



To TFSA or not TFSA: That is the question

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Insurance & Investments





Agenda

SSQ Insurance Corporate Profile

- A Few Statistics
- **3** TFSA Features
- 4 TFSA vs RRSP
- Case Studies
- Winter Rate Promotion







SSQ Insurance Corporate Profile



At A Glance



Group Insurance



Individual Insurance



Investment



General Insurance

Coast-to-coast presence Distribution partners across the country





SSQ Insurance

Is a major Canadian financial institution with:

+ 3M

More than 3 million clients

2K 2,000 employees

\$12B
In assets under management

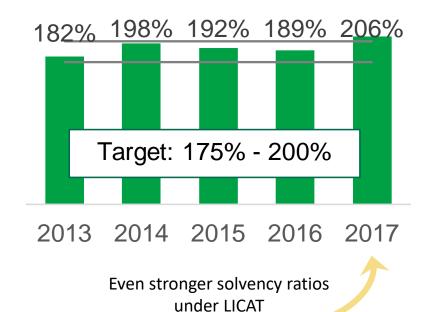
\$2.5B
In consolidated insurance premiums

6th Largest Insurer in Canada



A Strong Balance Sheet

Solvency Ratio (MCCSR)







Rating initiated in 2012. A- rating with a stable outlook maintained until 2018, when the outlook improved to positive.



10-Second Commercial







A Few Statistics



A Few Statistics

- Roughly 69% of the population in 2019 invested in a TFSA and the average holdings \$27,053 which is up 21% from 2018
- 13.5 Canadians Invested in TFSA which is over \$30 Billion assets
- In 2019, 59% of Canadians invested in RSP and 69% invested in TFSA
- Opportunity for you? Assets held: over \$62 billion dollars





A Few Statistics

- 45% of Canada's population does not know which types of investments are eligible for a TFSA
- 34% of Canadians aren't aware of penalty for over contribution (1% penalty per month is charged for over contribution)
- 42% think the contribution limit depends on income





TFSA Key Features



Questions - TFSA

- Who is eligible for a TFSA?
- What is the annual contribution limit?
- What happens to any unused amount from one year to the next?
- What impact will withdrawing from a TFSA have on the contribution limit?
- Where can I find out about my accumulated TFSA contribution limit?
 - On the CRA website (www.cra-arc.gc.ca): "My Account" section
 - Tax Information Phone Service (TIPS): 1-800-267-6999
 - o Date of birth, SIN and total income declared on line 150



TFSA Key Features

Tax shelter for savings

Offered since January 1, 2009

Offered to Canadians aged 18 or over

Maximum contribution is not based on income



TFSA Key Features

- TFSAs are suitable for both retirement and other types of savings projects. Withdrawals can be made at any time without restrictions.*
- All Canadian residents who are at least 18 years old are eligible to contribute to a TFSA, whether they are earning a salary or not.
 - The annual contribution limit is the same for everyone (\$6,000 in 2020).
- Unused contribution room from a TFSA are added to the contribution limit for the following year.



TFSA Key Features

- Amounts withdrawn from a TFSA are added to the contribution limit for the following year.
- Withdrawals do not affect eligibility for federal income-tested benefits and tax credits.
- Contributions are not deductible from taxable income.



A Few Uses of TFSA

- No RRSP contribution room
- Short- and medium-term savings
 - Young employee
 - o Family
- Saving before and during retirement
- Other
 - Depending on tax efficiency







TFSA vs RRSP



Differences Between TFSA and RRSP

Features	TFSA	RRSP
Maximum contribution 2019 and 2020: Maximum contribution: 2016, 2017, 2018 Maximum contribution: 2015 Maximum contribution: 2013 and 2014 Maximimum Contributions (2009-2012)	\$6,000 \$5,500 \$10,000 \$5,500 \$5,000	18% of salary up to a maximum of \$27,830* (Based on 2019 Income)
Tax-deductible contributions	No	Yes
Tax on investment income	No	At retirement
Tax on withdrawals	No	Yes
Contribution room accumulates As of 2019, the TFSA annual room limit will be indexed to inflation and rounded to the nearest \$500. * Valid for fiscal year 2019	Yes	Yes

Source: https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/tax-free-savings-account/contributions.html



Differences Between TFSA and RRSP

Features	TFSA	RRSP
Withdrawals restore contribution room following year	Yes	No
Maximum age	None	Age 71
Penalty for over-contributions	Yes	Yes
Protection against creditors	Yes*	Yes**
Collateral assignment	Yes	No

^{*} Provided there is a proper beneficiary designation, a TFSA invested in seg funds can benefit from protection against creditors, whether in the context of bankruptcy or not.

^{**} In case of bankruptcy, RRSPs, RRIFs and DPSPs cannot be seized (except for contributions made in the 12 months preceding the bankruptcy), regardless of whether there was a proper beneficiary designation. Otherwise, RRSPs, RRIFs and DPSPs can benefit from protection against creditors, subject to a proper beneficiary designation.



