



Let's talk safe money.

At the whiteboard, with the whitepaper.

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Life's brighter under the sun

Sun 
Life Financial

Today's *agenda*



Safe money and its economic value



The advisor/client conversation



The facts, the figures and the data

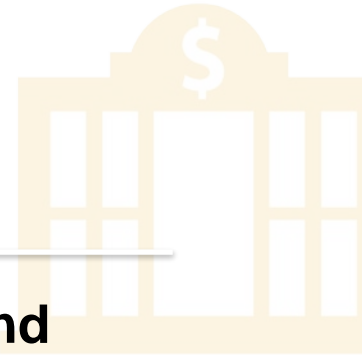
Today's *agenda*



Safe money and its economic value

Safe *money*

Part of a balanced portfolio



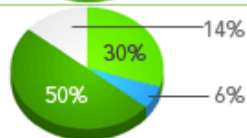
SHORT-TERM

Looking to preserve capital and can accept the lowest returns in exchange for stability.



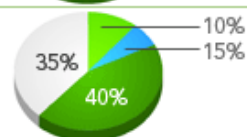
CONSERVATIVE

Seeking to minimize fluctuations in the market by taking an income-oriented approach. Less than a five year time frame.



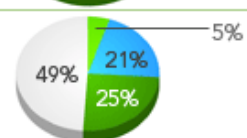
BALANCED

Preference for growth and can withstand significant fluctuations in market value. Greater than a ten-year time frame.



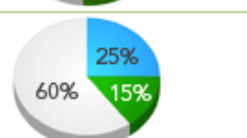
GROWTH

Can tolerate wide fluctuations in market values, especially over the short term. Greater than a ten-year time frame.



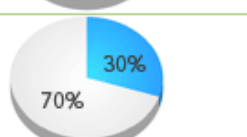
AGGRESSIVE GROWTH

Seeking very aggressive growth and can tolerate very wide fluctuations in market values. Greater than a ten-year time frame.



MOST GROWTH

Seeking very aggressive growth and can tolerate very wide fluctuations in market values. Greater than a ten-year time frame.



■ Short-Term ■ Bonds □ Domestic Stock ■ Foreign Stock

Preserve capital and provide stability!

