

Saving for Retirement

We're living longer and healthier than at any other time in history. That's why planning for your retirement is more important than ever. There are many ways of doing that, however, our focus here is on Segregated Funds. Segregated fund insurance products are pools of money that are professionally managed to achieve certain financial objectives. Some think that Segregated Funds look like and behave like Mutual Funds.

Take a closer look at the following chart to discover many important differences as well as similarities between Segregated Fund insurance products and Mutual Funds.

	Segregated Funds ¹	Mutual Funds
Overview	Your net premiums are invested in the segregated funds of an insurer which, in turn, invests in securities such as stocks, bonds and money market investments. Segregated Funds are insurance products.	Money is pooled and invested on behalf of unit holders in securities such as stocks, bonds and money market investments.
Regulated by	Provincial Life Insurance Acts	Securities Legislation
Capital Growth Potential	Yes	Yes
Track unit value in the newspaper	Yes	Yes
Diversify investments	Yes	Yes
Financial Protection	At death and maturity, premiums minus withdrawals are guaranteed, between 75% and 100%.	No guarantees on investment performance. Theoretically, you could lose everything.
Death Benefit	Yes, receives either the guaranteed death benefit or market value of certificate depending on which is greater.	No, estate or beneficiaries ² will get market value. Mutual funds are investments only.
Diversify investments	Yes	Yes
Probate Protection	At death, proceeds can be paid directly to a named beneficiary, avoiding the estate administration process, and the cost of probate fees.	At death, proceeds are an asset of the estate and are subject to estate administration process and legal fees. It could be some time before the estate can distribute the mutual funds.
Creditor Protection	Designations in favour of a parent, spouse, child or grandchild may result in the insurance money being exempt from seizure. This is sometimes referred to as "creditor protection". The money cannot have been deposited as: <ul style="list-style-type: none"> • Part of a fraudulent conveyance (transferring money to keep it out of reach of existing creditors). • Within a specific time period before bankruptcy 	No protection against the claims of creditors.

RRSP Eligible	Yes	Yes
RESP Eligible	No	Yes
<p>Taxation Implications for non-registered investments</p>	<p>You are only taxed on the income you actually receive. Taxation is based on how long you own the Segregated Fund units within the income period.</p> <ul style="list-style-type: none"> E.g. if you buy units one day before the fixed date, you are only assessed for one day's income. The unit seller is assessed for income made before the end date. <p>You can use capital losses to offset capital gains from other sources.</p> <p>For accounting purposes, acquisition fees are excluded from the adjusted cost base and treated separately.</p>	<p>You could be taxed on income you never received. Taxation is based on who owns the mutual fund units on a given date at the end of the income period.</p> <ul style="list-style-type: none"> E.g. if you buy units one day before the end date, you are assessed for all income earned in that period, even though you did not benefit from that income. <p>Capital losses must be carried forward by the fund and are not allocated to you, the unit holders.</p> <p>Acquisition fees are included in the adjusted cost base.</p>
<p>Under what circumstances might these be more suitable?</p>	<p>Non-registered or registered funds. Investors approaching retirement. Investors who like the security of guarantees.</p>	<p>Non-registered and registered funds. Investors who want a wide variety of specialized fund choices in their investments. Investors willing to give up guarantees for potential increased returns.</p>

¹ Segregated funds are individual variable insurance contracts that are regulated under the Life Insurance Act.

² applies to registered contracts.

+ Segregated Fund insurance products are available through our office. A description of the key features of the individual variable insurance contract is contained in the information folder. Subject to any applicable death and maturity guarantee, any part of the premium or other amount that is allocated to a segregated fund is invested at the risk of the certificate holder and may increase or decrease in value according to the fluctuations in the market value of the assets of the segregated fund. If applicable, certain of its regular contractual benefits may be required to be modified under the terms of an endorsement upon registration. Registered life insurance contracts, such as Segregated Funds, may be more suitable as means of long duration investment rather than short duration.

Find out what kind of risk you can tolerate by using our [investor profile questionnaire](#). Although we represent all insurance companies, this one we've borrowed from Canada Life. There are many varieties of Segregated Funds, each with its own objectives and strategies. To get an idea of how much money you'll need at retirement, use this [retirement income calculator](#) from the government of Canada.

Now, you need an advisor. Give us a call today in order to start enjoying the benefits of your retirement plan long after you've stopped working. We can be reached at:

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