



# A new way to look at income annuities: Annuities versus GICs and bonds

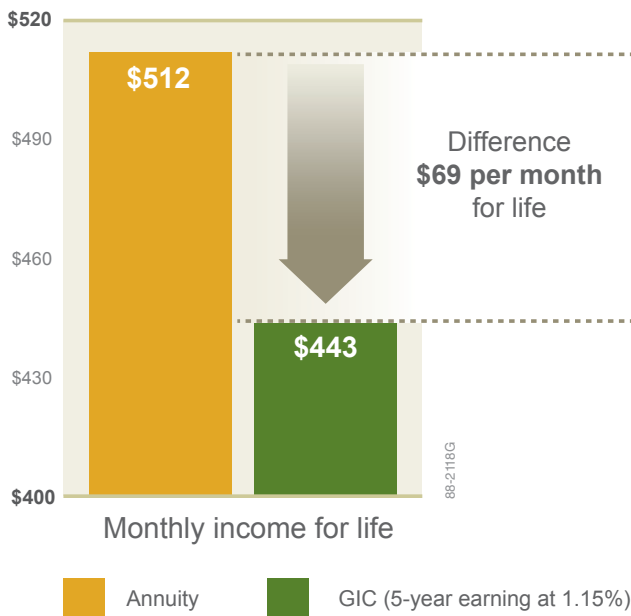
**“Should I buy an income annuity today?  
Should I wait for interest rates to go up before buying an income annuity?”**

Are you hesitant to buy an income annuity today because you worry interest rates may go up in the future? Investing in other products while waiting for interest rates to go up may ultimately lead to less income at a later date. Buying an income annuity today can give you higher income than if you invest in GICs or bonds, and then purchase an annuity later.

## Income annuities vs GICs: the annuity advantage

Let's look at an example: Tom, who is 65 years old, is exploring two options for \$100,000 to provide guaranteed income (a 10-year guarantee period). He will need an income of at least \$500 a month, regardless of the product he chooses.

### After 5 years: Annuity income



### The options:

#### Option A:

- Tom puts \$100,000 into a non-registered lifetime income annuity guaranteed for 10 years.
- He will have an income of \$512 a month for the rest of his life.

#### Option B:

- Tom invests \$100,000 in a GIC for five years at 1.15% guaranteed interest.
- He takes the same income he would have with the income annuity in Option A: \$512 per month.
- After five years, the GIC would have a market value of \$74,292.
- Tom, who is now 70, purchases a lifetime income annuity (guaranteed for five years) with \$74,292. He would receive a monthly income of \$443.

\*Rates as of Aug. 11, 2015. Guarantee period reduced by five years and age increased by five years in option B. This example is for illustrative purposes only. Situations will vary according to specific circumstances.



## The annuity advantage

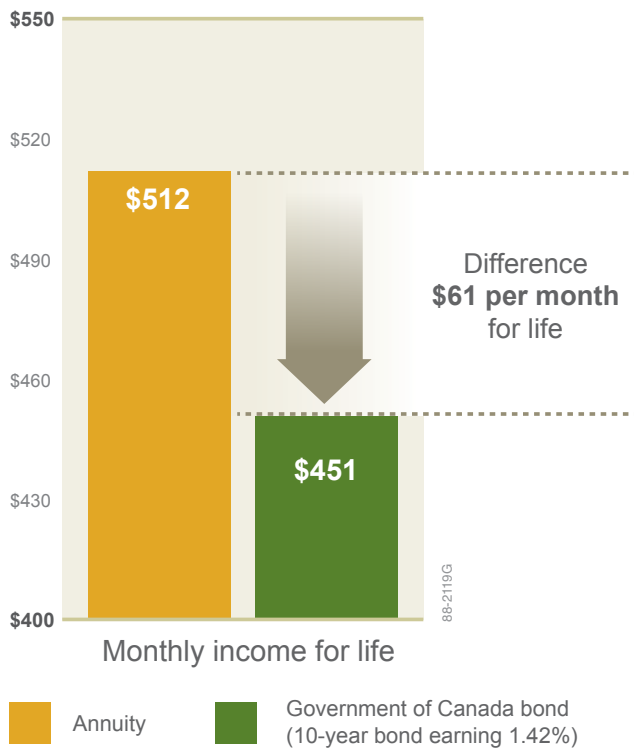
By choosing to invest in an income annuity right now, Tom will receive an income of an **additional \$69 per month for life.**

## Income annuities vs. bonds: the annuity advantage

Now, let's take a look at another alternative – if Tom invested in a long-term Government of Canada bond instead of the GIC, comparing it with buying a lifetime income annuity immediately.

Again, Tom is 65 years old and has \$100,000. He is looking for a product that will provide him guaranteed income. He will need an income of at least \$500 a month, regardless of the product he chooses.

### After 5 years: Annuity income



### The options:

Option A:	Option B:
<ul style="list-style-type: none"> <li>Tom puts \$100,000 in a non-registered lifetime income annuity guaranteed for 10 years.</li> <li>He would receive an income of \$512 a month for the rest of his life.</li> </ul>	<ul style="list-style-type: none"> <li>Tom buys a bond with the \$100,000, from which he takes a monthly income of \$512.</li> <li>At the end of five years, the bond would have a market value of \$75,503.</li> <li>Tom, who is now 70, purchases a lifetime income annuity (guaranteed for five years) with \$75,503. He would receive a monthly income of \$451.</li> </ul>

**Setting up your income annuity today gives you a guaranteed, predictable income that can be higher than waiting and using some short-term investments.**

\*Rates as of Aug. 11, 2015. Guarantee period reduced by five years and age increased by five years in option B. This example is for illustrative purposes only. Situations will vary according to specific circumstances.



### The annuity advantage

By choosing to put his money in an income annuity right now, Tom will receive an income of an **additional \$61 per month for life.**

For more information on annuities, and the options available, please refer to *Income annuities – Retirement income guaranteed* (46-9478).

Great-West Life and the key design are trademarks of The Great-West Life Assurance Company. 46-10488-4/16