

LifeAnnuities:

# RETIREMENT INCOME

that lasts a  
**Lifetime**



GUARANTEED INCOME  
FOR LIFE

IVON T HUGHES

LIFEANNUITIES.COM

# LIFE ANNUITIES:

RETIREMENT INCOME THAT LASTS A LIFETIME

## *Dedication*

*This book is dedicated to the loving memory of my wife, Sylvie Savaria Hughes, who passed away on November 30<sup>th</sup>, 2013.*

*May God keep her safe.*

*Ce livre est dédié à la douce mémoire de mon épouse , Sylvie Savaria Hughes , décédée le 30 Novembre 2013.*

*Que Dieu la protège .*

# LIFE ANNUITIES:

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### PREFACE

Ask any retiree or pre-retiree what their biggest financial worry is, and most of them will say they are scared that they may outlive their money! At that stage of life, the prospect of stock market risk is scary for almost everyone. Safety and security of capital is paramount. But with rates available in GIC's and money market rates still languishing at rock-bottom levels, the idea of trying to eke out an acceptable standard of living -- *and then making that income last for decades into retirement* -- is a daunting task, indeed.

Meanwhile, according to data from Statistics Canada, life expectancy at birth for males has increased from age 68 in 1949 to age 79 in 2007. Women are living even longer: Their average life expectancy has increased from age 74 to age 83 over the same time period and it is longer now in 2014! This means that today's crop of retirees have a much more challenging task in front of them than those of prior generations. While retirees in 1970 only had to make their money last a decade or so, today's retirees may have to stretch their limited retirement resources for as long as three and even into four decades! Those with very young spouses must stretch even more—and they must do so, even despite the handicap of very low interest rates compared to the returns on capital that prior generations enjoyed.

That's why *annuities* are so important.

Annuities are among the most valuable financial products on the market today. Paradoxically, they are also among the financial products most commonly misunderstood, even among financial professionals. But when it comes to solving the problem of longevity risk, annuities have no equal.

This invaluable resource, written by Ivon T. Hughes, is a must-read for anyone in retirement or who is preparing for retirement. Hughes breaks down these sometimes confusing financial products in easy-to-understand language. The reader will emerge with a better and deeper understanding of how annuities work, and the important role they play in any retirement portfolio.

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### About Ivon T. Hughes

Ivon T. Hughes is a leading expert on life annuities in Canada. He is also a licensed Canadian annuity broker, having been in the annuity and life insurance business for over 40 years. As a qualified annuities broker, Ivon can help design an annuity to fit your needs, and can instantly provide quotes from all the leading annuity providers in Canada.

Ivon's website, [LifeAnnuities.com](http://LifeAnnuities.com), is a nationally recognized authoritative resource on the subject of annuities of all types. As you work through this book, please feel free to visit [LifeAnnuities.com](http://LifeAnnuities.com) for more in-depth information on any topic you come across.

#### Code of Ethics

LifeAnnuities.com endeavours to operate at a high standard of ethics. To ensure that high standards are maintained, we have defined the standards we adhere to:

**Competence** - providing services, advice or information only where licensed and competent to do so.

**Compliance** - compliance with all federal and provincial laws and regulations and internal standards governing the sales process.

**Confidentiality** - holding the personal and business information of clients in the strictest confidence.

**Disclosure** - educating clients about the products and services offered by providing full and accurate disclosure of all facts required to allow the client to make an informed decision.

**Priority of client's interests** - giving priority at all times to the interests of the client when providing advice.

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### Introduction

Guaranteed monthly income for life.

That's the Holy Grail of personal finance for millions of retirees. And for those who are diligent in saving throughout their working lives, it's absolutely attainable. But retirees still make too many mistakes.

- They don't set aside enough 'guaranteed' money.
- They expose too much money to stock market risk – which always seems to clobber them at the worst possible time.
- They expose too much money to interest rate risk – and are forced to take an unexpected income cut when interest rates fall.
- Too many assets are exposed to inflation risk.
- They have too much money riding on a single industry, product or stock.
- They don't cover their monthly expenses with 'safe' money they can count on.
- Too much money is subject to current income and capital gains tax.

There are a lot of ways to make and lose money in all kinds of markets. But only one of them is a proven income generator through all kinds of markets, all kinds of economies, year in and year out, since ancient times: Annuities.

You need to be prepared for all types of emergencies, such as drastic changes in health and housing. Your retirement is about the things you have possibly waited all your life to do, quite apart from the everyday tasks.

Whether you saved money in a registered plan such as an RRSP or with non-registered money, preferring to pay taxes up front, congratulations are in order. Your foresight and discipline was exemplary. And now is the time to enjoy the fruits of your patience and your labour.

Do not let the opportunity pass you by!



## What Is a Life Annuity?

A life annuity is a contract with an insurance company that provides a *guaranteed income for your lifetime*. The annuity is the *only* financial product available on the market that offers lifetime income with the protection and security of a written guarantee. You provide a lump sum of capital, called *premium*, and in return, a life insurance company guarantees you a stream of income payments for life and sometimes for some other period according to the specific terms in the contract.

If you add a *guarantee period*, payments will continue for that minimum period of time, regardless of whether you are alive. This feature may be useful if your premium money is non-registered and you want the income to continue until a child or grandchild reaches a certain age for example.

One of the biggest advantages of the annuity contract is the way annuity owners can customize payouts to suit their own individual and family circumstances:

- You choose a payout guaranteeing a certain amount of income for your lifetime. You can generate an estimate as to what that income amount will be by using [this online tool](http://www.lifeannuities.com/calculator.html) (www.lifeannuities.com/calculator.html)
- You can create a personal pension for yourself, even if you don't qualify for one from your job.
- You guarantee an income for as long as either you or your spouse is still alive.
- You can guarantee payouts to last until a family member is old enough to have graduated from college, or reaches the age of majority.
- You can guarantee payouts to last until a home mortgage is paid off.
- You can use RRSP's as a tax shelter to defer income taxes until you actually use the money in retirement, with the purchase of an annuity.



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## WHY CHOOSE AN ANNUITY?

### Worry Free Retirement

An annuity provides a series of periodic income payments for a worry-free, dependable source of retirement income.



### Guaranteed Payments

With medical advances and healthier lifestyle choices, people are living longer. Annuities can provide a lifetime income source... you cannot outlive your income payments!

### Simple

No stress about managing investments.  
No complicated investment portfolios.  
No fear of stock market crashes! Annuities make life simpler, not more complicated!



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### Features of a Life Annuity

**Simplicity.** With a lump-sum premium on a straight *life annuity*, you receive a stream of payments, usually monthly, for as long as you live – *guaranteed*. If you want a safe, reliable, guaranteed income and don't want to have to worry about managing a pool of investments, this is the way to go.

**Longevity.** The risk of outliving your income is terrifying. The only *guaranteed* solution, though, is the annuity! Life annuities provide payments for you and your spouse and form the cornerstone of a guaranteed income.

**Flexibility.** There are many plans, terms and variations of annuities available. You can mix single life and joint life annuities to get the terms of payout you want, and you can use either registered or non-registered funds to buy them.

**Payments.** You can have your stream of income start immediately or you can defer it to a later date of your choosing depending on the company you select.

**Estate settlement.** A beneficiary can avoid probate, while potentially benefiting from the powerful creditor protection features of annuities.

**More income.** Non-registered annuity payments are a blend of interest and return of capital. Only the interest portion is taxable, so overall taxes on a given level of income are generally lower than with other income sources. Which means actual after-tax income is often higher, all other things being equal.

