



FORLIFE Series

For lifetime guaranteed income

Security

The freedom to choose

Simplicity

A circular logo featuring a stylized tree with colorful, swirling branches in shades of blue, green, and purple, set against a light green background.

Agenda

1. Death Benefit Guarantee
2. Minimum Income Guarantee
3. FORLIFE Income
4. Guarantee fees
5. RRIF and LIF
6. Taxation

1. Death Benefit Guarantee

- Death Benefit Guarantee
- Options upon Death

Death Benefit Guarantee (GMVD)

GMVD =

100% of the deposits < 80 years

+

75% of the deposits \geq 80 years

**Same as for existing Series 75/100
and Ecoflex Series 100/100**

Death Benefit Guarantee (GMVD)

Reset of the GMVD

- Allowed in the Savings Stage only
 - Automatic reset upon transfer to the Income Stage
 - **No Reset** allowed in the Income Stage
- Allowed once per calendar year
(client has to ask for it)
- Allowed up to age 80

Death Benefit Guarantee (GMVD)

GMVD adjustment

At each withdrawal or income payment

- Proportional adjustment of GMVD based on market value at that time
- Same as for existing Series 75/100 and Series Ecoflex 100/100

Options upon death

Death benefit =

Higher of:

Market Value and GMVD

- Payment to the beneficiary
- Rollover to the spouse
 - Recalculation of Guarantees
 - Recalculation of income

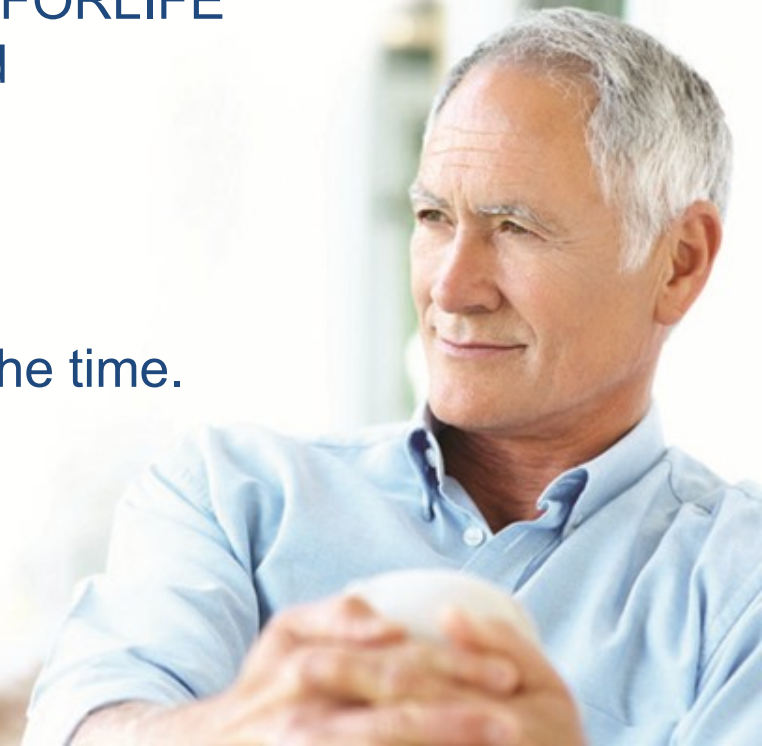
Options upon death

Rollover to the spouse - example

After a 35-year career, Peter, age 65, is now ready to enjoy his retirement.

- \$200,000 to invest
- Invests in the Income Stage in the FORLIFE Guaranteed Income & Growth fund
- He receives a guaranteed lifetime income of \$8,600

He dies at age 75. His wife is 76 at the time.





Options upon death

Rollover to the spouse - example

FORLIFE income before death = \$8,600

Death benefit = \$110,000

Current income rate: 4.80%

- Rollover =>

New FORLIFE Income = \$110,000 x 4.80% = \$5,280

New GMVD: \$110,000

- Compensation paid: 3% x death benefit =
3% x \$110,000 = \$3,300
- Less paperwork, units keep their age.

