

The following educational email is provided as a service by:

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### Life Insurance/Wealth Management

Last month we discussed having too much in your RRSP. For some, this is not a problem to be concerned about. However there are individuals who are looking for investment opportunities beyond that of an RRSP. Unfortunately, any gains on investments outside of an RRSP are subject to tax on an annual basis. This not only reduces the amount of money compounding in your non-registered account but it serves to give the government even more of your hard earned dollars. And we all know that we already pay too much tax.

There is an alternative however that will allow for tax-deferred growth of the cash but also the ability to access that cash tax-free using a tax-exempt permanent life insurance policy.

#### **Here's the problem...**

Most people think of permanent life insurance as money paid when someone dies. They know it's a great solution for paying a tax liability at death, providing an estate for loved ones or leaving a gift to a charity. But what about planning for retirement? Without careful planning, you may not have enough savings when you retire to maintain the standard of living that you're enjoying now.

#### **What are your options?**

People typically think of RRSP's and other registered plans when they think of retirement. Many rely on these registered plans as their main source of retirement income. The problem is the amount you are allowed to contribute to these plans is limited. This means the base amount might not be large enough to provide the retirement income you desire. One solution is the Insured Retirement Program. It uses a permanent life insurance policy to provide you with the insurance protection you need PLUS a unique additional feature ...access to tax-free cash during your retirement years.

#### **How does it work?**

Under current tax law, the cash value in a life insurance policy accumulates tax-free, up to certain limits. The Insured Retirement Program lets you use that cash value at a point in the future. Whether you want to supplement retirement income, purchase a vacation property or go on a trip, the Insured Retirement Program lets you use your policy's cash value as collateral for a bank loan.

## Are you a candidate?

- need permanent life insurance protection
- are between the ages of 30 and 55
- are in a high marginal tax bracket
- have maximized RRSP/pension plan contributions
- want to supplement retirement income with tax-free dollars
- want to reduce the amount of tax they're currently paying on investments
- have minimized non-deductible debt

As an example:

Male, 40, non-smoker

\$1,000,000 of insurance

\$20,000 annual deposit for 15 years

Tax rate 46%

\$40,000 of after-tax income from non-registered sources desired

Results:

Annual tax-free payout during retirement:	\$41,537
Total tax-free payout received during retirement:	\$830,740
Net tax free benefit to estate upon death	\$1,684,302

The younger you are and the longer the premium paying period the lower the annual premium requirements.

**This is a very simple analysis of a complicated topic. It is not right for everyone. Consult an advisor familiar with this concept to discuss whether this may be an appropriate option for you**

*Please forward this newsletter to a friend or relative that would benefit from this information. I would be happy to answer any questions they may have and add them to my regular distribution.*

*All material provided on this email is provided for informational and educational purposes only. Consult an advisor regarding the applicability of any opinions or recommendations with respect to your own financial situation.*

If you would like additional information please contact:

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