**Guaranteeing two incomes.** A *joint and survivor* annuity covers the lives of two individuals – a primary annuitant and secondary annuitant. These are usually spouses, of course, but you may designate another individual if you choose – including a child or grandchild!

**No maintenance.** There is no maintenance to be done or fees to be paid. The money will continue to be deposited in your bank account for the rest of your lives and until any guarantee period expires.

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**Gifting potential.** The *joint and survivor* annuity is a powerful concept for gifting – your grandchild could potentially receive a gift with love from Grandma or Grandpa every year for many decades – long after you are gone. Note: You can only do this strategy with a non-registered annuity. See the section on *joint life annuities* below.

**Income tax breaks.** For those age 65 and over, taxable income from an annuity qualifies for the annual \$2,000 Pension Income Tax Credit.

**Inflation protection.** You can elect to index your payment so that you keep pace with a fixed inflation rate, say of 2%. However, as the payments start with a lower amount, attention must be paid to health factors. You need to consider whether you and/or spouse will be able to enjoy the money, even later in life.

**No product fees.** There are no yearly administration fees and other fees as apply to segregated and mutual funds.

**Increased income.** If either of you have an illness whereby your life expectancy is shortened, you may be able to receive a higher monthly income.

**Peace of mind.** Your income will never again be affected by interest rates, the stock market or mutual fund returns.

**Superior guaranteed income.** Annuities generally feature better income than a guaranteed investment contract (GIC). Furthermore, annuity income is guaranteed and insured. In contrast, income from mutual funds is never guaranteed.

To get an idea about how much income you may be able to qualify for, [click here](http://www.lifeannuities.com/calculator.html) (www.lifeannuities.com/calculator.html)

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### Funding Sources

To understand how annuities are bought and used in Canada, it's first necessary to understand the different types of funding under Canadian law. Broadly speaking, Canadians can purchase annuities using either *registered funds* or *non-registered funds*.

#### REGISTERED FUNDS

Registered funds generally originate from registered retirement savings plans (RRSP's) which is an arrangement between you and a carrier (an insurance company, a trust company or a bank) that is registered with the Canada Revenue Agency. You transfer money to the insurance company from a *registered retirement savings plan* (RRSP), a *registered pension plan* (RPP), a *specified pension plan* (SPP), or from a RRIF, LIRA and other registered plans.

#### NON-REGISTERED FUNDS

You can also purchase annuities with *non-registered* funds. You can use any money that is not already in an RRSP, RPP, SPP, RRIF or other registered plan. If you use non-registered funds, you will receive a higher payout than you would with registered funds as the payments are only partially taxable. That's because when you use non-registered funds, you already paid tax on money you used to buy the annuity.

Once the payout period begins, non-registered annuities that meet certain criteria, are then taxed via the *prescribed method of taxation*.

Whether you choose a registered life annuity where all the income is taxable or its counterpart, a non-registered life annuity or both, you can be 100% certain that you cannot outlive the income. And neither can your spouse or partner if included as a co-annuitant.

Hughes Trustco does not provide tax advice. For more information, consult your accountant, or visit the Web page of the Canada Revenue Agency at <http://www.cra-arc.gc.ca>.

## Types of Life Annuities in Canada

### SINGLE LIFE ANNUITIES

A single life annuity provides an income as long as the owner, or annuitant, is living. When the annuitant dies, the income stops, unless the owner has opted to have a minimum guarantee period, which guarantees that the income will continue for a minimum number of years from the time the income starts.

### JOINT LIFE ANNUITIES

A joint life annuity provides you with regular income payments for your lifetime and for that of your spouse, partner, or other person you select.

- With registered funds, the life annuitants must be spouses, but not with non-registered funds.
- Payments may reduce on either death.
- Neither annuitant can outlive the payments.
- The guaranteed period may be for any term from zero to 40 years for non-registered funds and up to age 90 for the youngest annuitant in a registered annuity.
- Non-registered annuities are used to provide guaranteed income, especially where there is no company pension being paid.
- If the beneficiary is not the spouse of the annuitant in a registered annuity, any remaining payments must be commuted.
- Payments in any registered annuity may continue for the balance of any remaining guarantee period to a qualified recipient such as a spouse.

### TERM CERTAIN ANNUITIES

A *term certain annuity* provides income payments for a certain period of years. The payments are made whether the annuitant lives to receive them or not. The minimum term for a term certain annuity varies with each company. The maximum term is 40 years. The purchase price is entirely independent of age. For registered funds, annuity payments must be guaranteed to age 90, minus the age of the annuitant.



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### TERM CERTAIN ANNUITY FOR A CHILD

When a financially dependent child or grandchild receives a lump-sum payment from a *registered retirement savings plan* (RRSP) or *registered pension plan* (RPP) because a parent or grandparent has died, you can purchase an annuity on behalf of the child. The child is responsible for any tax payable on income from the annuity and the tax can be spread evenly over the time between the annuity's purchase date and the day before the child's 19 birthday.

### INSTALLMENT REFUND LIFE ANNUITY

This option guarantees that if payments have started and the annuitant dies before receiving payments equaling the minimal premium paid, payments will continue to the beneficiary until the total amount of payments received equals the original premium. This feature is only available for single life annuities purchased with *non-registered funds*, and only available from certain companies.

### INDEXED ANNUITY

An indexed annuity provides for annual increases in income to help offset the effects of inflation. Under this option, income payments increase on each policy anniversary by a fixed amount, such as 3 percent per year.

Indexing is available for single life and joint life annuities, with or without a guaranteed period, and is available for both registered and non-registered annuities.

### IMPAIRED LIFE ANNUITY

Occasionally referred to as "medically underwritten annuities," impaired life annuities are custom annuities written for those with a shorter life expectancy than the average person. They are also referred to as "enhanced annuities."

Because a person in poor health has a shorter life expectancy, an impaired life annuity may be able to provide a higher monthly payout than a conventionally underwritten annuity. To begin the process of getting an impaired annuity, [click here](http://lifeannuities.com/quotation.html) (<http://lifeannuities.com/quotation.html>)

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### INTEGRATED LIFE ANNUITY

Clients who wish to retire early can bridge the income gap between the time of their early retirement and the time they begin to receive benefits from their Canada or Quebec Pension Plan (CPP/QPP) and Old Age Security (OAS) -- which is normally age 65 -- by purchasing an *Integrated Annuity*. At age 65, the income payments will decrease by the amount of government benefits that are applicable at the time of purchase, resulting in a level income. If the level of CPP/QPP or OAS increases before the annuitant reaches age 65, the annuity will not reduce as a result of the higher government benefit. An annuity purchased with registered funds may only be integrated with the OAS benefit.

### CASH REFUND LIFE ANNUITY

This option guarantees a beneficiary will receive a lump sum equal to the difference between the original premium paid and the total payments received. This option is only available for single life annuities purchased with *non-registered* funds.

The above are the types of annuities that are generally enquired about, but not used very often. Whatever your situation, a company may consider the circumstances and issue what amounts to a custom-made policy.

Single and joint life annuities, with or without a guaranteed period remain by far, the most popular. As the stock markets continue to rock n'roll your money, the more a guaranteed annuity beckons. If you remember the 2008/2009 large stock market fall, then you know how important it is to have a regular source of income, whether it is a salary, an allowance, company pension or other. Never let yourself be blindsided when considering guaranteed income.