Death benefit taxation

Non-registered contract:

- Capital gain = Death benefit – ACB

Registered contract:

- Death benefit fully taxed as retirement income

2. Minimum Income Guarantee

- Minimum Income Base
- Minimum Income Rate
- Minimum Income Guarantee
- Impact of withdrawals

Minimum income guarantee

- When at least one deposit has been invested for 10 years or more in the Savings Stage

Minimum Income Guarantee

Minimum Income Guarantee =

Minimum income base x Minimum income rate

Minimum income base

100% deposits \geq 10 years

+

75% deposits < 10 years

Minimum Income Guarantee

Minimum income guarantee =

Minimum income base x Minimum income rate

Minimum income rate

Minimum income base

100% deposits \geq 10 years

+

75% deposits < 10 years

Age When Income Begins	Minimum Income Rate
50-54	3.5%
55-59	4%
60-64	4.5%
65-69	5%
70-74	5.5%
75+	6%



Minimum Income Guarantee



**\$100,000
Deposit**



Age 55

**\$50,000
Deposit**



Age 65



Age 70

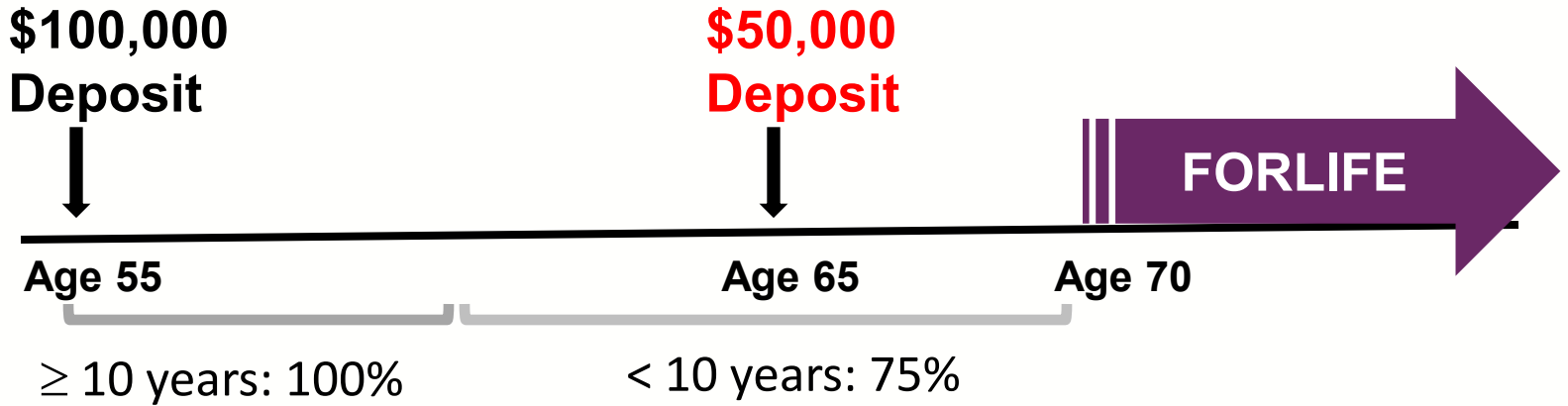




Minimum Income Guarantee



Savings Stage Income Stage

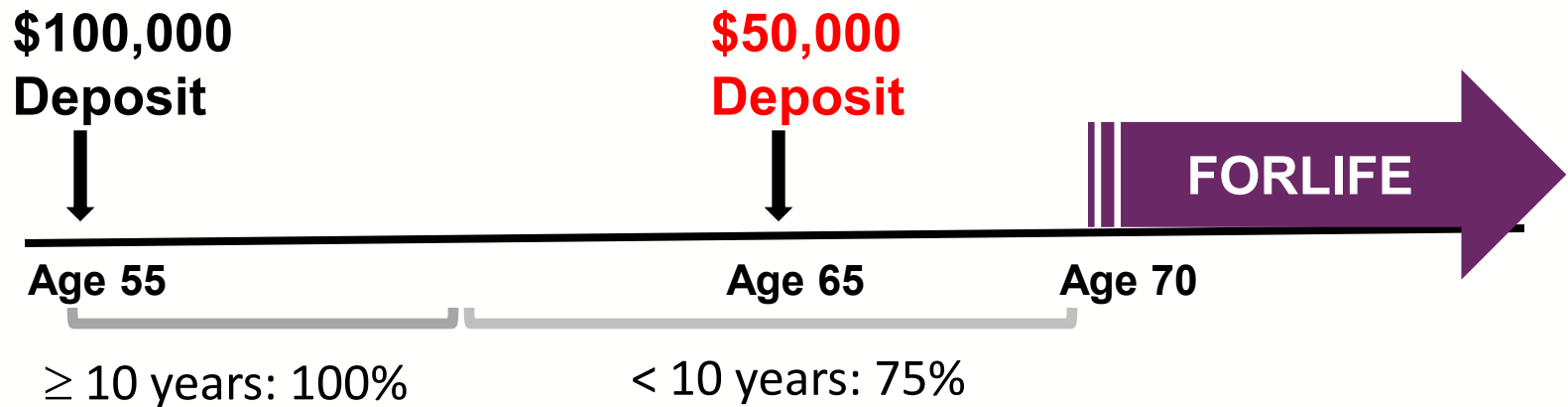


Minimum Income Guarantee



Savings Stage

Income Stage



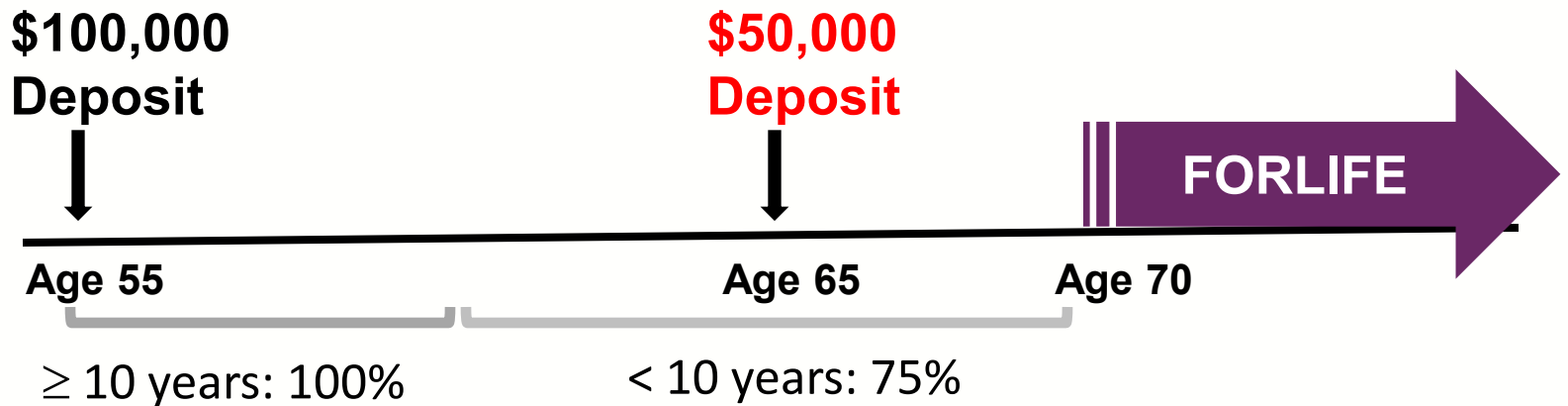
- Minimum income base at 70
 $= (100\% \times \$100,000) + (75\% \times \$50,000) = \$137,500$
- Minimum income rate at 70 = 5.5%
- Minimum income guarantee at 70 = $\$137,500 \times 5.5\% = \$7,563$



Minimum Income Guarantee increases in time



Savings Stage Income Stage



- Minimum income guarantee < age 65 = 0
- Minimum income guarantee at 65 = $\$137,500 \times 5\% = \$6,875$
- Minimum income guarantee at 70 = $\$137,500 \times 5.5\% = \$7,563$
- Minimum income guarantee at 75 = $\$150,000 \times 6.0\% = \$9,000$

