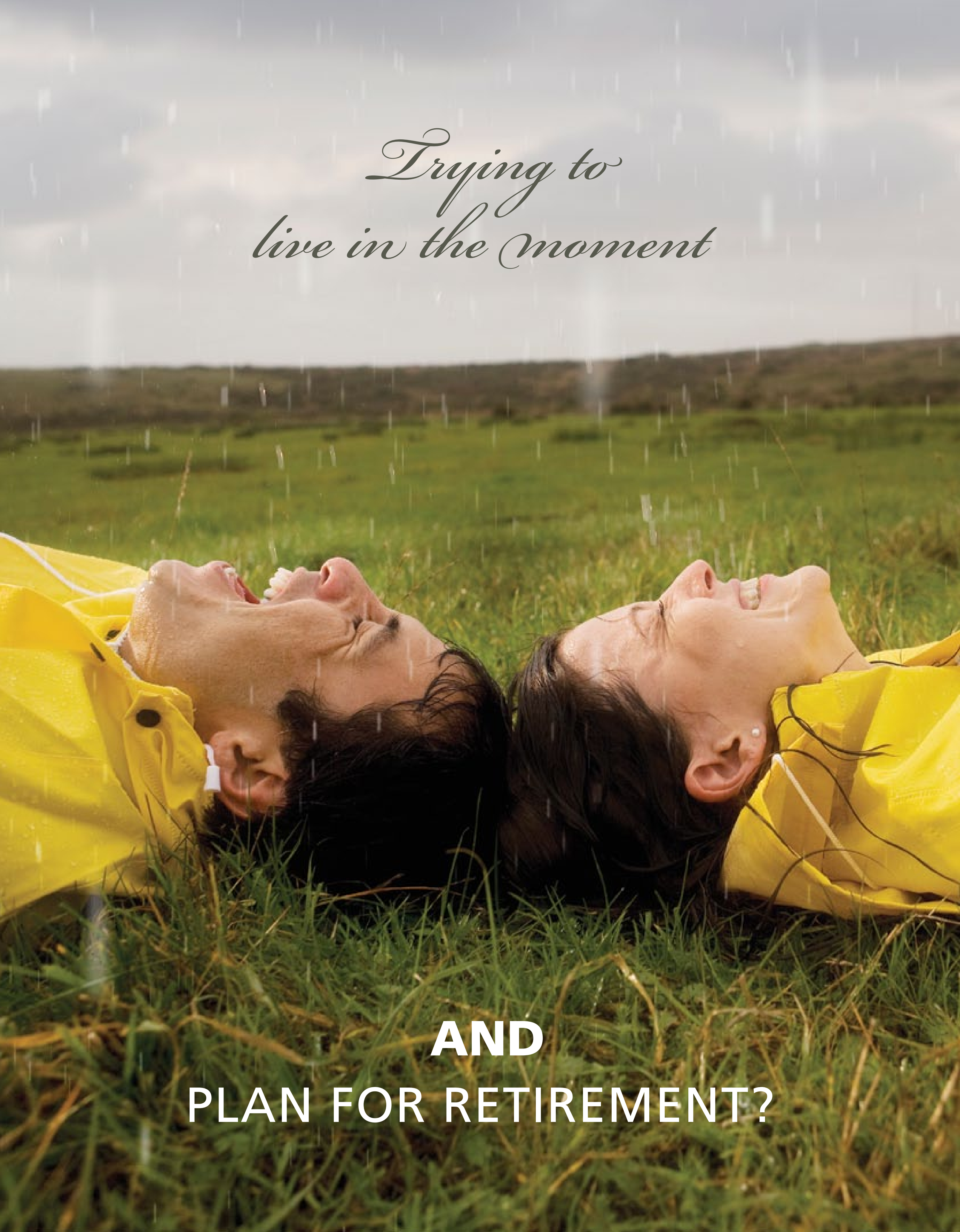

Trying to
live in the moment
AND
PLAN FOR RETIREMENT?

IF YOU'RE IN THE "SANDWICH GENERATION," AN INSURED RETIREMENT PROGRAM MAY HELP

Like many in the Accumulator stage (typically between the ages of 40 and 55), you may be trying to strike a balance between living in the moment and planning for your retirement.

What does this mean? Well, you may need to pay for your children's education or help your aging parents move to a retirement home… or you may have purchased a vacation property. All the while, you're also starting to look to the future and save for your retirement. You're caught in the middle. That's why it's also called the sandwich generation.

There's good news. The Insured Retirement Program was designed to help Accumulators like you. It's a concept that:

- Provides you with life insurance protection
- Creates cash value that grows on a tax-deferred basis
- Provides security for a loan
- Allows you to borrow money tax free
- Uses your policy's life insurance proceeds to repay the loan when you die

Who is it for? Meet Ryan and Sara

Ryan is 46 and Sara is 44. They've been married for 17 years and have two teenage children. Both work full time. Ryan is an engineer and Sara is a nurse. Each year they maximize their RRSP (Registered Retirement Savings Plan) and pension plan contributions. They currently own some term insurance, but worry they don't have enough coverage. They're also concerned because they know that, as time moves on, the cost of getting more insurance will increase. There's even a real possibility they might not be able to get more coverage if their health changes.