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## Life Annuity Income Factors

<b>Interest Rates</b>	Interest rates at the date of deposit, bond rates, etc.
<b>Mortality</b>	Your life expectancy
<b>Annuity type and Options</b>	The type of life annuity and any guarantees you choose.
<b>Guarantee Period</b>	The longer the guarantee period, the lower the income amount. Maximum age is 90 for registered funds; 115 for non-registered funds.
<b>Premium Amount</b>	The larger the premium, the greater the income payment.
<b>Income Deferral</b>	The period of time between the Purchase Date and the Income Start Date.
<b>Payout Options</b>	<p>Level payments – payment amount remains the same throughout the payment period.</p> <p>Indexed payments – income increases yearly by a fixed percentage</p> <p>Reducing payment – income reduces by a certain percentage selected at issue when one of the annuitants dies.</p> <p>Integrated payment – annuity income decreases when CPP, QPP or OAS payments begin.</p>

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## Life Annuity Investment Guidelines

<b>Investment</b>	Minimum \$5000 Maximum at the company's discretion.
<b>Income</b>	Minimum \$100 monthly or \$500 annually.
<b>Issue Ages</b>	Registered/Pension funds: 0 –90 Non-registered: 0 –115
<b>Guarantee Period</b>	These differ with different companies depending on provincial legislation and whether they are purchased with registered or non-registered funds.
<b>Indexed Payments</b>	Depends on the company you select. Generally up to 4%.
<b>Banking</b>	Normally, cheques are deposited monthly.

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## Types and Ages for Life Annuities

Premium	Type of payout annuity that can be purchased	Minimum/maximum guarantee period for income
<b>Locked-in RRSP LIRA</b>	Life annuity Joint life annuity	Min = 0 years Max = lesser of to age 90 of younger spouse or 40 years
<b>Non Locked-in RRSP</b>	Life annuity Joint life annuity  Term certain annuity	Min = 0 years  Max = lesser of to age 90 of younger spouse or 40 years  Must be to age 90 of the annuitant or the younger spouse.
<b>Non-registered</b>	Life annuity Joint life annuity  Term certain annuity	Min = 0 Max = 40 years or age 115  Min = 3 years Max = 40 years or age 115
<b>Locked-in RPP</b>	Life annuity Joint life annuity	Min = 0 Max = 15 years
<b>Non locked-in RPP</b>	Life annuity Joint life annuity	Min = 0 Max = 15 years
<b>Life Income Funds/Locked-in RIF</b>	Life annuity Joint life annuity	Min = 0 Max = to age 90
<b>RRIF</b>	Life annuity Joint life annuity Term certain annuity	Min = 0  Max = to age 90 of younger spouse  Must be to age 90 of the annuitant or the younger spouse.

## Guarantee Options for Life Annuities

### **Return of Premium Guarantee**

This option can guarantee a return of the original premium if the annuitant(s) dies before the first payment date. This option is often available if the payment start date is deferred.

### **Single Life Annuity**

The original premium will be returned to the named beneficiary if the annuitant dies before the payment start date. Provides the highest income, all things being equal. But income ceases upon the death of annuitant.

### **Joint and Survivor Annuity**

If registered funds are used and the primary annuitant dies before the payment start date, then the premium will be refunded to the joint annuitant. If non-registered funds are used, the premium will be refunded if both annuitants die before the payment start date.

### **Guarantee Period**

If a guarantee period is chosen, payments are guaranteed to be paid for the selected period as well as for life. If the last surviving annuitant dies before the end of the guarantee period, then payments will be made to the named beneficiary in the case of non-registered funds.

### **Commuted Value**

If, after the death of the annuitant, any guaranteed payments remain, the named beneficiary may choose to continue to receive the payments or to take a lump sum payment. If the funds are registered and the named beneficiary is not the spouse of the annuitant at the time of death, any remaining income payments must be commuted to a lump sum. Payments may continue if the amount is non-registered.

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## Who Benefits From a Life Annuity?

You use a life annuity when you want to convert your RRSP or other registered funds or non-registered funds into a guaranteed life income that you cannot outlive. At a time when Canadians are living longer than ever before, it is important that incomes last for life. Life annuities require no ongoing management; the policy owner simply places money into a life annuity for guaranteed income payments for his or her lifetime.

Life annuities offer a unique advantage over other types of saving vehicles. Upon death any benefits will be paid directly to your beneficiary, avoiding unnecessary delays, probate and legal costs. And when you designate certain family members such as your spouse, child, grandchild or parent as beneficiary, the funds could be protected from creditors.

### Issue ages

Registered - Ages 18 to 90

Non-Registered - Ages 0 to 115

A key part of retirement income planning is ensuring that essential living expenses like groceries, rent and utilities are always covered, no matter what. Income from a life annuity can supplement other sources of income, but annuities are the only financial products on the market that offer a lifetime income on a *guaranteed* basis.

But that is not the only consideration or reason to buy a life annuity. The peace of mind you will have knowing that everything is settled may be a new and very welcome feeling. Reducing needless complexity is always beneficial. The security and protection of annuities may help you simplify your life by doing things like closing unwanted bank accounts and cancelling unused credit cards. Simplifying your life is just plain smart.

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## Life Annuities Are 100% Guaranteed

Feature	Benefit
Life Income	You can never outlive your retirement income. Joint life annuities provide lifetime income for a spouse also.
Tax and Estate planning	Tax-efficient income with non-registered annuities. Income may qualify for tax credits and pension income splitting.
100% income protection	Assuris.com guarantees a policyholder up to \$2000 per month income with each company.
85% income protection	If the amount of the monthly payment exceeds \$2000, the 85% protection is applied. Thus, if the income is \$3000, 85% of that amount or \$2550 is covered.
Different Companies	The prime annuitant should consider splitting capital between the highest paying companies to gain the 100% insurance coverage.
Different Annuitants	If the non-registered monies can be shared, consideration should be given to applying for policies, with different prime annuitants.

Note: Mutual funds, stocks or bonds do not come with these protections from Assuris or any other entity. While they do offer the potential for capital growth, only annuities come with an income guarantee, in writing, and only annuities and insurance products come with protection from Assuris.

# LIFE ANNUITIES:

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## Advantages of Life Annuities

- Ideal for providing a regular income stream for retirement.
- Payments will continue, unchanged, for life or the designated term regardless of interest rate fluctuations.
- As part of a diversified retirement income plan, annuities reduce risk and add stability and reliability. They are ideal for retirement income.
- Annuities create personal pension plans for those without pension plans.
- Annuities can be integral to the estate planning process. The combination of benefit guarantees, appointment of beneficiaries to avoid probate, if any, and the creditor protection features make them valuable tools.
- Suitable for investors who can't or don't want to actively manage part of or all of their savings.
- They are ideal hedges against longevity risk: No one knows how long they will live. With a life annuity, you never have to worry about outliving your money. Further, joint life annuities can also guarantee an income for a surviving spouse.
- Life Annuities pay more than GICs for the same dollar.
- There are no investment or management decisions. You can spend every penny of your current income without worrying about future pay cheques.
- Assuris provides 100% insurance coverage up to \$2,000 per month.
- *Prescribed annuities* are tax efficient compared to other income investment options.

For a no-obligation consultation, visit [www.lifeannuities.com](http://www.lifeannuities.com).



## **List of Canadian Annuity Companies**

Only Canadian life insurance companies can sell annuities in Canada, but not every Canadian life insurance company actively sells annuities. Here is a partial list of the major life insurance companies that sell annuities in Canada.