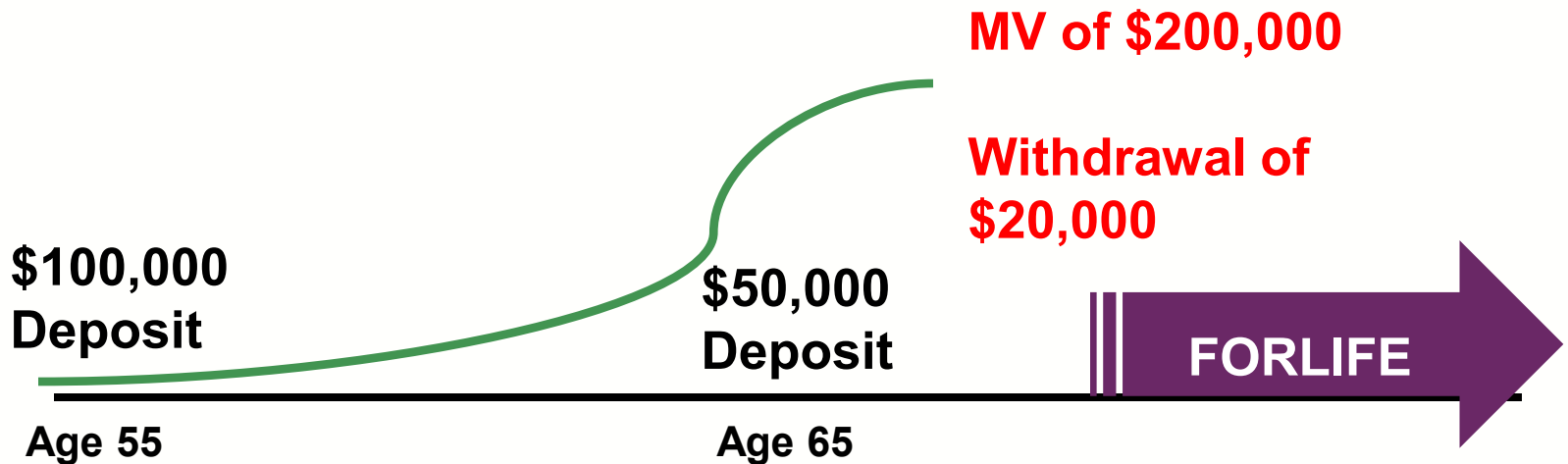


Minimum income guarantee – Impact of withdrawals



Savings Stage

Income Stage



Each deposit is reduced proportionally

- $\$100,000 \times (1 - \$20,000 / \$200,000) = \$90,000$
- $\$50,000 \times (1 - \$20,000 / \$200,000) = \$45,000$

Minimum income guarantee – Impact of withdrawals



Savings Stage

Income Stage

**\$90,000
Deposit**

Age 55

**\$45,000
Deposit**

Age 65

Age 70

FORLIFE

• New Minimum Income Base at age 70 =
 $(100\% \times \$90,000) + (75\% \times \$45,000) = \$123,750$

Minimum income guarantee at 70 = $\$123,750 \times 5.5\% = \$6,806$

3. Guarantee fees

- Savings Stage
- Income Stage

Guarantee fees – Savings Stage

- No guarantee fee 1st calendar year
- Fee = surrender of units (does not reduce guarantees)
- Fee = MV on Dec 31 x Fee %
- Fee charged quarterly starting in January

Fund Category	Fee %
Fixed income (11 funds)	0.10%
Diversified (7 funds)	0.25%
Hybrid & diversified (23 funds)	0.40%
Equity & diversified (5 funds)	0.50%

MV at Dec 31 = \$150,000

Fee % = 0.25%

Quarterly Fee = \$150,000 x 0.25% / 4 = \$94

Fee – Income Stage**Income Stage Funds**

Fund	MER	Guarantee fee
FORLIFE Guaranteed Maximum Income	2.75%	Included in MER
FORLIFE Guaranteed Income & Growth	3.00%	Included in MER

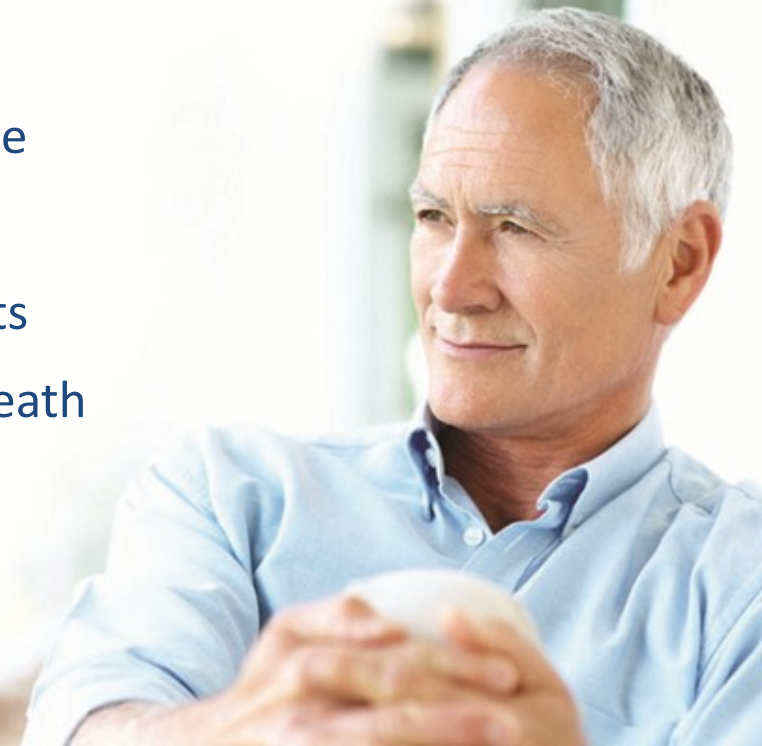
4. FORLIFE Income

- Withdrawals
- Additional deposits
- Switches between funds
- Current income rates
- Reset

FORLIFE Income – Example

After a 35-year career, Peter, age 65, is now ready to enjoy his retirement.

