

INDIVIDUAL INSURED ANNUITY



A strategy for supplementing
after-tax retirement cash
flow and inter-generation
wealth transfer.



Freedom 55
Financial

A division of London Life Insurance Company

The *Individual insured annuity* concept offers:

- Guaranteed cash flow for life
- Preferential tax treatment of annuity income
- Inter-generation wealth transfer through life insurance proceeds paid tax-free to beneficiaries at death
- Permanent life insurance protection
- Flexibility to change policy beneficiary and coverage amount (subject to policy provisions and any underwriting requirements)
- Eliminates probate fees on death benefit with named beneficiary other than the estate (not applicable in Quebec)

For more information on how the *Individual insured annuity* concept can work for you, contact your Freedom 55 Financial security advisor.



The ideal client

You're retired or approaching retirement and being a cautious investor, you have invested significantly in fixed-income investments to supplement your retirement income. However, you're concerned that the low rates of return generated from these investments and the 100 per cent taxable interest income, may hinder your long-term financial goals.

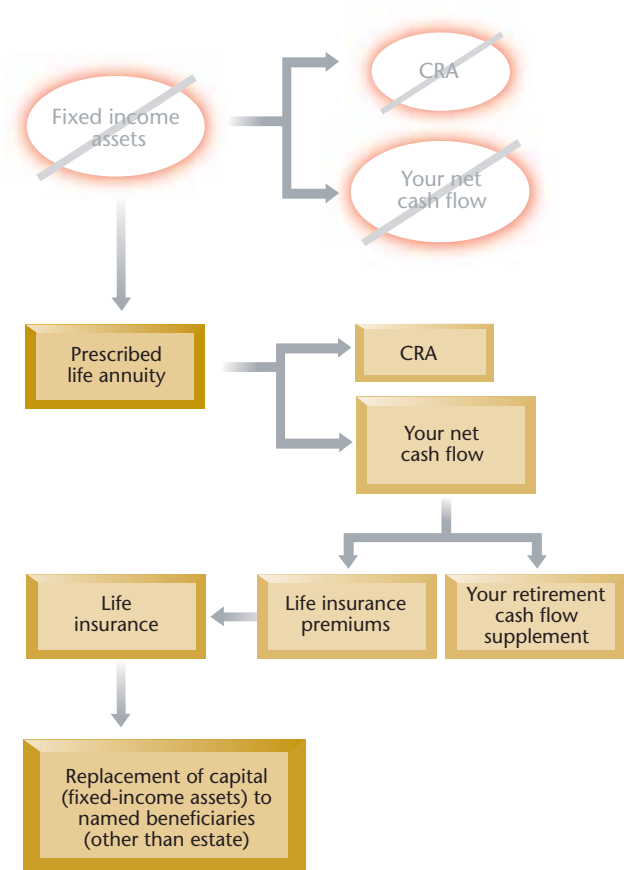
You need permanent life insurance protection because you're looking to protect your capital and maximize the transfer of this capital to your heirs.

The opportunity

A series of guaranteed payments can be provided while you're living. A prescribed life annuity (prescribed under the federal Income Tax Act) can provide regular payments to you, the annuitant.

These payments which are a combination of capital plus interest. The taxable amount of interest is a level percentage of each annuity payment over the life of the annuity. You pay tax only on the prescribed interest amount and if everything else is equal, you receive higher after-tax cash flow than you would from the same amount invested in a guaranteed investment certificate (GIC).

The capital used to purchase the annuity is no longer available to transfer to heirs. By using a portion of the additional cash flow generated by the prescribed annuity, you can cover the costs of a permanent life insurance policy (to be acquired if you're insurable). The policy's death benefit will replace, in whole or in part, the capital originally intended for your heirs. Even taking into account the costs of the permanent life insurance policy, your after-tax cash flow can increase significantly.



Note that once purchased, the prescribed annuity can't be surrendered and the ownership can't be transferred. You'll want to ensure you can obtain life insurance before purchasing the annuity.

Whether it's life insurance, a mortgage, RRSPs, mutual funds or segregated funds, London Life will be there. Our strength and stability have benefited our clients since 1874.

Freedom 55 Financial makes available a complete suite of products to help you achieve your dreams at every stage of your life

- Individual life insurance
- Segregated funds, RRSPs
- Annuities, RRIFs and LIFs
- Individual disability insurance
- Individual critical illness insurance
- Individual health and dental insurance
- Business insurance
- Group insurance
- Group retirement plans
- Mortgages

Quadrus Investment Services Ltd., a subsidiary of London Life, offers:

- Mutual funds
- RESPs, RRSPs and RRIFs



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Information provided by London Life Insurance Company and is current as of March 2005.