- Assumption Life
- BMO Life Assurance Company of Canada
- Canada Life Insurance
- Desjardins Financial Security
- Empire Life Insurance
- Equitable Life
- Great-West Life
- Industrial Alliance
- La Capitale Insurance
- Manulife Financial
- RBC Life Insurance Company
- Standard Life Insurance
- Sun Life Assurance Company of Canada
- Transamerica Life Insurance

To read a brochure from these companies visit [www.lifeannuities.com/brochures](http://www.lifeannuities.com/brochures)

# LIFE ANNUITIES:

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## Example of an Annuity Quotation

### Joint Life Annuity Quotation

#### Primary Annuitant

Name Jane Smith  
Birth Date July 29, 1945  
Sex Female

#### Secondary Annuitant

Name John Smith  
Birth Date October 1, 1938  
Sex Male

#### Annuity Details

Annuity Type Joint Life  
Fund Type RRSP  
Guarantee Period 15 Years  
Capital \$57,000  
Purchase Date October 1, 2014  
Income Start Date November 1, 2014

Company	Monthly Income	Monthly Taxable Portion
1	\$285.69	\$285.69
2	\$284.92	\$284.92
3	\$284.92	\$284.92
4	\$279.26	\$279.26
5	\$277.69	\$277.69
6	\$277.07	\$277.07
7	\$271.42	\$271.42

Note: Figures are for illustrative purposes only. Actual results will vary.  
For a quote specifically applicable to your situation, [click here](http://www.lifeannuities.com/quotation.html)  
([www.lifeannuities.com/quotation.html](http://www.lifeannuities.com/quotation.html)).

## Taxation of Life Annuities

### Non-prescribed annuities

Payments from a *non-prescribed* annuity are a blend of interest and capital and the interest is taxed as it accrues – a process called *accrual taxation*. The taxation is higher in the early years and decreases over the life of the contract as the capital decreases. This results in different monthly payments each year.

### Accrual taxation

- The annuity must be *non-registered*.
- The annuity may be a *Single Life, Joint and Survivor Life* or *Term Certain* annuity.
- Guarantee of payments may not exceed the annuitant's 91st birthday.
- Payments must commence no later than the 31<sup>st</sup> of December of the year after purchase.
- For term certain annuities, the owner and payee must be the same person.
- For life annuities, the annuitant, owner and payee must be the same person.
- The purchaser/annuitant must be an individual (not a corporation) or a specified trust.
- Payments cannot be indexed.
- If an annuity qualifies as a prescribed annuity, most companies will automatically issue it as a prescribed annuity unless a client requests otherwise.

### Prescribed annuities

Payments from a prescribed annuity are treated as a level blend of interest and capital. In this case your payments remain level for the lifetime of the contract.

### Registered plans and pension funds

All annuity income from these plans is 100 percent taxable from registered or pension funds.

To initiate the process for a consultation as to what type of annuity may suit your needs best, visit [www.lifeannuities.com](http://www.lifeannuities.com).

# LIFE ANNUITIES:

## RETIREMENT INCOME THAT LASTS A LIFETIME

### **Tax treatment of non-registered annuities**

Only the interest component of the payment is taxable in non-registered annuities. Everything else is tax-free, since in theory you paid taxes on the money you contributed to begin with.

### **Optional withholding tax**

With registered annuities and with some non-registered annuities, the annuity owner can opt to have tax withheld. However, non-registered policies with accrual taxation cannot be withheld from non-registered policies.

### **Eligible pension income**

- For individuals age 65 and over
- For individuals under the age of 65
- For individuals of any age

### **Income Splitting**

Income from a life annuity may qualify for income splitting to allow the policyholder to transfer to their spouse, up to 50 percent of the taxable income earned from the life annuity. The income splitting is done by the policyholder on the annual tax return. A tax slip will be issued to the policyholder for the full taxable amount.

### **Pension income tax credit**

Income from a payout annuity may qualify for the Federal Pension Income Tax Credit. This credit can be claimed in the non-refundable tax credit portion of a client's tax return if the taxpayer has eligible pension income. The maximum credit for the year 2014 is \$2,000.

### **Potential creditor protection**

If the annuity is purchased with locked-in money, the contract and the income may be protected from creditors based on applicable pension legislation.

If the annuity is purchased with non locked-in money during the guarantee period, the contract and income may be protected.

# LIFE ANNUITIES:

RETIREMENT INCOME THAT LASTS A LIFETIME

## Case Studies

### Case Study #1: Single Life vs. Joint Life Annuities

The Problem	<b>Should this couple buy a joint life annuity or a single life annuity on the husband?</b>
The Facts	Here we have a husband aged 66 with a seriously ill wife aged 62, with a diminished life expectancy.
The Questions	<ol style="list-style-type: none"><li>1. How can we consider who may die first?</li><li>2. How can the seriously ill wife be cared for in the event her husband dies first?</li><li>3. Is the difference in income generated by a single and a joint annuity, an important factor in the decision?</li><li>4. Should she apply with her husband for an impaired annuity?</li></ol>
The Answers	<p>Even in the event her husband predeceases her, her diminished life expectancy will not change. But she would continue to receive payments for the balance of 20 years in any event.</p> <p>A joint life annuity will pay \$300 less than a single life annuity on the husband alone in a 20 year guaranteed policy.</p>
The Choices	She will not live another 20 years. The extra \$300 will help either survivor.
The Decisions	It was decided not to apply for an impaired joint annuity but a single life annuity on the husband, guaranteed for 20 years and life.

# LIFE ANNUITIES:

## RETIREMENT INCOME THAT LASTS A LIFETIME

### Case Study #2: The Cost of Waiting

The Problem	<b>A widow who desperately needs guaranteed income.</b>
The Facts	<p>The client was recently widowed at age 50 after a 30 year marriage to an older man who had looked after her financially all her life.</p> <p>Financially unskilled, she has lost a lot of capital in the stock market and numerous mutual fund purchases.</p>
The Questions	<ol style="list-style-type: none"><li>1. How could she stop the capital from more bleeding?</li><li>2. How can she get a guaranteed income?</li><li>3. Why did her husband not foresee these problems?</li></ol>
The Answers	<p>The capital losses have eroded any hope that she can recover the funds which have been lost.</p> <p>Accordingly, she wants a safe harbour for her non-registered funds which would guarantee her an income.</p>
The Choices	<p>She considered government bonds but was concerned about the possible changes in value. She considered real estate mortgage lending but soon felt herself out of her depth.</p>
The Decisions	<p>The easy answer - and the one she chose - was a series of life annuities with different companies commencing payments at different times.</p>

# LIFE ANNUITIES:

## RETIREMENT INCOME THAT LASTS A LIFETIME

### Case Study #3: Balancing Income Needs with Family Interests

The Problem	<b>How to balance the income needs of a widow with varying family interests.</b>
The Facts	The client, aged 78, is a widow. Her husband left various property and a business which is being managed by a son. And there are numerous other family members who inherited part of the estate.
The Questions	<ol style="list-style-type: none"><li>1. Should the widow distribute the estate immediately?</li><li>2. What about her concern about long term care facilities, so she can remain independent?</li><li>3. Is she better off to appoint a trustee to administer the various parts of the estate?</li></ol>
The Answers	The questions are easier to ask than the answers are to find. The family was divided by large age and social differences as well as by wealth.
The Choices	She wanted the family to stay together as much as possible, so she had really no choice but to take everyone's interest to heart.
The Decisions	She carved out sufficient funds for herself for a large annuity which will be sufficient for long term care home payments if necessary. The problem of the estate balance was turned over to an independent trustee to be resolved.