- \$200,000 to invest
- Invests in the Income Stage
- Immediate guaranteed lifetime income
- Still has access to his market value
- Continues to participate in the markets
- Preserves his capital in the event of death





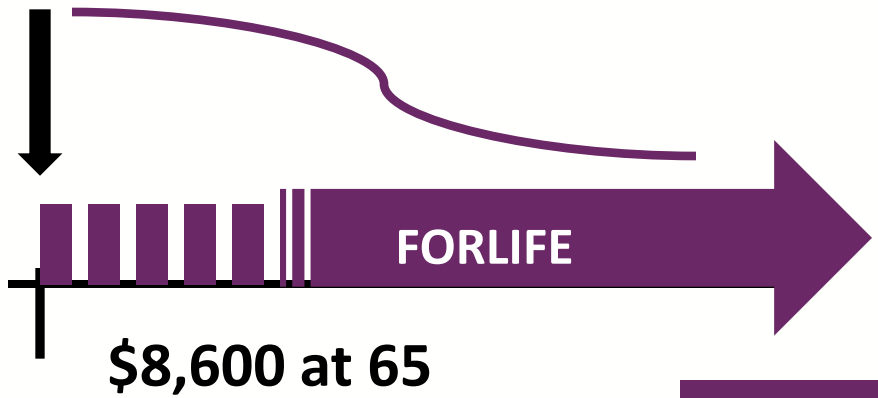
FORLIFE Income – Example

FORLIFE Guaranteed Income & Growth Fund



Income Stage

\$200,000 Deposit



FORLIFE Income
 $\$200,000 \times 4.30\%$

Peter withdraws less than the FORLIFE Income

- No income amount is carried over to the next years
- Market value decreases only by the amount he withdraws

Example:

- FORLIFE Income = \$8,600
 - Peter withdraws only \$6,000
-
- FORLIFE Income for the following year remains at \$8,600
 - Market value decreases only by \$6,000

Peter withdraws more than the FORLIFE Income

- **FORLIFE income is proportionally reduced**
- **Market value decreases by the amount withdrawn**

Example:

- FORLIFE Income = \$8,600
- Peter withdraws \$10,000: \$1,400 > FORLIFE income

- Market value before withdrawal: \$79,000
- FORLIFE income: - \$8,600
- Market value after FORLIFE income = \$70,400

- Proportional reduction = $\$1,400 / \$70,400 = 2\%$

- New FORLIFE Income = $(1 - 2\%) \times \$8,600 = \$8,428$

Peter makes an additional deposit

- **FORLIFE Income increases for the remainder of contract**
- **Market value increases by the amount of the deposit**

Example:

- FORLIFE Income = \$8,600
- In 2017: Peter, now 68, makes a new deposit of \$40,000
- In 2017: current income rate = 4.45%

(Male 68, Guaranteed Income & Growth fund)

- **New FORLIFE Income =**
 $(4.45\% \times \$40,000) + \$8,600 = \$10,380$



Peter switches to the Maximum Guaranteed Income fund

- Only total transfer is possible

Example:

2014 – Peter invested \$200,000 in the Guaranteed Income & Growth Fund

- FORLIFE Income = \$8,600

2017 – Total transfer of the market value to the Guaranteed Maximum Income Fund

- Market Value = \$194,000
- \$194,000 x 5.27% (Male 68, Maximum Gteed fund)
- New FORLIFE Income = **\$10,224**



FORLIFE Income – Current Income Rates by Fund



- **Based on Age and Gender**
- **Available from age 50**
- **Reviewed periodically**

Current Income rates – September 1 st , 2014*				
Age	Guaranteed Maximum Income Fund		Guaranteed Income & Growth Fund	
	Male	Female	Male	Female
65	5.14%	4.87%	4.30%	4.05%

- **Published in the illustration tool**

*as illustrated in the CHOOSE IA Magazine



FORLIFE Income – Automatic Reset Every Three Years



Automatic Reset of Income Every Three Years (upside only)

Based on **Market Value**

- Income Stage fund's return

AND

Based on **Current Income Rate**

- Increase in **Age**
- **Potential** increase in **interest rates**



FORLIFE Income – Automatic Reset Every Three Years



**New
FORLIFE
Income** = Max {
Actual FORLIFE Income
Or
**Market value x
Current Income rate**



Automatic Reset after 3 years Upside only

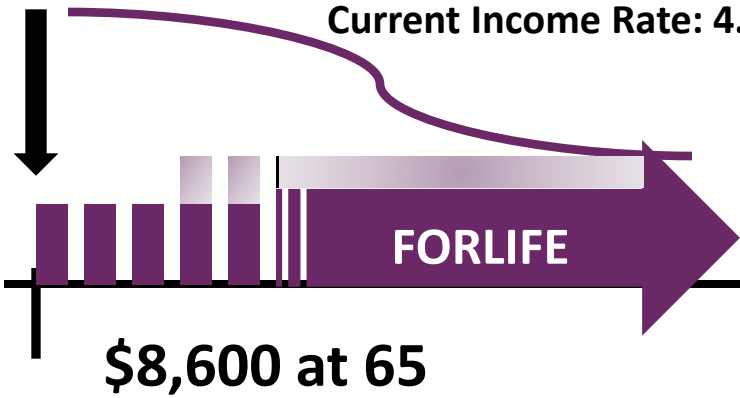


Income Stage

\$192,000 Market Value

Using a net return of 3%

Current Income Rate: 4.66% (M68)