80% in safe money

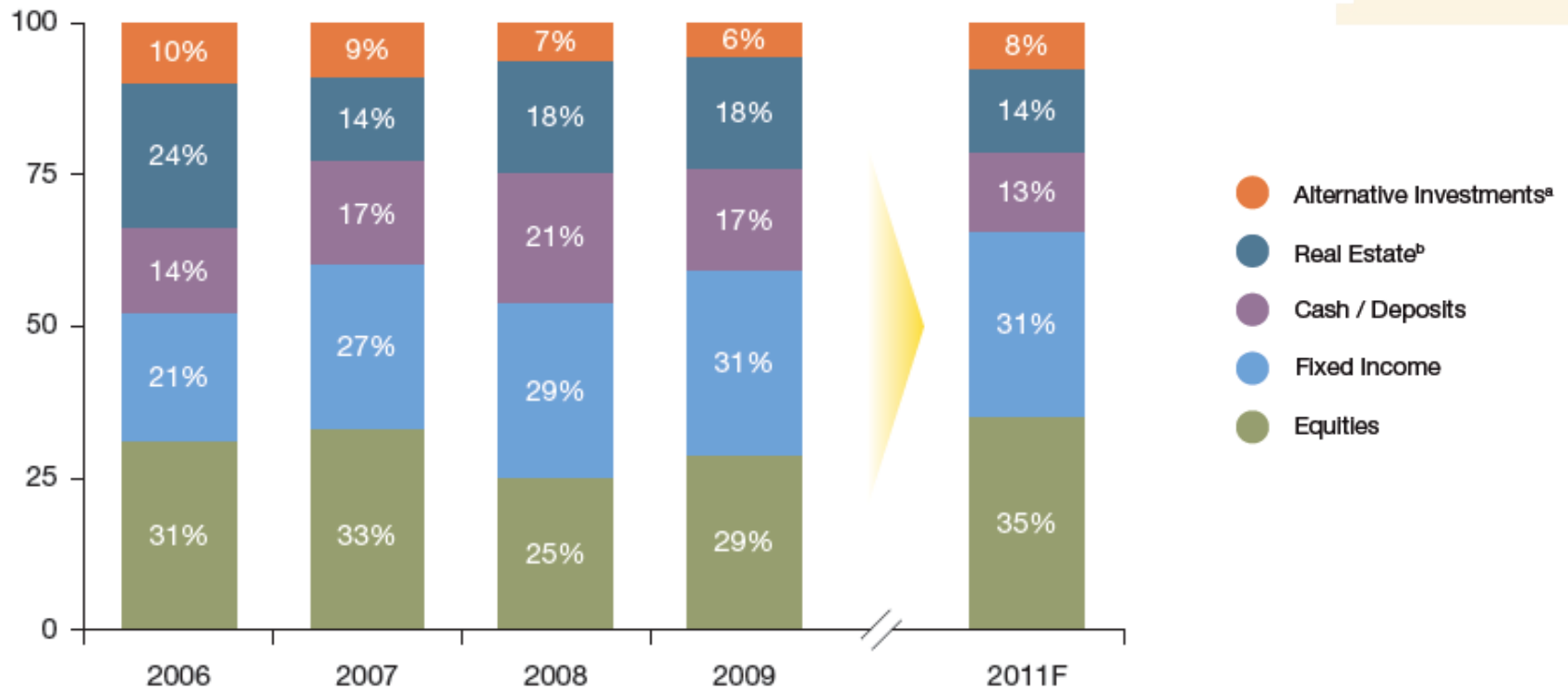
50% in safe money

30% in safe money

15% in safe money

Where is the *money going*?

How do high net worth investors behave?



*Source: Capgemini World Wealth Report, 2011

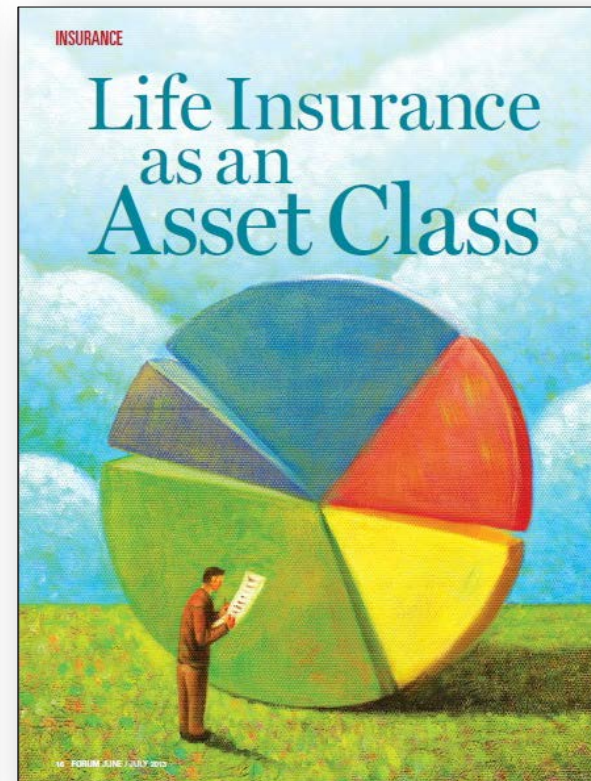
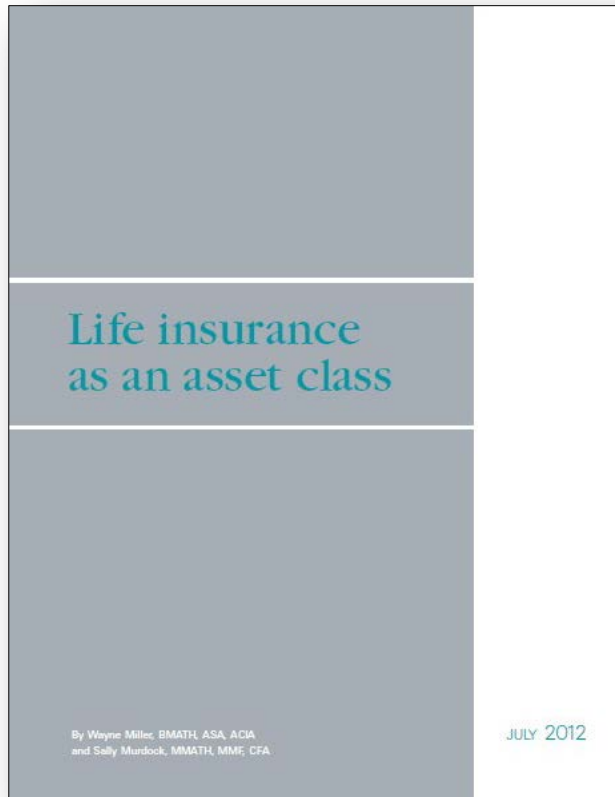
Today's *agenda*