# LIFE ANNUITIES:

## RETIREMENT INCOME THAT LASTS A LIFETIME

### Case Study #4: Using Annuities to Fund an Alimony Agreement

<b>The Problem</b>	<b>How to fund an alimony agreement, without the possibility of a breakdown.</b>
<b>The Facts</b>	In this case, the clients were divorced. In the settlement documents, the husband had agreed to make regular monthly payments, but there was a dispute how this was to be effected.
<b>The Questions</b>	<ol style="list-style-type: none"> <li>1. How could each party be sure the agreement was kept, without further court action?</li> <li>2. How could the husband meet his responsibilities but see some hope of recovering his continuing payment?</li> <li>3. How to get past the lack of trust?</li> </ol>
<b>The Answers</b>	<p>Give sufficient funds to his ex wife to invest to produce the income.</p> <p>Buy an annuity in his name but make his ex wife the payee and himself the beneficiary of any remaining payments in the event of her prior death.</p> <p>Pay her monthly by cheque.</p>
<b>The Choices</b>	He was unwilling to give her a capital amount as it could be spent and she was unwilling to buy an annuity in her name.
<b>The Decisions</b>	It was finally decided to buy an annuity in both names with the ex wife receiving the income. At her prior death, he will receive the income

# LIFE ANNUITIES:

## RETIREMENT INCOME THAT LASTS A LIFETIME

### Case Study #5: Maximizing Income For People With Health Problems

The Problem	<b>A progressive lung disease has diminished the life expectancy of a 60 year old husband.</b>
The Facts	There is no medical recovery possible in this case; death will ensue as the disease progresses.
The Questions	How to ensure that his wife will receive continual financial support during and after his death?
The Answers	Due to his disease it was decided to apply for a joint life annuity on an impaired basis. This involved submitting medical reports to the insurance company, attesting to the ravages of the disease.
The Choices	There was no other choice in this case as not a lot of money was involved and his widow-to-be is unskilled financially.
The Decisions	<p>It was decided to apply for a joint life annuity and medical reports were submitted in support of the impaired life annuity application.</p> <p>Although he was 60, the underwriter rated him, from the mortality tables, as aged 64. As a result, he was able to boost his income about \$90 per month.</p>

# LIFE ANNUITIES:

## RETIREMENT INCOME THAT LASTS A LIFETIME

### Case Study #6: Making Certain That Income Continues For Life

<b>The Problem</b>	<b>Guaranteeing income for a surviving wife.</b>
<b>The Facts</b>	A 71 year-old man with a younger wife who does not wish to be involved in investing.
<b>The Questions</b>	<ol style="list-style-type: none"> <li>1. What is the possible chain of events if he died first and his wife was left to handle the investment decisions for his RRIF each year or when necessary?</li> <li>2. Where can he find a better return than low GIC rates, but secure regular monthly payments?</li> </ol>
<b>The Answers</b>	<p>If he dies now, his wife would need to continue with the RRIF and the investment choices already made, or buy an annuity.</p> <p>Alternatively, he could buy a joint life annuity with payments guaranteed for both their lifetimes. One of the RRIF's is earning 3% while he is forced to withdraw 7.38% this year and more the next years. Thus his capital is depleting each year which will eventually totally deplete the RRIF.</p>
<b>The Choices</b>	Due to his wife's unwillingness and inability to handle investments there was only one choice.
<b>The Decisions</b>	A joint life annuity was purchased to guarantee the income for them both.

## Assuris: Protecting Your Annuity Plan

**Assuris** is the not-for-profit organization that protects Canadian life insurance or annuity policyholders if their life insurance company should fail.

The role of Assuris is to protect policyholders by minimizing the loss of benefits and ensuring a quick transfer of their policies to a solvent company, where their protected benefits will continue. Every life insurance company authorized to sell insurance policies in Canada is required by the federal, provincial and territorial regulators to join Assuris.

### About Assuris

Established in 1990, Assuris is designated by the federal Minister of Finance under the Insurance Companies Act of Canada, and specified in the *Quebec Règlement d'application de la Loi sur les assurances*.

### Are You Protected by Assuris?

If you are a Canadian citizen or resident, and you purchased a product from a member life insurance company in Canada, you are protected by Assuris.

### How Does Assuris Protect You?

If your life insurance company fails, your policies will be transferred to a solvent company. Assuris guarantees that you will retain at least 85% of the insurance benefits you were promised and 100% of annuity payments up to \$2000 a month for each annuity policy with different companies. Insurance benefits include death benefits, health expense benefits, monthly income benefits from annuities and cash value in permanent life insurance policies

Your deposit-type products will also be transferred to a solvent company. Deposit type products include accumulation annuities, universal life overflow accounts and dividend deposit accounts. For these products, Assuris guarantees that you will retain 100% of your Accumulated Value up to \$100,000.

# LIFE ANNUITIES:

## RETIREMENT INCOME THAT LASTS A LIFETIME

For a Tax Free Savings Account (TFSA) invested in an Accumulation Annuity, Assuris provides separate protection from other deposit type products. For TFSAs, Assuris guarantees that policyholders will retain 100% of the Accumulated Value up to \$100,000.

### **Assuris' Protection For Annuities**

Assuris guarantees that you will receive up to \$2,000 per month or 85% of the promised Monthly Income benefit, whichever is higher.

### **What about multiple annuities?**

If your capital will provide you with an income in excess of \$2,000 a month, it is advisable to use 2 or more companies. If, for example your capital would provide \$3,000 a month, then sufficient money to buy a \$2,000 a month income should be transferred to one company and the balance to the next highest paying institution. Thus you will have full 100% coverage for your income.

And that applies to joint annuitants with non-registered funds also. In this instance, 2 policies can be taken with the highest paying company, by naming each person as a prime annuitant in separate policies.

# LIFE ANNUITIES:

RETIREMENT INCOME THAT LASTS A LIFETIME

## Turning 71

Your Registered Retirement Savings Plans (RRSPs) must be converted to one or more of the following retirement income options *by the end of the calendar year in which you turn 71*.

- An Annuity
- A Registered Retirement Income Fund (RRIF)
- A lump-sum cash withdrawal

### **Registered Retirement Income Funds (RRIFs)**

These work like an extension of your Registered Retirement Savings Plan, or RRSP. Your investments continue to grow tax-free but you must stop contributions and withdraw a certain amount of income from your RRIF each year.

### **RRIF Advantages**

- You retain personal control over your investments
- Flexibility to change your income and make lump sum withdrawals

### **RRIF Disadvantages**

- You could outlive your RRIF
- Income requires ongoing management
- Depletes your capital if the amount you have to withdraw, exceeds the amount you are earning on the deposit

## Glossary of Terms

**Annuitant** – The person on whose life expectancy the policy is based. For Term Certain Annuities the annuitant is the measuring life used to determine the length of the term certain period. The annuitant is typically the owner of the policy.

**Annuitization** – Annuitization involves converting your accumulated retirement assets into a series of periodic payments that last for a period of time of your choosing, in accordance with the provisions of the annuity contract.

**Annuity** – An annuity converts a fixed sum of money into a series of periodic payments that provide a regular source of income, usually during retirement.

**Beneficiary** – The person designated to receive the death benefit payable on death of the annuitant, where applicable.