\$8,950 from 68

**New FORLIFE Income:
Higher of \$8,600
and
 $\$192,000 \times 4.66\%$**



Automatic Reset every 3 years
Upside only



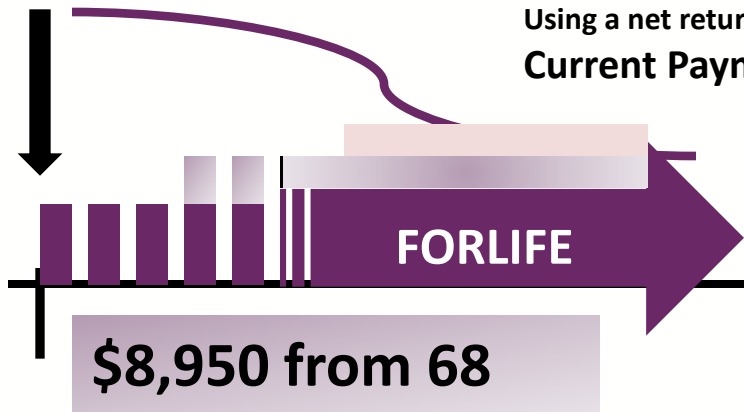
Income Stage

At age 71:

\$182,000 Market Value

Using a net return of 3%

Current Payment Rate: 4.97% (M71)



\$8,950 from 68

\$9,040 from 71

**New FORLIFE Income:
Higher of \$8,950
and
 $\$182,000 \times 4.97\%$**

FORLIFE Income payments

Income frequency:

