Building Wealth

Strategies to achieve your personal goals

The strategies you need to achieve your personal and financial goals are as individual as you are. So while we can't make specific recommendations here, we want to give you an example of how insurance can be used to manage the risks to the lifestyle you've built for yourself and your family – and play an important role in your diversified investment portfolio.

One of our TD Waterhouse® Life Licensed Advisors[1] developed this sample scenario of a typical family to illustrate how certain insurance strategies might give them the peace of mind they need at this stage in their financial lives. Please remember that there are a variety of other strategies that may also be appropriate for you. We look forward to working with you to develop a customized plan that is uniquely yours.

Imagine Frank and Shelly[2]

- Frank, age 51, is a non-smoker earning $300,000/year.
- Shelly, age 43, is also a non-smoker.
- The couple has three children, ages 9, 18 and 21.
- They have creditor protection insurance on a Line of Credit, in addition to a $100,000 Term Life Insurance policy on Frank that has 11 years left in its term.
- Frank also has a comprehensive employee benefit program.

Personal circumstances and concerns

- Frank's parents are both over 80 and he is concerned about their ongoing ability to live independently. He holds power of attorney for them but does not know the details of their financial situation.
- The couple is committed to seeing all three of their children through university. One is already attending.
- With responsibility for both their parents and their children, Frank and Shelly recognize that the family's financial security is at risk to a number of events that could seriously hurt their financial plan.

Financial snapshot

Assets		Liabilities	
Cash and equivalents	$200,000	Loan	$0
Non-registered investments	$95,000	Mortgage	$300,000
Registered investments	$225,000	Line of Credit	$20,000
House	$450,000		
Cottage	$350,000		

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Our TD Waterhouse Life Licensed Advisor's recommendations[3]

As the first step in tailoring a plan for Frank and Shelly, our TD Waterhouse Life Licensed Advisor would conduct a comprehensive review of their personal and financial circumstances and determine the funds available for insurance. The couple has $25,000 annually to spend to ensure the family's financial health is looked after.

After careful analysis, our TD Waterhouse Life Licensed Advisor recommends a combination of Income and Estate Preservation and Living Benefits strategies to address the couple's immediate needs, while providing flexibility should their needs change over the years.

The table below summarizes the various products that can be used when the couple are in good health to effect these strategies. On the next page is the allocation of available funds among the specific products chosen, followed by an overview of the coverage details and a rationale for each recommendation.

INCOME & ESTATE PRESERVATION OPTIONS

Term Life Insurance

- Provides a death benefit for a fixed number of years (e.g., 10-year term) or until the insured reaches a specified age.
- Offers a relatively large amount of coverage for a relatively small premium making it ideal for situations where the need for protection is not permanent (e.g., until children become self-sufficient) or funding is limited.
- Typically the cost of coverage remains level throughout the term and the policy may be extended or converted to permanent coverage without proof of health.

Term to 100 Life Insurance*

- Low cost, guaranteed lifetime protection with premiums payable to age 100.
- Provides a level death benefit and guaranteed premiums.

Universal Life Insurance*

- Combines permanent death benefit protection with tax-advantaged investment options.
- The investment component can increase tax-deferred investments beyond RSP limits and may improve the returns on fixed income investments.
- The cost of insurance may either start low and increase with the age of the life insured or remain level for the life of the policy.
- Joint coverage enables more than one person to be insured under a single policy thereby lowering the costs.
- You select the investment options.

Whole Life Insurance*

- Remains in force for the life of the insured and offers a tax-advantaged build-up of cash value.
- The investment component of the policy is professionally managed.
- Built-in guarantees include level premium and minimum death benefit.

LIVING BENEFITS OPTIONS

Critical Illness Insurance

- Provides a lump sum benefit if you are diagnosed with any of a number of medical conditions such as heart attack, cancer or stroke.
- There are no restrictions on how the money may be used.
- Optional policy features may provide for a partial or full return of premiums if no claims are made, or at death.