The advisor/client conversation

So, *what do you think?*

Relevant Canadian analysis



The *right conversation*

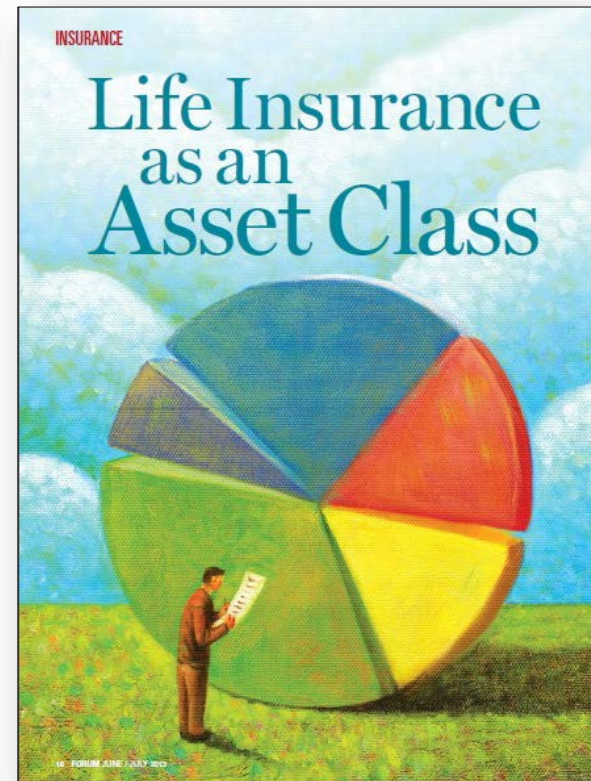
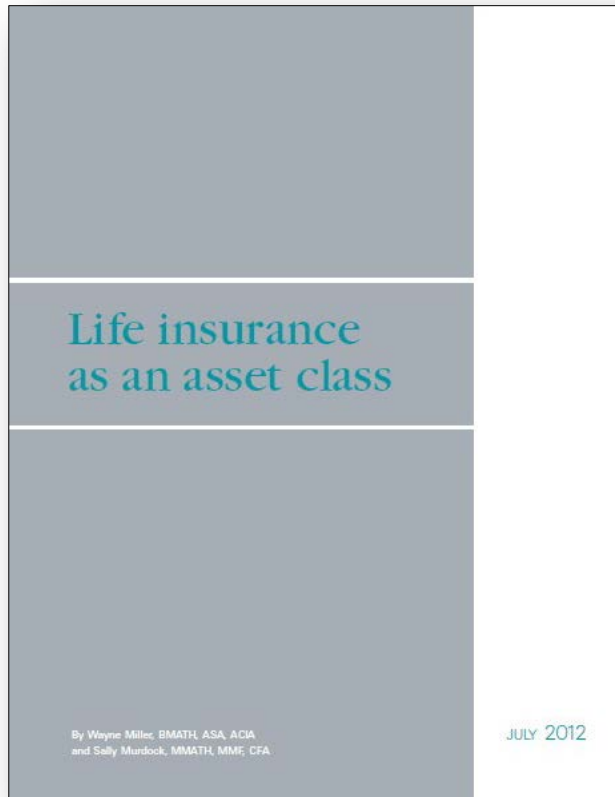
Three things to keep in mind as we discuss



- Who is the right advisor and right client?
- What should we compare safe money to?
- How to take a Balance Sheet vs Income Statement approach?