- Monthly, quarterly, semi-annually or annually

First income payment

- Must be no later than December 31 of the next calendar year

5. RRIF and LIF

- Minimum RRIF payment
- Maximum LIF payment
- RRIF for Life

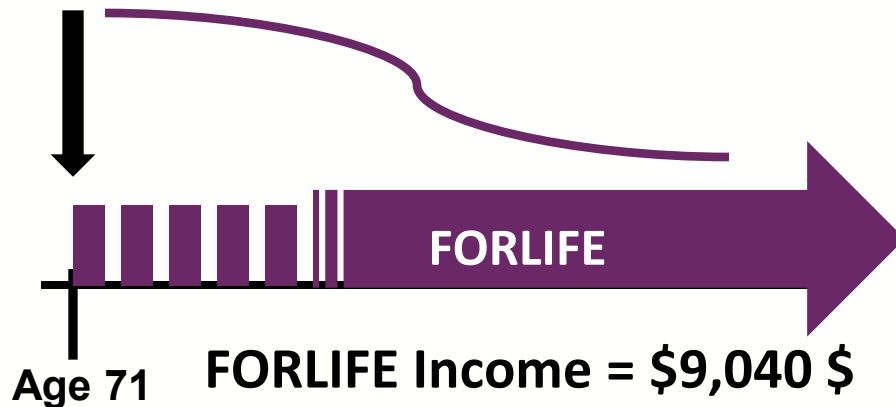
Minimum RRIF Payment



Income Stage

\$182,000

Market value

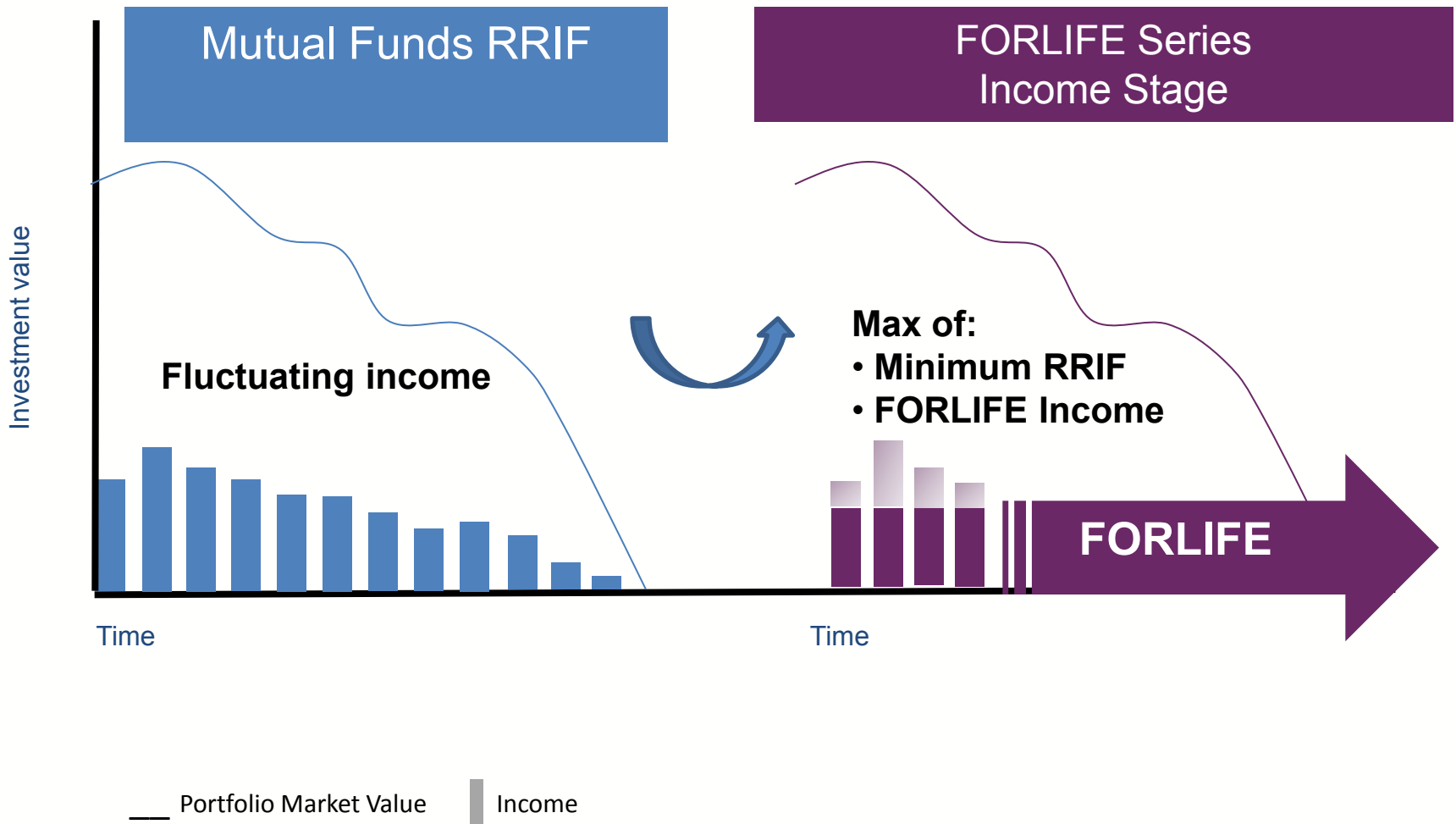


Min RRIF = 7.38 % x \$182,000 = \$13,432

The client receives \$13,432 with no reduction of future FORLIFE Income



Income Stage – Offer them a RRIF for Life



Maximum LIF Payment – If FORLIFE Income is higher than the Maximum LIF

- Option to transfer into an annuity to receive an income equal to the FORLIFE Income

Example:

- FORLIFE Income = \$10,720
 - Maximum LIF for the year = \$7,150
- Client could convert into an annuity to continue to receive \$10,720 for life

6. Taxation

- Non-registered contracts
- Registered contracts
- Tax facts



Non-registered contracts – Income Stage

As long as Market value $>$ \$0

- Capital gain or loss on withdrawal, according to difference between MV and ACB
- Annual taxation of income realized by funds and allocated to unit holders

When Market value = \$0

- Withdrawals taxed as capital gains



Non-registered contracts – Income Stage

Annual withdrawal: \$8,600

Example 1

Market value: \$156,000

Adjusted cost basis (ACB): \$115,000

FORLIFE Income	\$8,600
Return of capital	
$\$8,600 \times (\$115,000 / \$156,000)$	\$6,340
<hr/> Capital gain on withdrawal	<hr/> \$2,260

➤ only 50% of capital gain is taxable



Non-registered contracts – Income Stage

Annual withdrawal: \$8,600

Example 2

Market value: \$0

Adjusted cost basis (ACB): \$0

FORLIFE Income	\$8,600
Return of capital	\$0
<hr/>	
Capital gain on withdrawal	\$8,600

➤ only 50% of capital gain is taxable



Transfer from the Savings Stage to the Income Stage

- Same as a switch between funds
- Selling Savings Stage fund units and buying Income Stage fund units
- There will be capital gain or loss for non-registered contracts



Registered contracts – Income Stage

Annual withdrawal: \$8,600

- \$8,600 considered as taxable income

Segregated Funds – Tax facts

- Segregated funds tax shareholders **proportionally to their presence** in the fund throughout the year, whereas mutual funds tax shareholders depending on their presence at year end.
- The insurance company is responsible for calculating the taxable amount for the T3 Tax Slip at disposition.
 - ✓ **Simplifies tax filing**

Segregated Funds Advantages

Beneficiary designation

- At death – avoid probate process
 - ✓ **Speedy** estate **settlement**
 - ✓ **No expense** of probate
 - ✓ **Privacy** of proceeds of the estate
- Potential **creditor protection**
 - ✓ **Protect personal assets** from bankruptcy or professional liability
 - ✓ Helpful for small business owners, professionals and self-employed workers

Thank you!



