

Retirement

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 Advisors¹ 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 Kevin and Pam²

- Kevin and Pam are both 69 years old and non-smokers, with a combined pension income of \$150,000.
- The couple has one grown daughter.
- A 10-year Term Life Insurance policy in the amount of \$250,000 provides Joint First to Die coverage.
- They have Permanent Life Insurance with \$50,000 cash value.
- They also have Critical Illness Insurance that provides a benefit of \$100,000 for each of them to age 75.

Personal circumstances and concerns

- Kevin sold his business at age 60 and the proceeds are invested in non-registered funds.
- Longevity runs in both Kevin and Pam's families and they're worried about the possibility of outliving their savings.
- The couple is actively involved in charitable work and they want to leave a special legacy.
- They also want to make sure there's a nest egg left for their daughter.

Financial snapshot

Assets		Liabilities	
■ Cash and equivalents	\$150,000	■ Loan	\$0
■ Non-registered investments	\$1,000,000	■ Mortgage	\$0
■ Registered investments	\$250,000	■ Other debt	\$0
■ House	\$800,000		

Our TD Waterhouse Life Licensed Advisor's recommendations³

As the first step in tailoring a plan for Kevin and Pam, 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 approximately \$30,000 annually to protect their plan for a comfortable retirement and safeguard the legacy they wish to leave.

After careful analysis, our TD Waterhouse Life Licensed Advisor recommends a comprehensive plan combining Living Benefits, Charitable Giving and Insured Annuity strategies.

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.

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.

Long Term Care Insurance

- Provides tax-free benefits to help maintain your quality of life if you become unable to care for yourself.
- Avoids the problem of paying for long-term care with retirement savings.
- Lets you remain in your home or get the appropriate care in the facility of your choice.

CHARITABLE GIVING OPTIONS

- This strategy uses life insurance and/or a life annuity to make a charitable donation and avoids any liquidation issues your estate might face if the gift was made by will.
- A permanent life insurance policy (Term to 100 Life Insurance, Universal Life Insurance or Whole Life Insurance) can be taken out with your charity as beneficiary. If the policy is owned by the charity, you receive an annual tax receipt for the premiums you pay. If you own the policy, your estate receives a tax credit for the benefit paid to the charity upon your death.

- An existing permanent life insurance policy can be assigned to a charity, generating both an immediate tax receipt for any cash value in the policy and annual receipts as premiums are paid.
- A Charitable Annuity enables you to make a donation to a charity and receive an immediate tax credit while also receiving a guaranteed income for life.
- The Insured Annuity strategy outlined next may also be used to make a charitable donation.

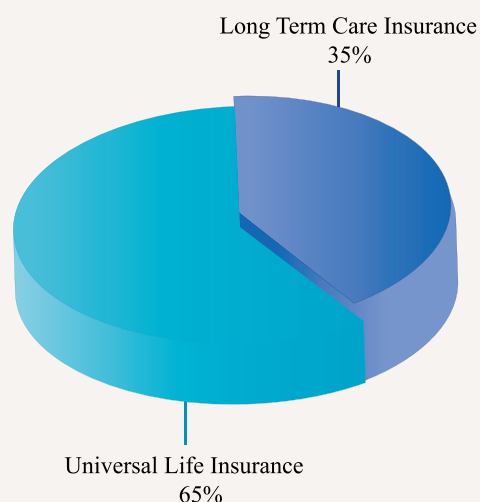
INSURED ANNUITY

- This is a two-part strategy that combines the income stream of an annuity with either Term to 100 Life Insurance or Universal Life Insurance to replace the capital used.
- The annuity provides a guaranteed lifetime stream of equal payments that, after-tax, could be significantly more than what traditional non-registered fixed income investments generate. This is because a “prescribed” annuity spreads taxation of the interest portion over the life of the contract, reducing taxable income in the early years.
- Part of the annuity payment is used to pay for a life insurance policy with a death benefit equal to the lump sum used to purchase the annuity. This death benefit eventually flows tax-free to your beneficiaries.

Funding allocation

This graph shows the approximate allocation of available funds to achieve the couple's objectives. These funds are in addition to the premiums for Life and Critical Illness Insurance coverage that they already have.

This graph includes funding of the insurance portion of the “Insured Annuity” but not the annuity portion. The annuity would be funded from their non-registered investments and would generate additional income for the couple.



Recommended coverage

Type of coverage	Benefit amount for Kevin	Benefit amount for Pam	Rationale
Long Term Care Insurance (90-day elimination period and benefits of \$300/day)	\$225,000	\$225,000	Kevin and Pam understand the damage a long-term illness could do to both their financial and emotional well being – not to mention the stress caring for them would put on their only daughter who lives in another city. After researching the available services in their community, the couple wants to ensure adequate protection to afford private or in-home care. The \$300/day benefit is the maximum coverage currently available.
Universal Life Insurance (with an increasing death benefit and level cost of insurance)	\$1,000,000 Joint Last to Die coverage		This coverage is split between two policies of \$500,000 each. The first policy will benefit a charity at their death and generate a tax credit to help offset the taxes payable on their final Income Tax return. The second policy is the insurance component of their Insured Annuity strategy, replacing the \$500,000 investment they used to purchase the annuity, thereby restoring the inheritance they wish to leave their daughter.

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.

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