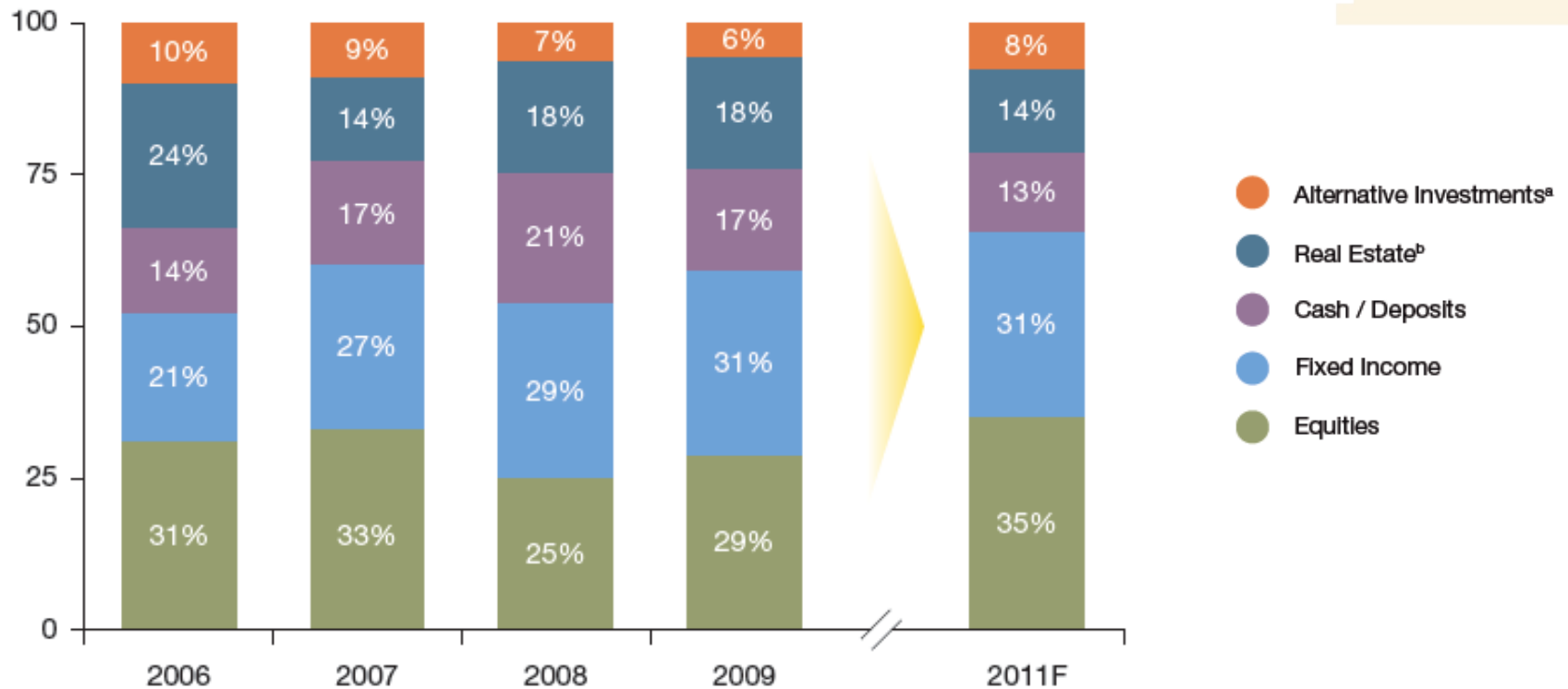
So, *what do you think?*

Relevant Canadian analysis



Where is the *money going*?

How do high net worth investors behave?



*Source: Capgemini World Wealth Report, 2011

What's the right Conversation?

Ask your client what is % of their assets are in safe money

- Money Market <1%
- Government Bonds <1.5%
- Corporate Bonds <2.6%
- High Interest Saving <1%
- 5 years GIC <1.5%
- Cash <1%

Why talk about *US Banks*?

Does their behaviour tell investors something?



\$140B csv invested!
4,000 Banks in the US

Wells Fargo csv...\$19.3B

Bank of America csv...\$18.5B

JP Morgan Chase csv...\$9.8B

Citi Bank csv...\$4.5B

Why talk about *US Banks*?