Fund list – Focus, Selection and Income

FOCUS FUNDS	MER	Guar. Fee	Total Fees
Focus Prudent	2.80%	0.10%	2.90%
Focus Moderate	2.90%	0.10%	3.00%
Focus Balanced	2.98%	0.25%	3.23%
Focus Growth	3.08%	0.40%	3.48%
Focus Aggressive	3.10%	0.50%	3.60%
SELECTION FUNDS			
Selection Prudent	2.75%	0.10%	2.85%
Selection Moderate	2.84%	0.10%	2.94%
Selection Balanced	2.94%	0.25%	3.19%
Selection Growth	3.06%	0.40%	3.46%
Selection Aggressive	3.16%	0.50%	3.66%
INCOME FUNDS			
Money Market	1.59%	0.10%	1.69%
Short Term Bonds	2.29%	0.10%	2.39%
Bonds	2.31%	0.10%	2.41%
Strategic Corporate Bond	2.40%	0.10%	2.50%
Tactical Bonds (Aston Hill)	2.42%	0.10%	2.52%
Real Return Bond	2.31%	0.10%	2.41%

Fund list – Diversified and Can Hybrids

DIVERSIFIED FUNDS	MER	Guar. Fee	Total Fees
Diversified Security	2.88%	0.10%	2.98%
Diversified	2.90%	0.25%	3.15%
Diversified Opportunity	2.92%	0.40%	3.32%
Canadian Balanced (QV)	3.08%	0.40%	3.48%
SRI Balanced (Inhance)	3.05%	0.25%	3.30%
Diversified Income	3.02%	0.40%	3.42%
Strategic Income	3.09%	0.25%	3.34%
Global Diversified (Aston Hill)	3.15%	0.25%	3.40%
Tactical Income (Aston Hill)	3.09%	0.25%	3.34%
CANADIAN HYBRID FUNDS			
Strategic Equity Income Hybrid 75/25	2.57%	0.40%	2.97%
Dividend Growth Hybrid 75/25	2.67%	0.40%	3.07%
Canadian Equity (Leon Frazer) Hybrid 75/25	2.98%	0.40%	3.38%
Canadian Equity Index Hybrid 75/25	2.77%	0.40%	3.17%
Select Canadian Hybrid 75/25	2.82%	0.40%	3.22%
Canadian Equity Value Hybrid 75/25	2.92%	0.40%	3.32%
Canadian Equity (Taylor AM) Hybrid 75/25	3.14%	0.40%	3.54%
Fidelity True North® Hybrid 75/25	3.25%	0.40%	3.65%
Canadian Equity Growth Hybrid 75/25	2.79%	0.40%	3.19%
Fidelity Canadian Opportunities Hybrid 75/25	3.24%	0.40%	3.64%
Canadian Equity (Small Cap.) (QV) Hybrid 75/25	3.16%	0.40%	3.56%



Fund list – Global Hybrids, Can Equity, Income Stage



GLOBAL HYBRID FUNDS	MER	Guar. Fee	Total Fees
Global Dividend (Dynamic) Hybrid 75/25	3.13%	0.40%	3.53%
Global Equity Hybrid 75/25	3.02%	0.40%	3.42%
Global Equity (Templeton) Hybrid 75/25	3.29%	0.40%	3.69%
Global Opportunity (Radin) Hybrid	3.24%	0.40%	3.64%
Global True Conviction Hybrid 75/25	3.00%	0.40%	3.40%
Fidelity North Star Hybrid 75/25	3.27%	0.40%	3.67%
U.S. Equity (Sarbit) Hybrid 75/25	3.11%	0.40%	3.51%
CANADIAN EQUITY FUNDS			
Strategic Equity Income	2.70%	0.50%	3.20%
Dividend Growth	2.76%	0.50%	3.26%
Canadian Equity (Leon Frazer)	3.15%	0.50%	3.65%
FORLIFE SERIES FUNDS – INCOME STAGE			
FORLIFE Guaranteed Maximum Income	2.75%	--	2.75%
FORLIFE Guaranteed Income & Growth	3.00%	--	3.00%