**Deferred Annuity** – An annuity where the income payments begin at a specific date in the future. The advantage is the owner is able to lock-in interest rates today, even though the income is not needed until some time in the future.

**Distribution Period** – The period of time, either a specified number of years or lifetime, over which distribution payments are made to the annuitant. Earnings become taxable when the annuitant begins to receive payments. The payout during the distribution period is fixed.

**Immediate Non registered Annuities** – Type of annuity that insurance company immediately begins payments for life or for a specified period of time in exchange for your one-time contribution. Regular payments can be received on a monthly, quarterly, semi-annual or annual basis. A portion of each payment represents taxable interest, and the other portion is a tax-free return of your principal.



# LIFE ANNUITIES:

## RETIREMENT INCOME THAT LASTS A LIFETIME

**Impaired Annuity** – Impaired annuities are specially designed for those suffering from serious health problems. This type of annuity will provide higher income payments than a standard annuity provided the annuitant qualifies for an age rating.

**Indexed Annuity** – Indexed annuities help to combat the effects of inflation by providing automatic income increases on an annual basis. These increases are made according to a predetermined percentage. You can choose annual payout increases in any amount up to 4%.

**Joint Life Annuity** – In order to offer maximum security, Joint Life Annuities provide income payments for the lifetime of a primary annuitant and that of a second annuitant (usually a spouse). Income payments may continue to the survivor in the same amount, or in a predetermined reduced amount.

**Life Annuity** – As its name implies, a Life Annuity provides income payments during the life of the annuitant.

**Single or Joint Life Annuity with a Guaranteed Period** – Like standard Life Annuities, these products provide income payments for the life of the annuitant. In addition, however, these annuities will guarantee that a certain number of income payments will be made, whether the annuitant lives or not.

**Term Certain Annuity** - Also known as *Fixed Term Annuities*, these products provide income payments only for a specific number of years. These payments are not contingent upon survival.

For a free consultation and to explore what type of annuity, or combination of annuities may be right for you, visit [www.lifeannuities.com](http://www.lifeannuities.com).

## Money Laundering - When Does it Apply?

### What is Money Laundering?

Money laundering is the generic term used to describe the process by which criminals disguise the original ownership and control of the proceeds of criminal conduct by making such proceeds appear to have come from a legitimate source.

The processes by which criminally derived property may be laundered are extensive. Though criminal money may be successfully laundered without the assistance of the financial sector, the reality is that hundreds of billions of dollars of criminally derived money is laundered through financial institutions, annually. The nature of the services and products offered by the financial services industry (namely managing, controlling and possessing money and property belonging to others) means that it is vulnerable to abuse by money launderers.

Federal Proceeds of Crime legislation requires life insurance companies to obtain identification on their clients who pay a premium of \$100,000 or more for any non-registered life annuity.

### Exceptions:

- Any policy being purchased with registered or locked-in funds, and
- Any Life Annuity or Annuity Certain policy to be totally paid for with funds already held by the company.

Once the contract is issued, it may not be changed in any way. A 10-day free look provision is not included in the annuity contract. Once a contract is issued, neither the policy owner nor the insurance company can change the amount or terms of the annuity.

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# LIFE ANNUITIES:

## RETIREMENT INCOME THAT LASTS A LIFETIME

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We maintain and protect your information, using it solely for the purpose intended. At no time and in no way whatsoever will we sell, rent or otherwise disclose any of your personal information to any third party. If, for example, you supply information to obtain a quote which you decline to accept, that information will be destroyed. No information will be disclosed except where required for the issue of a product or permitted by law.

From time to time, you will receive a Statement of products purchased or listed, which information is protected by a secure server on the Internet. Personal information is retained only to keep your files up to date. And, at all times, a copy of this information will be supplied to you and will be amended, if appropriate.

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The Hughes Trustco Group Ltd. sometimes uses the services of external firms to assist us in communicating with individuals (e.g., surveys and email distribution) or as a means of providing more effective and efficient services to these individuals (e.g., technology support). Our external suppliers are contractually obligated to keep the information confidential, to use the information only for the purpose requested and to destroy the information when it is no longer required. Client information is shared with external service providers only to the extent required for the provision of such services.

# LIFE ANNUITIES:

## RETIREMENT INCOME THAT LASTS A LIFETIME

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### **Safeguarding Personal Information**

Personal information, whatever its form, will be protected by security safeguards appropriate to the sensitivity of the information. The safeguards will protect personal information against loss or theft, as well as unauthorized access, disclosure, copying, use or modification. The measures of protection include:

- physical measures, for example, locking filing cabinets and restricted access to offices during off hours
- organizational measures, for example, security passes and limiting access to the personal information on a 'need-to-know' basis
- technological measures, for example, the use of passwords and encryption
- procedural measures, for example, the shredding of sensitive personal information

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You may not qualify for some of the listed rates. They are being provided for comparison only, to help you select companies that suit you best. There are many factors to be considered, other than premium rates, when deciding on a life annuity policy.



# LIFE ANNUITIES:

RETIREMENT INCOME THAT LASTS A LIFETIME

## So What Do I Do Now?

Now that you've educated yourself about annuities and their vital role in providing income for retirees, widows and others, the next step is to apply your knowledge to your personal situation. The way to do that is to schedule a consultation with a licensed annuity or insurance professional.

There is never any obligation at this consultation, and the service is free.

At that meeting, the annuity professional will speak with you about your goals, dreams and desires, and discuss any potential risks that may put the achievement of your financial desires in jeopardy.

The annuity professional will also review your expected retirement expenses and help you determine the minimum income you would need to maintain your desired lifestyle in retirement or in the event of the death of one spouse, the income needs for any surviving loved ones.

Your annuity professional is a licensed expert on the annuity products available and how they work, including optional riders and features. The annuity expert will make some recommendations and direct your attention to some specific ideas, but the final decision is, of course, yours to make.

### What to do now

So your next step, at this point, is to contact [www.lifeannuities.com](http://www.lifeannuities.com) by visiting our website. If you prefer, you can also call us at 1-877-842-3863. Shortly afterward, you will be contacted by a local professional annuity broker, and he or she will take it from there.

Meanwhile, below you'll find a handy worksheet to help guide you through the process, prompt you to locate key documents and other vital information, and help jumpstart the analysis. In the end, though, our objective is always to get you and your loved ones the best possible income *on a guaranteed basis*.

## Your Personal Annuity Planner

As we hurry through life—raising a family, pursuing a career and accumulating assets—we rarely pause long enough to find out exactly where we are, both personally and financially. We dutifully fill out business records, credit forms, income tax returns and countless other forms demanded by governments and companies alike. But for all the documents we prepare for other people in the course of our adult lives, few of us ever manage to complete one of the most important documents we can prepare for ourselves and our loved ones—a personal estate planning record.

This record serves a number of valuable purposes:

- 1.) It can provide important personal information about you and your family that will be most helpful to your executor (personal representative) when it comes time to settle your estate. For example, your executor can easily locate beneficiaries, find a safe deposit box, and locate abstracts, titles, certificates, wills, trust agreements, life insurance policies and other important documents.
- 2.) It provides a ready list of all of your assets and liabilities. This isn't just for your executor's benefit. In the process of preparing this document for yourself, you'll be able to make informed decisions affecting your current financial status—whether to realign, sell or purchase certain assets. For example: Do you have sufficient life insurance? Do you now own too much life insurance, now that your children are grown? Do you have too much cash and not enough in a savings account or guaranteed investment contracts (GICs)? Is it time to sell some stocks and/or bonds? Should you make other investments? Is it the right time to reduce your real estate holdings for the purpose of achieving greater liquidity?

