



Retirement income you can
count on—guaranteed



Do you worry about outliving your retirement income? **With an income annuity, financial certainty is within reach.**

What is an annuity, and what are my choices?

With income annuities, you pay a lump sum—your premium payment—to an insurance company. In return, the company guarantees regular income payments for your lifetime or for a fixed term. Your income payments are calculated based on interest rates and the amount of your premium. Depending on the type of annuity you choose, the life expectancy of someone your age and gender may also be considered.

Unlike traditional investments, you don't have to worry about managing your investments or the ups and downs of the market. Your income is pre-determined when you purchase the annuity. There are no surprises.



Life Annuity

Provides guaranteed income for life.

Consider a Life Annuity if:

- You're looking for a source of guaranteed lifetime income, typically for retirement. Choose a joint life option if you want the income to continue for a spouse's life as well.
- You're interested in supplementing other sources of guaranteed lifetime income such as Canada Pension Plan (CPP), Old Age Security (OAS) or a defined benefit pension
- You want an "income floor" to ensure you have enough guaranteed income to pay your basic essential living expenses

Term Certain Annuity

Provides income over a period of time that you specify.

Consider a Term Certain Annuity if:

- You need a steady stream of income for a specific number of years, rather than a lifetime
- You need income to fulfill a purpose, such as bridging the gap between when you stop working and begin drawing a pension
- You're interested in leaving an inheritance to loved ones. If you die before the specified payments have been made, your beneficiaries will receive a death benefit



Both Life and Term Certain Annuities offer additional benefits:

Protection from market volatility

Payments are pre-determined when you purchase the annuity. Market ups and downs have no impact on the income you receive.

Potential inflation protection

You can choose an annual income increase of a fixed percentage to help offset inflation.

Creditor protection

Naming a beneficiary on your annuity offers potential creditor protection for your income payments, subject to certain conditions.

Preferred tax treatment

Registered annuities can provide a tax-sheltered income stream, while non-registered annuities can be issued on a “prescribed” tax basis, allowing for the deferral of tax.

Estate planning advantages

Naming a beneficiary may help avoid the probate process and transfer wealth to beneficiaries privately and cost-effectively.

Assuris protection

BMO Insurance is a member of Assuris. Assuris is the not-for-profit organisation that protects Canadian policyholders in the event their insurance company fails. Details about assures protection are available at [assuris.ca](https://www.assuris.ca)



Tax treatment

You can purchase an annuity with funds from a registered plan or with non-registered funds. The tax treatment of annuity income payments will depend on the source of the funds you use.

Registered Annuities

All annuity income paid out in a calendar year is taxable to the owner in the year the payment is made.

Registered sources of funds you can use to buy a registered annuity

- Registered Retirement Savings Plan (RRSP)
- Locked-in Retirement Account (LIRA)
- Life Income Fund (LIF)
- Registered Retirement Income Fund (RRIF)
- Registered Pension Plan (RPP)
- Deferred Profit Sharing Plan (DPSP)

Non-Registered Annuities

- Purchased with money that has not received the tax sheltering advantages of an RRSP or RRIF.
- The capital portion of the annuity payment is not taxable. The interest earned is taxed based on whether the annuity is a prescribed or non-prescribed annuity.
- If eligible for a prescribed annuity, a level amount of interest is taxed each year. Your advisor can help you understand if your annuity qualifies for prescribed taxation.
- If your annuity is non-prescribed, we will calculate the interest portion of your income on an amortized basis so that a larger portion of your income is taxable in the early years and a lower amount in the later years.



Secure your future retirement income with an annuity from BMO Insurance

Many people fear they're not financially prepared for retirement, with worry about outliving income and the combined threats of market volatility and inflation, topping the list of concerns.

The good news is that guaranteed income, whether it's for life or for a period of time you determine, can go a long way in providing a sense of security and freedom in retirement. BMO Insurance provides a selection of competitive, easy-to-understand annuities to help you achieve your retirement income goals.

Your advisor can help you select a BMO Insurance annuity to meet your specific needs.



About BMO Financial Group

Who we are

8th largest bank
in North America by assets

\$1,251B
in total assets

Established
in 1817

Serving customers
for more than 200 years
and counting

Three operating groups



Personal and
Commercial Banking



BMO Wealth
Management



BMO Capital
Markets

We serve

13 million
customers globally

8 million
personal and commercial
customers in Canada

4 million
personal, small business
and commercial customers
in the United States



BMO was ranked **North America's most sustainable bank**
by Corporate Knights for the fourth consecutive year in 2023.¹

Let's connect



1-877-742-5244



Learn more

bmoinsurance.com



¹ **BMO Ranked North America's Most Sustainable Bank by Corporate Knights for Fourth Consecutive Year | BMO Capital Markets**

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Insurer: BMO Life Assurance Company

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