Something HNW care about: collateral capacity



Major Banks Investment in Cash Value Life Insurance in Comparison to Bank Premises and Other Fixed Assets

In Tier One Capital as of June 30, 2011 (Source: FDIC)

Institution	Tier One Capital \$\$/(Billions)	Life Ins. \$\$/(B)+*	Bank Premises & Other Fixed \$\$/(Billions)
JPMorgan Chase	\$93.498	\$9.825	\$10.225
Bank Of America	\$118.60	\$18.530+	\$10.872
Citibank	\$101.00	\$4.478+	\$4.342
Wells Fargo	\$92.092	\$19.334+	\$8.103
U.S. Bank	\$23.577	\$5.168+	\$2.505
PNC Bank	\$25.709	\$5.873+	\$4.140
Bank Of Nymellon	\$10.807	\$3.420+	\$1.224
HSBC Bank USA	\$15.948	\$0.224	\$0.504
FIA (Bank of America)	\$29.210	\$0.583+	\$0.551
TD Bank	\$12.813	\$1.589	\$2.576
Suntrust	\$13.650	\$0.651	\$1.352
Branch Bank & Trust	\$15.136	\$3.382+	\$1.828
Capital One	\$10.143	\$0.536	\$1.833
Regions Bank	\$11.206	\$2.519+	\$2.419
RBS (Citizens Bank)	\$9.243	\$0.863	\$0.935
Fifth Third Bank	\$12.985	\$1.730	\$2.231
ING Bank	\$8.664	\$1.1210+	\$0.090
Keybank	\$9.672	\$2.999+	\$0.887
Union Bank	\$8.268	\$0.199	\$0.686
Sovereign	\$7.984	\$1.535+	\$0.384
Manufacts & Traders	\$5.653	\$1.524+	\$0.544
Compass Bank	\$5.084	\$0.6458	\$1.267
Bank Of The West	\$6.404	\$1.297+	\$0.455
Comerica	\$6.118	\$0.994+	\$0.637
Huntington National	\$3.957	\$1.478+	\$0.519
BMO Harris Bank	\$4.286	\$1.391+	\$0.459
E* Trade Bank	\$3.342	\$0.283+	\$0.003
New York Community	\$3.204	\$0.6849+	\$0.220
Citizens Bank-PA	\$2.838	\$0.3471+	\$0.090
First Niagara Bank	\$2.054	\$0.3796+	\$0.292
American Express	\$5.925	\$0.1126+	\$0.001
Synovus Bank	\$2.845	\$0.2516	\$0.492
RBC Bank	\$2.922	\$0.6996+	\$0.342

Tier 1 capital...

“The core measure of a bank’s financial strength from a regulator’s point of view.”

Today's *agenda*



**The facts, the
figures and the data**

How would you prepare *for this?*

My client wants to talk about JLTD 55MNS/55FNS, Par as an Asset Class with deposits of \$50K per year.

What's the right *comparison*?



- Money in Holdco
- 5% Fixed Income (safe \$)
- 45% MTB
- 30% Dividend Tax Rate
- \$50K Deposits for 10 years

With status quo, how much is mine?

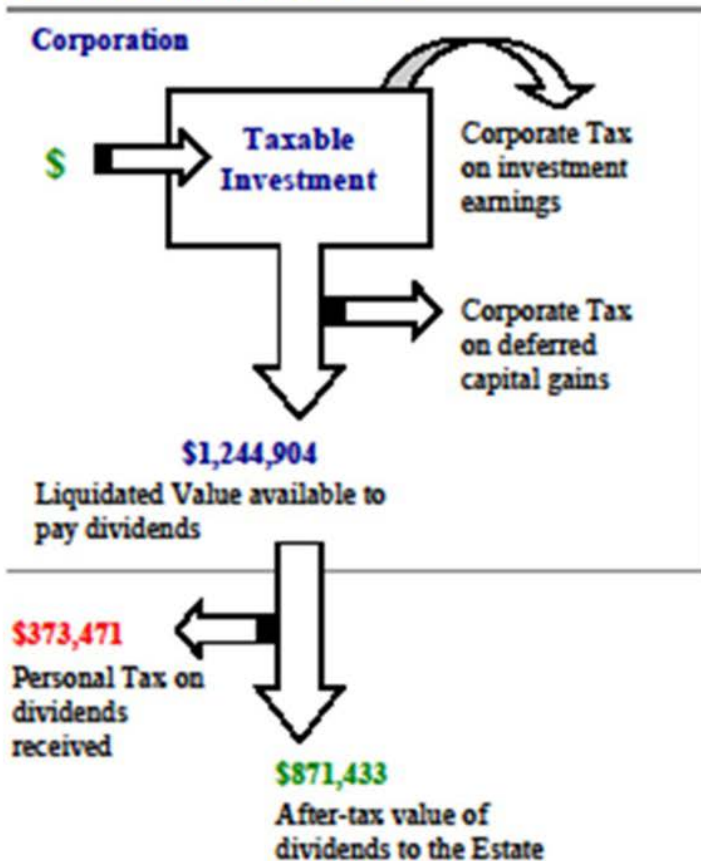
What's the right *comparison*?