# LIFE ANNUITIES:

## RETIREMENT INCOME THAT LASTS A LIFETIME

- 3.) Your record of assets and liabilities, and resulting net worth, can be the basis for creating your estate plan and providing for the future well-being of your family. Not only will it reveal the size of your estate, but also help you and your heirs plan for any taxes due under various phases of distribution.

You owe it to yourself and your family to complete your personal estate planning record now. For that purpose we offer you our services—either to assist you at the outset or to assist you in implementing the measures indicated by the process. Together we can then formulate a financial plan that will best meet your needs now and those of your family in the future.

# LIFE ANNUITIES:

## RETIREMENT INCOME THAT LASTS A LIFETIME

### PERSONAL INFORMATION

Name: \_\_\_\_\_

☐ Single ☐ Married ☐ Divorced ☐ Marriage Contact

Address: \_\_\_\_\_

City \_\_\_\_\_ Province \_\_\_\_\_ Postal Code \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Place of Birth: \_\_\_\_\_

Spouse's Name: \_\_\_\_\_ Spouse's Date of Birth: \_\_\_\_\_

Married at: \_\_\_\_\_ Date: \_\_\_\_\_

Marital regime: ☐ Community ☐ Separate as to property ☐ Partnership of acquests

### CHILDREN

Name	Date of Birth	Address
_____	_____	_____
Full Name of Child	dd/mm/yyyy	Street, City, Province, Postal Code
_____	_____	_____
Full Name of Child	dd/mm/yyyy	Street, City, Province, Postal Code
_____	_____	_____
Full Name of Child	dd/mm/yyyy	Street, City, Province, Postal Code
_____	_____	_____
Full Name of Child	dd/mm/yyyy	Street, City, Province, Postal Code

# LIFE ANNUITIES:

## RETIREMENT INCOME THAT LASTS A LIFETIME

### OTHER DEPENDENTS

Name	Date of Birth	Relationship	Address
_____	_____	_____	_____
Full Name of Dependent	dd/mm/yyyy	Relationship	Street, City, Province, Postal Code
_____	_____	_____	_____
Full Name of Dependent	dd/mm/yyyy	Relationship	Street, City, Province, Postal Code
_____	_____	_____	_____
Full Name of Dependent	dd/mm/yyyy	Relationship	Street, City, Province, Postal Code

Your Social Insurance Number: \_\_\_\_\_

Employer's name and address: \_\_\_\_\_

Do you have a Will? ☐ Yes ☐ No

Does your spouse have a Will? ☐ Yes ☐ No

If so, where are they located?

\_\_\_\_\_

Date of Will(s)

\_\_\_\_\_

Executor's (Personal Representative) name and address:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Lawyer or notary who prepared Will - name and address:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# LIFE ANNUITIES:

RETIREMENT INCOME THAT LASTS A LIFETIME

## RECORDS AND CERTIFICATES

Birth and/or Citizenship and Marriage Certificates located at:

---

Titles, abstracts, leases, tax receipts (and other important papers) located at:

---

Life insurance policies located at

---

Stock and bond certificates located at

---

Cemetery plot or mausoleum? ☐ Yes ☐ No

Located at \_\_\_\_\_

Deed of Ownership located at:

---

---

Safety Deposit Box: Yes No

Bank \_\_\_\_\_

It is held jointly with \_\_\_\_\_

Where is key? \_\_\_\_\_ Box number \_\_\_\_\_

# LIFE ANNUITIES:

RETIREMENT INCOME THAT LASTS A LIFETIME

## NET WORTH WORKSHEET

### SECTION A: ASSETS

#### Cash (savings and chequing accounts, G.I.C.'s)

Type of Account	Financial Institution	Account Number	Amount
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

Total: \$ \_\_\_\_\_

#### Life Insurance

Company Name	Insured	Owner	Beneficiary	Coverage	Cash Value
_____	_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	_____	\$ _____	\$ _____

Total \$ \_\_\_\_\_ \$ \_\_\_\_\_

#### Annuities

Description	Beneficiary	Purchase Price	Present Value
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Total Present Value \$ \_\_\_\_\_



# LIFE ANNUITIES:

RETIREMENT INCOME THAT LASTS A LIFETIME

## Real Estate

Description & Location	Date of Purchase	Market Value
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
		Total: \$ _____

## Stocks and bonds (including mutual funds)

Description	Purchase	Cost	Market Value
_____			\$ _____
_____			\$ _____
_____			\$ _____
_____			\$ _____
_____			\$ _____
_____			\$ _____
			Total \$ _____

# LIFE ANNUITIES:

RETIREMENT INCOME THAT LASTS A LIFETIME

## Pensions: RRIFs, RRSPs, Etc.

Description	Beneficiary	Value
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
		Total Value \$ _____

## Closely-held businesses owned (partnerships, proprietorships, corporations)

Firm Name	Address	Cost	Value of Interest
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
			Total: \$ _____

## Debts due me (mortgages, notes receivable, promissory notes)

Name of Debtor	Address	Amount Due
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

Total Due: \$ \_\_\_\_\_

# LIFE ANNUITIES:

## Special and personal assets

**(Cars, jewelry, furniture, boats, paintings, collections and other items of value)**

[illegible]

**Other assets to be included in your estate (e.g., interest in a trust or estate, royalties, patents, etc.)**

Description	Approx. Current Value
Total: \$ _____	
TOTAL OF ALL ASSETS: \$ _____	

# LIFE ANNUITIES:

## RETIREMENT INCOME THAT LASTS A LIFETIME

### SECTION B: LIABILITIES

#### **Mortgages**

Description of Property	Name of Creditor	Balance Owed
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
		Total: \$ _____

#### **Loans, Installment Debts**

(Bank loans, car and personal loans, insurance loans, etc.)

Description	Name of Creditor	Balance Owed
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
		Total: \$ _____

#### **Current liabilities**

(E.g., Credit cards, store charge cards, revolving debt)

_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
		Total \$ _____

Description	Name of Creditor	Balance Owed
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
		Total \$ _____

# LIFE ANNUITIES:

RETIREMENT INCOME THAT LASTS A LIFETIME

## All Other Current Liabilities

Description	Name of Creditor	Balance Owed
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
		Total: \$ _____
		TOTAL OF ALL LIABILITIES: \$ _____

## MY NET WORTH

Total of all assets in Section A.....	\$ _____
Less total of all liabilities in Section B .....	\$ _____
Net Worth (est.).....	\$ _____

## RETIREMENT INCOME THAT LASTS A LIFETIME

## This image shows a single page of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

## Testimonials



"Ivon provided quick, efficient service in helping me purchase several annuities with a portion of my RRSP funds."

"He went to bat for me when my bank was very slow in transferring funds from my RRSP. He kept me informed of progress and was always available to answer questions either by phone or e-mail. I would definitely recommend the Hughes Trustco Group to anyone considering purchasing an annuity."

--Paula from Ontario, Nov. 20, 2014



"Ivon was extremely helpful in providing comparative quotes and then efficiently attending to all aspects of setting up my retirement annuities."

"I am happy to report that I have just received my initial quarterly payments exactly on schedule."

Ivon was very responsive in answering questions and providing advice. I am more than pleased with the quality of service provided by Ivon and his team and would highly recommend the Hughes Trustco Group to anyone considering annuities."

