



A new way to look at income annuities: Plan for estate transfer with an income annuity

“With a lifetime income annuity, will I be able to transfer a part of my wealth to my children?”

You accomplished a lot during your working years. Now that you’re looking at retiring, you might be thinking about leaving part of your estate to your children. You can make this a reality with an income annuity.

An income annuity gives you the flexibility to plan for your estate while also providing you income for life.

Let’s look at an example.

John, a 65-year-old man, has a \$500,000 nest egg. He wants to leave \$100,000 to his children and live off the remaining \$400,000. From his GIC, John will receive an income of \$24,000 per year.

1 John decides to place \$400,000 in a GIC and invests \$100,000 in a separate GIC for his family, where both are expected to grow at a rate of two per cent. This will be enough, provided he does not live past age 84, which he doesn’t think he will do.



2 **What happens if John lives past age 84?**
If John does live past 84, in order to make ends meet, he may need to dip into the GIC he invested in for his children. This money will be enough for six more years. Now he has nothing left for his children.

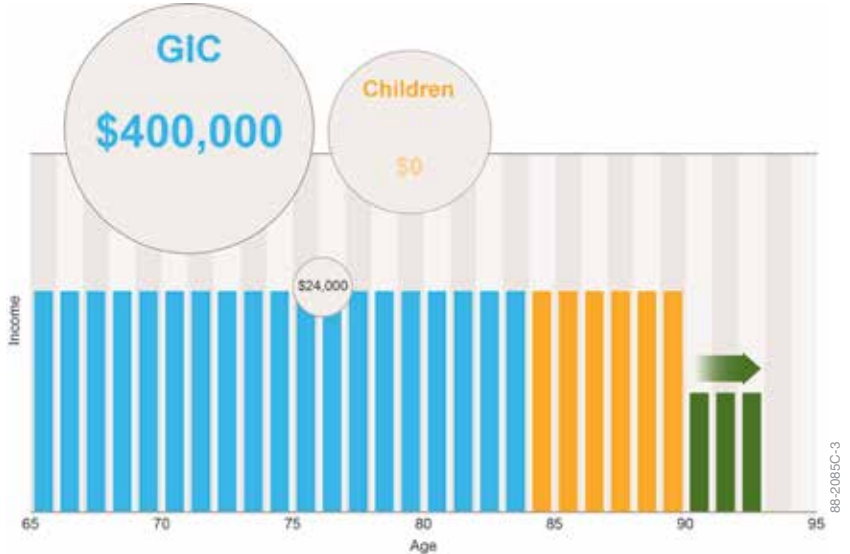


These examples are for illustrative purposes only. Situations will vary according to specific circumstances.

3

What happens if John lives past age 90?

If John lives past age 90, he'll have used up the \$400,000 plus the \$100,000 (and any interest he would have accumulated) he had planned to leave for his children – potentially leaving him in need of financial assistance.



4

The annuity advantage:

Let's see how this same scenario could turn out with an income annuity. If John buys an income annuity for \$400,000 at age 65, he'll receive \$24,000 a year for his entire life, no matter how long he lives. He doesn't have to worry about outliving his money. At age 65, he could have invested the \$100,000 he wanted to leave to his children and fulfilled his wish of leaving a legacy.



If longevity is a concern, talk to your advisor about the return of premium option.

 **Income annuities**
A great way to protect your estate and deliver on your final wishes.

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For more information on annuities, and the options available, please refer to **Income annuities – Retirement income guaranteed** (46-9479).

In Quebec, advisor refers to a financial security advisor for individual insurance and segregated fund policies and to an advisor in group insurance / annuity plans for group products.