Corporate investment shelter illustration

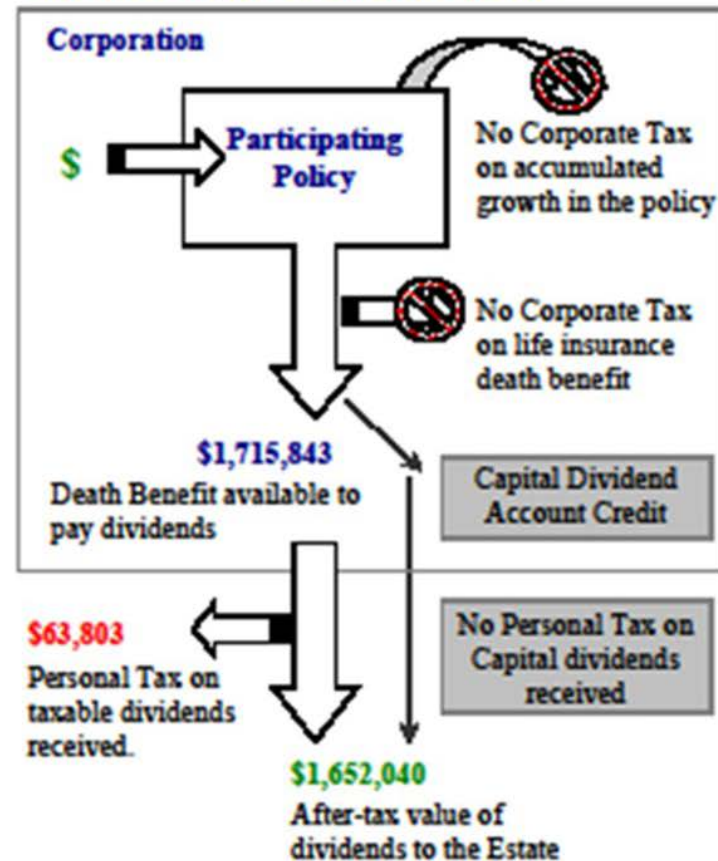


Shows comparison to taxable investment & compares values at age 85.

Structure: Taxable Investments



Structure: Corporate Investment Shelter



What's the right *comparison*?

What clients really need to know...



55 JLTD Corporate Investment with Taxable (Dividend) at Death

10 Deposits earning 5% net of fees at 45% MTB and 30% Dividend Tax Rate

Age	Year	BOY Annual Deposits	EOY Net Investment Balance	After Tax Dividend To Shareholder Estate	TOTAL IRR On NET IB	ANNUAL ROR On NET IB	TOTAL IRR On NET EB
56	1	50,000	51,375	36,429	2.75%	2.75%	(27.14)%
57	2	50,000	104,163	74,327	2.75%	2.75%	(18.22)%
58	3	50,000	158,402	113,733	2.75%	2.75%	(13.21)%
59	4	50,000	214,133	154,690	2.75%	2.75%	(10.02)%
60	5	50,000	271,397	197,240	2.75%	2.75%	(7.80)%
61	6	50,000	330,226	241,427	2.75%	2.75%	(6.40)%

What's the right *comparison*?

What clients really need to know...



