## Time Not On Your Side?

Although it is often said that the best friend to an effective retirement plan is time, sometimes there is less time for saving than we would like. In such instances, there are methods available to optimize your dollars through borrowing. The more money you have invested, the more money it will make.

## Non-Registered Investment Loans

Do what the wealthy have been doing for years! Use other people's money to grow your own wealth. With compound interest rules, we know that a large sum of money can see more growth than a monthly deposit would. In this case, you can opt to pay the monthly interest on the investment loan only, which is a tax deduction in the year the interest payment is made, and then once your loan amount has doubled you can pay back the principal to the lending institution.

*Consider that at an 8% return, it would take 9 years for your money to double. With a $100,000 loan at 6% interest, you would be paying $54,000, getting the tax deduction of $16,200, and net over $100,000 once the loan was repaid… therefore it would cost you after-tax approximately $58,000 to make $100,000 in 9 years. Compare that to the same scenario at $500 monthly, with a total cost of almost $60,000 (deposit + taxes) over 9 years only netting you $71,000 under the same return rate.*

## RRSP Catch-Up Loans

This is a great tool if you're looking to catch up on missed RRSP contributions, and have room within your contribution limits to make a larger deposit. This will also gain you a significant tax deduction for the year of contribution however the payments on the loan over the amortization period are not tax deductible.


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# Will You Be Ready to Retire?



Insurance & Financial Group Inc.
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## Building Your Retirement Nest Egg

Have you thought about what you would like to do once you retire? Spend more time with friends and family? Travel? Devote more time to a favourite hobby?

Have you thought about where the money will come from?

While you may not be ready to plan your retirement calendar, it's never too early to start securing your financial future.

Government benefits will provide a portion of your retirement income, but you shouldn't rely solely on government funds for retirement living. Create a diversified portfolio of investment vehicles to maximize your retirement dollars.

*Are Registered Retirement Savings Plans the only option?*

***NO!!***

## What You Already Know...

### Registered Retirement Savings Plans (RRSPs)

The most well-known retirement planning vehicle, RRSPs are government sponsored savings vehicles, allowing for tax deductibility in the year of contribution, flexibility of contributions, however be informed of the restrictions and taxation attached with these plans.

Upon retirement, the RRSP is transferred to a Registered Retirement Income Fund (RRIF) which sets stringent minimums and maximums, and acts as taxable income when drawn. BEWARE: A high amount of taxable income during retirement can trigger reduced government retirement benefits (Old Age Security, etc). Do you really want to put the government into a position to withhold retirement benefits that are rightfully yours?

***What can you do to secure a desired retirement lifestyle, while reducing your taxable income?***

## Diversify Your Retirement Income Sources

### Non-Registered Investment Planning

Using Non-Registered investments allow for accessible, after-tax funds which can be used to supplement your regular retirement income and not trigger any recalculation of government benefits. Tax is paid on the investment growth annually and no tax deduction is given for contributions, however a mix of registered and non-registered investments is key to a healthy retirement plan.

### Insured Retirement Program

Use a universal life insurance plan and build cash value by overfunding the plan while taking advantage of a tax-free growth investment. At retirement, the cash value can be used as collateral towards a loan that can provide tax-free annual income to you for part or all of your retirement. The use of a bank-provided annual loan program creates the tax effectiveness of the cash within the plan. Additional unused cash can be added to the death benefit of the policy to be directed to your beneficiaries tax-free at death.

### Family Legacy Planning

For many high income earning middle-aged individuals with insurable parents, this can be an excellent method of creating a tax-free retirement fund. The purchase of a life insurance policy on a parent can afford you a tax-free death benefit at their passing, essentially offering a retirement fund and a possible "rate of return" of triple what you might receive in another investment. Think of this: father at age 60, smoker, you pay $1500 monthly for $500,000 insurance… paying for 20 years you would have paid $360,000 to receive a tax-free $500,000. Keep in mind, this $500,000 is a guaranteed amount to you in 3 years, or 23 years.

*Are you one of only 40% of Canadians currently working with a financial advisor to achieve your retirement goals?**

As noted in survey conducted 2006 by third party, SOM


## 'Insure Against Your Losses' with Segregated Funds

With fund selection similar to that of mutual funds, Segregated Funds offer additional benefits which can be important in estate and retirement planning. These include:

- Death benefit guarantee of 75% to 100% depending on the contract, allowing your designated beneficiary to receive the greater of the fair market value and guaranteed amount of your deposits.
- Maturity guarantee of 75% assuring that at maturity of your contract, you are guaranteed the greater of the fair market value and guaranteed amount of your deposits.
- Reset options (automatic and client-initiated) allowing you to lock-in your growth, adjusting your death benefit and maturity guarantees accordingly.
- Designation of a beneficiary allows the funds at death to bypass probate, decreasing the size of your estate and thus the probate fees which are based on the dollar value of your estate.
- Potential creditor protection

## Take Advantage of Tax Savings with Spousal RRSPs

Ideal for individuals maximizing their RRSP contributions annually, depositing to a spousal RRSP for a spouse in a lower income tax bracket will allow for an additional deduction for the high-income-earning contributor, as well as the income being taken at the lower tax bracket at retirement.