

How the **Insured Annuity** Works

Your situation

Your investment portfolio includes interest-bearing investments such as GICs, term deposits, bonds and bank accounts. You're using the interest earned by the investments to supplement your income. You want to maximize the income you're receiving today, while preserving your investment capital to make a gift when you die.

An alternative - Insured Annuity

This financial planning strategy requires you to liquidate these investments. The resulting cash is used to purchase a life annuity contract. Once you've purchased the annuity, you have eliminated your access to this cash during your lifetime.

By using the funds to buy an annuity and combining it with a life insurance policy, this strategy is designed to give you increased income today, while ensuring funds are available to make a gift when you die.

How does the Insured Annuity work?

You purchase a prescribed life annuity contract and an exempt life insurance policy, with you as the life insured. The payments from the annuity are used to pay the life insurance premium and the tax on the annuity. The remaining amount is used to supplement your income.

The beneficiary of the life insurance policy is someone you have named, such as your spouse, child, or favourite charity. When you die, your beneficiary receives the insurance proceeds tax-free.