Corporate Fixed Income

55 JLTD Corporate Investment with Taxable (Dividend) at Death
10 Deposits earning 5% net of fees at 45% MTB and 30% Dividend Tax Rate

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58	3	50,000	158,402	113,733	2.75%	2.75%	(13.21)%
59	4	50,000	214,133	154,690	2.75%	2.75%	(10.02)%
60	5	50,000	271,397	197,240	2.75%	2.75%	(7.80)%
61	6	50,000	330,236	241,427	2.75%	2.75%	(6.18)%
62	7	50,000	390,692	287,295	2.75%	2.75%	(4.94)%
63	8	50,000	452,811	334,892	2.75%	2.75%	(3.96)%
64	9	50,000	516,639	384,264	2.75%	2.75%	(3.18)%
65	10	50,000	582,221	435,460	2.75%	2.75%	(2.53)%
66	11	0	598,232	452,102	2.75%	2.75%	(1.55)%
67	12	0	614,684	469,201	2.75%	2.75%	(0.85)%
68	13	0	631,587	486,771	2.75%	2.75%	(0.32)%
69	14	0	648,956	504,824	2.75%	2.75%	0.10%
70	15	0	666,802	523,373	2.75%	2.75%	0.44%
71	16	0	685,139	542,433	2.75%	2.75%	0.71%
72	17	0	703,981	562,016	2.75%	2.75%	0.94%
73	18	0	723,340	582,138	2.75%	2.75%	1.13%
74	19	0	743,232	602,814	2.75%	2.75%	1.29%
75	20	0	763,671	624,058	2.75%	2.75%	1.43%
76	21	0	784,672	645,886	2.75%	2.75%	1.56%
77	22	0	806,250	668,315	2.75%	2.75%	1.67%

- What's it worth?
- How much do you get to keep?
- You could post it as collateral...
- Risk of margin call?
- Look at effective yields!

What's the right *comparison*?

What clients really need to know...



Corporate Investment
46.17% MTB & 40.13% Dividend Tax Rate
10 Deposits in Fixed Income Investment earning 3% net of fees

55 JLTD Sun Par Accumulator Life Pay CIS Strategy
46.17% MTB & 40.13% Dividend Tax Rate
10 Deposits at Current Dividend Scale Interest Rate -1

Age	Year	BOY Annual Deposit	EOY Net Balance Sheet Value	EOY Net Collateral Capacity Value (75% of BSV)	EOY Net Shareholder Estate Value*	TOTAL IRR On NET BSV	ANNUAL ROR On NET BSV	TOTAL IRR On NET SEV
47	1	50,000	50,807	38,106	30,658	1.61%	1.61%	(38.68)%
48	2	50,000	102,435	76,827	62,050	1.61%	1.61%	(27.89)%
49	3	50,000	154,897	116,173	94,189	1.61%	1.61%	(21.53)%
50	4	50,000	208,206	156,154	127,087	1.61%	1.61%	(17.34)%
51	5	50,000	262,376	196,782	160,755	1.61%	1.61%	(14.37)%
52	6	50,000	317,420	238,065	195,206	1.61%	1.61%	(12.17)%
53	7	50,000	373,354	280,015	230,453	1.61%	1.61%	(10.47)%
54	8	50,000	430,191	322,643	266,509	1.61%	1.61%	(9.11)%
55	9	50,000	487,945	365,959	303,387	1.61%	1.61%	(8.01)%
56	10	50,000	546,632	409,974	341,099	1.61%	1.61%	(7.09)%
57	11	0	555,460	416,595	349,003	1.61%	1.61%	(5.58)%
58	12	0	564,430	423,323	357,034	1.61%	1.61%	(4.50)%
59	13	0	573,545	430,159	365,194	1.61%	1.61%	(3.69)%
60	14	0	582,807	437,105	373,486	1.61%	1.61%	(3.06)%
61	15	0	592,219	444,164	381,913	1.61%	1.61%	(2.56)%
62	16	0	601,783	451,337	390,475	1.61%	1.61%	(2.14)%
63	17	0	611,501	458,626	399,176	1.61%	1.61%	(1.80)%
64	18	0	621,376	466,032	408,017	1.61%	1.61%	(1.50)%
65	19	0	631,411	473,558	417,000	1.61%	1.61%	(1.25)%
66	20	0	641,607	481,206	426,129	1.61%	1.61%	(1.03)%
67	21	0	651,969	488,977	435,406	1.61%	1.61%	(0.84)%
68	22	0	662,497	496,873	444,832	1.61%	1.61%	(0.67)%
69	23	0	673,196	504,897	454,410	1.61%	1.61%	(0.52)%
70	24	0	684,067	513,051	464,143	1.61%	1.61%	(0.38)%
71	25	0	695,114	521,336	474,034	1.61%	1.61%	(0.26)%
72	26	0	706,340	529,755	484,084	1.61%	1.61%	(0.15)%
73	27	0	717,747	538,310	494,296	1.61%	1.61%	(0.05)%
74	28	0	729,337	547,003	504,673	1.61%	1.61%	0.04%
75	29	0	741,116	555,837	515,218	1.61%	1.61%	0.12%
76	30	0	753,084	564,813	525,933	1.61%	1.61%	0.20%