--Allan F. from B.C.



# LIFE ANNUITIES:

## RETIREMENT INCOME THAT LASTS A LIFETIME



"I approached your company because I found your website well structured, informative and easy to use."

--Paul from Ontario



"I used your services few years ago for my mother (annuities) and we were very happy with your services."

--Robert from Ottawa



"It was not easy to trust someone with our life savings, but we are glad we trusted Ivon."

"A year ago we sold our house and purchased annuities with the proceeds. It is not without trepidation that we converted most of our savings into a pension plan. But as a result our monthly income was more than doubled. We will receive that income until we are both deceased and even if we both died tomorrow the payments would still continue for the next 19 years. 100 % of the original amount will have been paid back to us in 20 years.

The Lifeannuities.com web site is the best one I have found for getting approximate annuity rates, and when I requested quotations, they were provided promptly, over the phone or the next day. I cannot say the same for the insurance agents I consulted directly.

With Mr. Hughes we were able to purchase annuities from three different companies in order to minimize the risks and to optimize our income.

It was not easy to trust someone with our life savings, but we are glad we trusted Ivon. Thank you, Ivon."

--Fernand and Thérèse V. Toronto, Ontario

# LIFE ANNUITIES:

RETIREMENT INCOME THAT LASTS A LIFETIME



"Ivon was always available and answered all my questions accurately and patiently...

Several months ago, I engaged Ivon Hughes of the Hughes Trustco Group to explore annuities for myself and my wife.

As I intended to use both registered (RRSP) money and non-registered monies, Ivon explained to me that different tax rules applied. As this would obviously affect my after-tax income, it helped me make some strategic decisions. And one important idea he gave me was to split the capital to take advantage of the 100 % insurance coverage available which guarantees the payments.

We had a lot of problems with the bank that held the RRSP funds which was using technical excuses to retain the capital. In fact it took over 7 weeks for the transfer and exceeded the 45 days guarantee of income that I had in place.

However, Ivon overcame that problem and took care of the transfer fees. In the meantime, I was constantly updated with quotes to make sure I got the best rate for all my funds. The non registered policies were issued quickly.

Ivon was always available and answered all my questions accurately and patiently. If you are thinking of buying an annuity, he is your man."

--Louis from Ontario



"Very quick response very good service."

--Ken Thompson - P.E.I.

# LIFE ANNUITIES:

RETIREMENT INCOME THAT LASTS A LIFETIME



## Purchasing our first annuity

"We would like to thank you for the help and counsel you provided in purchasing our first annuity. We plan to continue to use your services as we proceed to build our annuity portfolio with periodic annuity purchases over the next several years."

--Deborah & David F. from Sharon, Ontario



## "Very simple on prompt information and answers!"

"Purchasing an annuity is the first and only experience I've had with The Hughes Trustco Group, and it was a very simple on prompt information and answers to my questions by e-mail, telephone, so yes a very positive experience and I would not hesitate to recommend Mr. Hughes and his company."

--Catherine D. from Picton, Ontario



"Thank you, Mr. Hughes, for all your assistance in securing the best annuity rate for me, and for your diligence in coordinating the transfer of my pension."

"Your persistence in dealing with all the parties involved was greatly appreciated, and it was a relief to know that you were handling the myriad of paperwork on my behalf."

--Kathryn K.

# LIFE ANNUITIES:

RETIREMENT INCOME THAT LASTS A LIFETIME



"Kudos to you for having set up satisfactorily the Annuity Program which you have proposed, and was subsequently accepted by myself."

"I am of the opinion that this Annuity will satisfy my needs for the foreseeable future. It was in large measure thanks to the three successful RRIFs that you set up for me over 20 yrs ago that I felt reassured that your annuity plan would satisfy my needs once again.

I thank you for the time and effort you spent in bringing this deal to fruition as promised."

Best regards,  
Donald Mooney



"The rates you obtained for us were better than we had hoped."

"Thank you for all of your hard work securing our LIRA and RRSP joint annuities.

It seems that there are not many financial advisors who are interested in helping their clients purchase annuities, so we consider ourselves to be very lucky in having found you and your website.

The rates you obtained for us were better than we had hoped. We especially appreciated the way you provided choices and kept us informed by phone and by email. You were able to help us achieve our goals while being most pleasant and communicative."

--C. and B., Saint John, NB

# LIFE ANNUITIES:

RETIREMENT INCOME THAT LASTS A LIFETIME



"Mr. Hughes, Thank you for the work that you have done on the annuity quotations."

"You responded very quickly. During our discussions, you displayed a high level of knowledge of the various income options available to investors and you provided clear and incisive commentary on the state of the market and the products available."

--Ross, Ontario



"Thank you, Ivon, for your quick and forthright response."

I appreciate all your recent efforts and those of ten years ago in meeting my particular insurance needs.

I wish you well."

--Terry, Ontario

# LIFE ANNUITIES:

RETIREMENT INCOME THAT LASTS A LIFETIME



"I was very pleased with the friendly service and highly recommend Ivon and Lifeannuities.com"

Having recently turned 71, I faced the need to decide what to do with the funds in my RRSP and decided to put a substantial portion into a life annuity to provide a guaranteed income for me and my wife during our retirement years.

I searched the Internet, and found LifeAnnuities.com. After I checked with two of the twelve life insurance companies LifeAnnuities.com claimed to represent to be sure everything was as represented on the website, I completed the form available there. Ivon Hughes called shortly thereafter and discussed with me the various types of annuities and ways to maximize income from investment in an annuity. He then compared the rates of return offered by different insurance companies for the type of coverage I was seeking.

When the insurance company made an error in their request for funds from the bank holding my RRSP, Ivon helped to straighten things out quickly and efficiently.

I was very pleased with the friendly service and highly recommend Ivon and Lifeannuities.com for planning and instituting an annuity."

--B. from Hamilton.

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# RETIREMENT INCOME THAT LASTS A LIFETIME

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# INCOME FOR LIFE


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This book, written by a 40-year industry expert and annuity veteran, is an invaluable aid in understanding these often misunderstood financial instruments. In this guide, you'll learn the following:

- How to lock in a stream of income – guaranteed.
- How to provide a lifetime income for spouse who survives you – guaranteed.
- How to calculate your basic necessities in retirement and cover them with guaranteed money.
- How to ensure that you will never outlast your money, no matter how long you live.
- How to customize your annuity to meet your individual and family circumstances.
- How to keep inflation from eroding your purchasing power.
- How to do all the above without exposing your nest-egg to stock market risk.

This must-read guide is the only resource, specifically designed for the Canadian market, of how to actually buy an annuity.

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*“The author, Ivon T Hughes, has been a longtime client of Cannex as he is a firm believer in comparing rates from all the companies and that is what we supply to LifeAnnuities.com. And he is a strong proponent of income annuities in wealth management work.”*

**- Alex Melvin, President, CANNEX Financial Exchanges Limited**

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*“We revised *Personal Financial Planning* by Kwok Ho and Chris Robinson (Captus Press, 5th ed., 2012) to increase the emphasis on the use of life annuities for retirement planning. Ivon T. Hughes and The Hughes Trustco Group kindly provided the annuity quotes that we include in the textbook and discussed practical annuity considerations to further inform our work.”*

**- Chris Robinson, Phd CPA, CA CFP, finance professor in the School of Administrative Studies, York University and Fellow of the Financial Planning Standards Council.**

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