retirement savings plan (RRSP). At that point, you can convert all or part of the funds you have carefully accumulated prior to retirement, into a vehicle that provides steady, dependable, maintenance-free income.

Many people, no matter what other investments they choose, make a payout annuity the cornerstone of their retirement planning. Selecting your retirement income is one of the most important financial decisions you will make.

Types of Canada Life™ payout annuities

Canada Life offers a variety of payout annuities that you can customize to meet your specific needs. You may purchase payout annuities with your registered or non-registered funds.

> Single life annuity

A single life annuity provides you with an income for as long as you live. Convenient and practical, a life annuity ensures you will never outlive your money.

> Joint and last survivor annuity

This annuity is payable while either you or your spouse¹ are living. When one spouse dies, the survivor can continue receiving income payments as agreed upon when the annuity contract was established. The same income can continue to the surviving spouse or it may be reduced by a given percentage (reducing on the first death or annuitant death option).

> Term certain annuity

A term certain annuity can be a useful tool when planning ahead for scenarios where you will require a specific or additional income for a pre-defined period. A term certain annuity provides you with an income for a set period or until a certain age.

¹ Hereafter, references to spouse include common-law partners as defined by the Income Tax Act (Canada)

Payout annuity options

Selecting from the following options can enhance your payout annuity to suit your financial needs. Some options don't apply to every type of payout annuity, so consult your financial advisor for details.

> Guaranteed term

Payments can be guaranteed for a specific term (i.e. five years). On its own, this is a term certain annuity. When included in a life or joint and last survivor annuity, upon your death/co-annuitant's death, this will provide guaranteed payments to your beneficiary, which will continue until the term expires.

> Indexing

To help offset inflation, you may choose to have income payments increase at a fixed annual rate, to a maximum of four per cent for registered funds and six per cent for non-registered funds.

> Prescribed

Subject to legislative restrictions, you may be eligible to have income from your non-registered annuity taxed in equal amounts for the life of your annuity. Prescribed annuities level out tax payments.

> Deferred annuity/optional income dates

If you don't want an immediate annuity, you can defer to a later date. Alternately, with the optional income dates feature, you may arrange multiple income start dates, and then choose one at a later date. An annuity with a guaranteed income option may be able to add a **return of premium option**, to protect against death occurring before the annuity start date.

> Impaired

Canada Life offers impaired annuities for people with health problems severe enough to affect their life expectancy. Income payments are higher than the standard life annuity and won't decrease, even if medical advances improve the annuitant's life expectancy.

> Cash refund guarantee

For life, and joint and last survivor annuities, you can opt to have a guaranteed payout of your original premium. If you die before the amount equal to your premium is paid to you, a cash payment equal to the difference of the two will be paid to your beneficiary.

> Cash installment guarantee

For life, and joint and last survivor annuities, you can opt to have a guaranteed payout of your original premium. If you die before the amount equal to your premium is paid to you, payments will continue to a beneficiary until the amount equals your original premium.

Key advantages of payout annuities

A payout annuity:

- provides a regular income stream for retirement or to fund a major expense (e.g. mortgage, ongoing health care, vacation, etc.)
- payment will continue for the designated term, regardless of stock market or interest rate movements
- as part of a diversified retirement plan, may complement an equity portfolio and add stability

- annuities are suitable for people who can't or don't want to actively manage some or all of their capital
- ensures you will never outlive your money when set up as life or joint and last survivor annuities

A point to consider

After you commit to the terms of a payout annuity, you cannot change the plan. Consult with your financial advisor to ensure you pick the payout annuity that best suits your needs.

Why should I buy from Canada Life?

Canada Life is among the top-rated life insurance companies that account for most of Canadian annuity sales.

Payout annuities are a specialized financial product offered only by life insurers with a depth of relevant background and knowledge. When selecting an annuity, consider the stability of the company providing the future payments.

You want the insurance company to have the financial strength and stability to meet its full commitment to you.

Canada Life has been in business since 1847 with the specific purpose of meeting such needs. We have been recognized with high ratings for financial strength and operating performance by these leading rating agencies: Standard & Poor's, Moody's and A.M. Best.



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Helping people achieve more™

For more information about the many benefits of a Canada Life annuity, please contact your financial advisor or visit www.canadalife.ca.