Age	Year	BOY Annual Deposit	EOY Net Balance Sheet Value	EOY Net Collateral Capacity Value (90% of BSV)	EOY Net Shareholder Estate Value**	TOTAL IRR On NET BSV	ANNUAL ROR On NET BSV	TOTAL IRR On NET SEV
47	1	50,000	31,904	28,714	1,234,885	(36.19)%	(36.19)%	2,369.77%
48	2	50,000	73,466	66,119	1,302,430	(18.88)%	(10.30)%	362.82%
49	3	50,000	121,207	109,086	1,371,829	(10.28)%	(1.83)%	161.88%
50	4	50,000	176,587	158,928	1,443,035	(4.92)%	3.14%	97.64%
51	5	50,000	233,479	210,131	1,516,019	(2.27)%	3.04%	67.62%
52	6	50,000	289,742	260,768	1,591,035	(0.99)%	2.21%	50.68%
53	7	50,000	349,524	314,572	1,668,193	(0.03)%	2.88%	39.98%
54	8	50,000	411,130	370,017	1,742,083	0.61%	2.90%	32.62%
55	9	50,000	474,855	427,370	1,813,910	1.07%	2.98%	27.30%
56	10	50,000	541,344	487,210	1,885,558	1.44%	3.14%	23.31%
57	11	0	558,857	502,971	1,835,555	1.71%	3.24%	19.73%
58	12	0	577,688	519,919	1,790,349	1.92%	3.37%	16.98%
59	13	0	595,601	536,041	1,743,913	2.06%	3.10%	14.78%
60	14	0	614,000	552,600	1,700,075	2.17%	3.09%	13.02%
61	15	0	633,037	569,733	1,659,321	2.25%	3.10%	11.58%
62	16	0	650,940	585,846	1,625,336	2.30%	2.83%	10.41%
63	17	0	669,866	602,879	1,596,050	2.35%	2.91%	9.44%
64	18	0	689,866	620,879	1,571,518	2.40%	2.99%	8.63%
65	19	0	710,940	639,846	1,551,538	2.44%	3.05%	7.94%
66	20	0	733,088	659,779	1,535,759	2.48%	3.12%	7.36%
67	21	0	752,617	677,355	1,516,494	2.49%	2.66%	6.84%
68	22	0	772,806	695,525	1,500,414	2.50%	2.68%	6.38%
69	23	0	793,679	714,311	1,487,325	2.52%	2.70%	5.99%
70	24	0	815,192	733,673	1,477,186	2.52%	2.71%	5.65%
71	25	0	837,310	753,579	1,469,986	2.53%	2.71%	5.34%
72	26	0	859,984	773,986	1,465,678	2.54%	2.71%	5.08%
73	27	0	883,188	794,869	1,464,105	2.55%	2.70%	4.85%
74	28	0	906,865	816,179	1,465,007	2.55%	2.68%	4.64%
75	29	0	930,974	837,877	1,468,068	2.56%	2.66%	4.46%
76	30	0	955,532	859,979	1,472,885	2.56%	2.66%	4.30%

Today's *summary*



Safe money and its economic value

It's not JUST the return...



The advisor/client conversation

It's about THEIR safe money...



The facts, the figures and the data

Compare ALL things financial...



Let's talk safe money.

At the whiteboard, with the whitepaper.

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Life's brighter under the sun

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