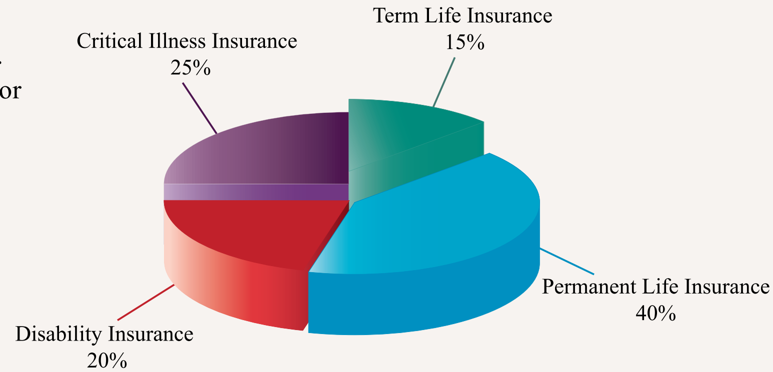
Disability Insurance

- Provides income replacement if you are unable to work because of illness or injury.
- You can coordinate the waiting period with other disability coverage you may have and also narrow the definition of “occupation” to mean what you have been trained to do, as opposed to “any occupation” you are physically capable of performing.
- Additional features may include cost of living increases and return of premiums if no claims are made.

*Term to 100 Life, Universal Life and Whole Life are all permanent life insurance products.

Funding allocation

This graph shows the approximate allocation of available funds to achieve the couple's objectives. These funds are in addition to the variable Creditor Insurance premiums on their line of credit.



Recommended coverage

Type of coverage	Benefit amount for Frank	Benefit amount for Shelly	Rationale
Term Life Insurance (15-year term)	$800,000	$500,000	The life policies will cover the mortgage until their youngest son is in university and provide enough money to pay the tuition for all three children, if necessary. The policies can be converted to Universal Life Joint Last to Die coverage at any time before Frank reaches age 65, should they wish to increase their permanent protection.
Critical Illness Insurance (20-year term)	$100,000	$200,000	This policy will ensure that the couple can get the medical care they need and not be a burden on their children in the event of a medical crisis. The policy features a return of all premiums paid if no claim is made prior to death.
Critical Illness Insurance (10-year term)	$200,000		A 10-year term Critical Illness policy is a cost-effective way to provide additional coverage for Frank while he is in his highest risk years[4]. The policy may be extended and/or converted to a Level to Age 75 insurance product.
Disability Insurance (with a 2-year elimination period and benefits payable to age 65)	$7,159/month (tax-free) to a maximum of $1,029,600		Frank's disability coverage at work has an "any occupation" clause which means if he became disabled and after two years could perform any occupation – as opposed to the one he trained for – his disability income would stop. Using personal insurance to supplement his group coverage, the family will have the peace of mind of knowing that disability income for the family's only bread winner will continue for as long as Frank is unable to perform his own occupation – right up to age 65.
Universal Life Insurance (with an increasing death benefit and level cost of insurance)	$500,000 Joint Last to Die coverage		Frank and Shelly want to ensure that the assets they are accumulating will pass to their children – and that the children will be able to enjoy the cottage they've all worked to restore rather than having to sell it to pay taxes. This permanent policy will make money available for the children to pay final taxes and other debts on the death of the second parent.

Ensure your financial well being

As a TD Waterhouse client, you have access to an exceptional team of banking, estate, trust, insurance and investment professionals. We work together to grow and preserve your assets and help achieve what is important to you in the transition of your wealth to future generations. As an integral part of this team, your TD Waterhouse Life Licensed Advisor is an objective specialist who has been carefully trained to provide a customized strategy using products from a variety of leading insurance suppliers.

Protect your personal and financial goals and the well being of your family. Find out what specific strategy recommendations your TD Waterhouse Life Licensed Advisor has for your personal situation.

We look forward to being of service.

[1] TD Waterhouse Life Licensed Advisors are licensed insurance agents of TD Waterhouse Insurance Services Inc. They offer insurance products from a variety of leading insurance suppliers.

[2] The people and situations identified in this brochure are fictional. The life stages and strategies identified are presented for illustration purposes only and are not intended to reflect the full range of stages or strategies available to customers. These examples are intended to assist customers in identifying their needs. While assumptions and values used for the examples were reasonable at the time the examples were prepared, using tax laws in effect at that time, they are for illustration purposes only. The circumstances emphasize the attributes of the products and strategies being described.

[3] The insurance strategies described are not appropriate for all individuals. Particular insurance strategies should be evaluated relative to each individual's objectives and in consultation with a TD Waterhouse Life Licensed Advisor or other professional.

[4] Half of all heart attacks happen to people during their working years. Source: Heart and Stroke Foundation of Canada.

All insurance products and services are offered by licensed agents of TD Waterhouse Insurance Services Inc., a member of TD Bank Financial Group. All insurance products contain certain restrictions, limitations and terms for continuing coverage as outlined in the specific policy documents. Please be sure to read all materials carefully.

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