The couple's kids — Jason and Megan — are both in high school and they're thinking about university. Ryan and Sara realize they'll soon be empty nesters. They want to make sure they plan now, while they're working, for a secure retirement.

They've been putting additional money into a variety of investments and they're hoping this will go a long way towards helping Jason and Megan with the high cost of university. They figure they only have so many working years left, so they're managing their investments to balance their risk tolerance with their need for growth — but they realize they may need to earn a higher rate of return to get where they want to be. This could mean investments that carry more risk than they're comfortable with.

Their current strategy may be a perilous one because, as the economy recently proved, the market can be volatile.

Another thing Ryan and Sara don't realize is that their plan's success depends on their investment's rate of return — or how much it earns — *and* the fact that any money they earn is taxable. It's a catch-22: the higher the return, the more tax they'll have to pay.

It's the "after-tax" rate of return that ultimately determines how much you'll have for your retirement.

Ryan and Sara have options

Ryan and Sara want to make sure they have a plan that helps them achieve their retirement goals. They have a couple of options:

1. They can continue as they're doing and pay tax on the income earned by their savings.
2. They can invest the funds in an Insured Retirement Program.

The Insured Retirement Program is designed to meet their dual need for life insurance protection now and a healthy retirement income in the future.

Let's take a look at what happens to their money with both options.

Running the numbers

Ryan and Sara plan to set aside $15,000 per year for 15 years. After Sara turns 65, they'll begin withdrawing money each year to supplement their retirement income.

With the Insured Retirement Program, Ryan and Sara invest the same funds and are able to access the same amount of money to supplement their income during retirement. But this strategy *also* helps them create a much higher estate value.

It's easy to see why this is a great solution for Ryan and Sara. They get the best of both worlds — the life insurance protection they need plus a tax-efficient way to save for retirement.

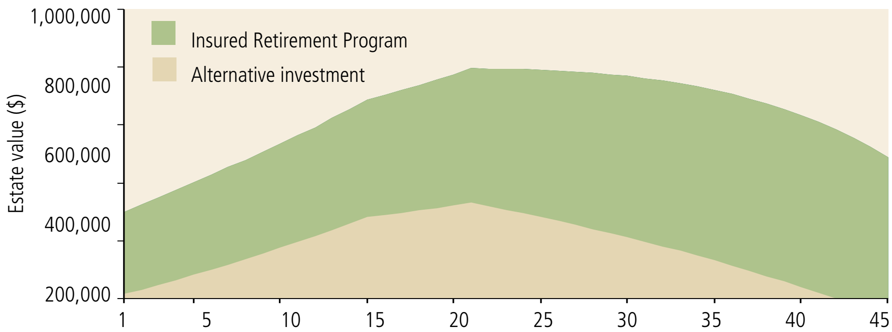
Understanding the Insured Retirement Program

With the Insured Retirement Program, Ryan and Sara purchase an exempt life insurance policy and create cash value by putting more money into the policy than is required to pay the policy charges. When they retire, the policy may be used to secure a line of credit loan from their bank.[1] Ryan and Sara can access the line of credit as needed and receive the borrowed money tax free to supplement their retirement income.

An important benefit of the Insured Retirement Program is that, if done properly, the bank will not require any loan payments of interest and principal until Ryan and Sara die. When they do, their estate uses the proceeds of the life insurance policy to repay the line of credit. Any money left over goes to their beneficiaries.

It seems simple, doesn't it? With the Insured Retirement Program, you have the permanent life insurance you need to protect you now plus access to tax-free money during your retirement years.

Building estate value



The assumptions used for this illustration are not guaranteed. A change in assumptions will impact the benefits available under the Insured Retirement Program. Whole life insurance pricing is based on joint last-to-die coverage for male (age 46) and female (age 44) non-smokers.

Here's a summary of the assumptions and data:

	Insured Retirement Program	Taxable investment
Annual deposit (for 15 years)	$15,000	$15,000
Annual after-tax withdrawal (beginning after Sara turns 65)	$20,440	$20,440
Insurance illustration rate/ investment rate of return	Current less 1%	5%
Marginal tax rate	45%	45%
Bank loan rate	6%	n/a
Death benefit at life expectancy	$1,590,345	$0
Loan balance at life expectancy	$1,100,991	$0
NET ESTATE VALUE	**$489,354**	**$0**

Is the Insured Retirement Program right for you?

The Insured Retirement Program isn't right for everyone. It may be right for you if you are:

- Living in Canada and paying taxes
- Healthy
- Between the ages of 30 and 55
- Able to maximize your RRSP and pension contributions and still have extra funds available to invest
- Okay with long-term planning strategies
- Not afraid of debt

Talk to your advisor

If you're ready to plan for your retirement, but still want to live for today, find out how the Insured Retirement Program can work for you. Talk to your advisor for more information.

[1] The ability to secure a loan is subject to credit approval by the financial institution and having an insurance policy does not guarantee loan approval.

Solutions

Boris Guzman
Proactive Financial Results Inc.
168 Queen St. South, Suite 201
Streetsville, ON, L5M 1K8
905-812-3199 x211
boris@proactivefinancial.ca

strong reliable trustworthy forward-thinking

Manulife Investments

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