Contributions Allowed

- Unused room accumulates starting January 1, 2009
 - O Cumulative room in 2020: \$69,500
 - Cumulative room projected in 2035: \$178,500*
- Withdrawals are added to contribution room the next year





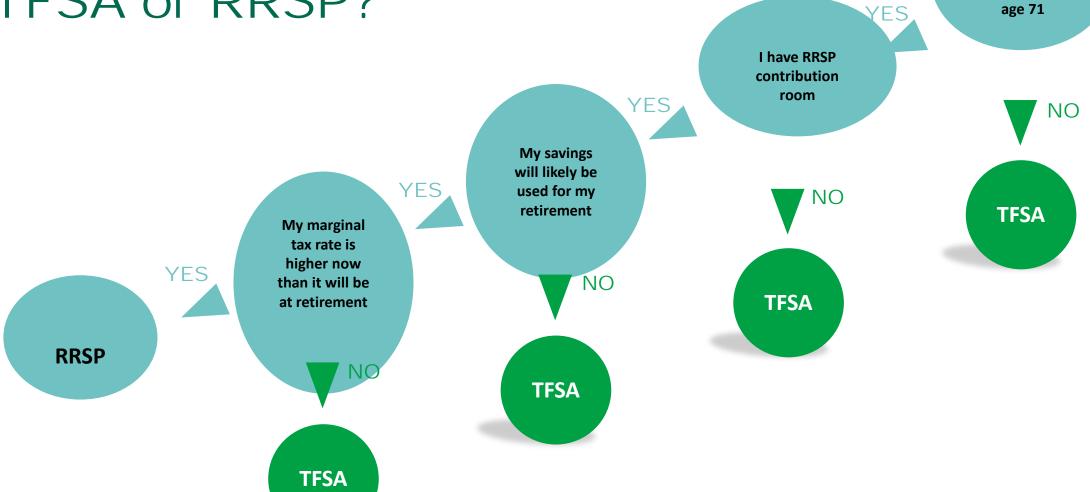
TFSA/RRSP



SSQ insurance

I'm under

TFSA or RRSP?





Contribution Room

Features	TFSA	RRSP
TFSA dollar limit	\$6,000 in 2020	Based on earned income (18%), less pension adjustment as applicable (maximum \$27,830 in 2020).
Unused contribution room can be carried forward indefinitely	Yes	Yes
Withdrawals can be recontributed	Yes, as of the year after the withdrawals were made	No
Possible to have more than one plan in different financial institutions provided that the contribution limit is not exceeded	Yes	Yes
Excess contributions	Taxed at 1% per month.	Taxed at 1% per month (\$2,000 overcontribution cushion).



Investments

Features	TFSA	RRSP
Investments allowed	GIAs, funds, bonds, stocks	GIAs, funds, bonds, stocks,

Tax Considerations

Features	TFSA	RRSP
Contributions deductible from taxable income	No	Yes
Investment income is taxable	No	No
Withdrawals are taxable	No	Yes
Effect on income-tested government benefits or credits	None	Yes, government benefits are affected by withdrawals.



TFSA vs Unregistered Savings



Note: Over \$10,000 in Tax Savings



No RRSP Contribution Room

Maximum contribution to RRSP in 2020 = 18% of salary up to \$27,830



Less the pension adjustment for individuals who have a retirement plan



Plus RSP Carry Forward found on the tax payer's Notice of Assessment (NOA)



RSP vs TFSA

- Loss of contribution rights when withdrawing from an RRSP Withdrawal from RSP, fully taxable and you do not get limit back
- TFSA more advantageous for short-term savings
 Tax payers get the withdrawal amount added to next year's TFSA limit

• Examples:







Case Study



Case Study: Justin Trudeau

- First \$2,000 TFSA contribution in 2011
- A \$1,000 withdrawal in 2018

\$5,000 per year from 2009 to 2012 \$5,500 in 2013 & 2014 \$10,000 2015 \$5,500 2016-2018 \$6,000 in 2019 \$6000 in 2020





Case Study: Justin Trudeau

Limit affected by Withdrawal of \$1,000 in 2018	
Contribution room after the withdrawal 2019	\$61,500
Contribution room for the following year (2020)	\$6,000
\$61,500 (Carried) + \$6,000 (2020) + \$1,000 (WD)	\$68,500



Case Study: Justin Bieber

• First \$5,000 TFSA contribution in 2009 and grows to \$10,000

• A \$10,000 Withdrawal in 2019

\$5,000 per year from 2009 to 2012 \$5,500 in 2013 & 2014 \$10,000 2015 \$5,500 2016-2018 \$6,000 in 2019 & 2020





What is Justin's new Limit for 2020?

Recap of limits		
First Contribution in 2009	\$5,000	
Contribution room 2019 (carry forward) (2019 \$63,500 - \$5000)	\$58,500	
New Contribution limit on January 1/20	\$6,000	
Withdrawal in 2019	\$10,000	
The year following the withdrawal what is the max limit		
Contribution room in 2020	+\$6,000	
(Withdrawal) 2019 is it \$10k or \$5k added?	<u>+\$10,000</u>	
Room on January 1, 2020	\$74,500	



Over-contributions

• Applicable penalties : 1% per month

John contributed \$63,500 to his TFSA January 2019		
John Contributes the Max January 2019	\$63,500	
Withdrawal on August 1, 2019	- \$5,500	
Contributed back into TFSA on September 1, 2019	+\$5,500	
Over Contribution in 2019	\$5,500	
Over-contrition Number of months	2 months	
Penalties	\$5,500 X 1% = \$55/Month	



Short-and Medium-Term Savings

Example - Young employee

- Advantages
 - Allows quick tax-free withdrawals
 - Reserve in case of emergency
 - Contribution room granted the following year
- Lowest marginal tax rate
 - The advantage dissipates starting at \$50,000 in annual income*





Short-and Medium-Term Savings

Example - Young employee

- RRSP contributions do not always have the desired impact (Lower income earners)
- May provide tax deduction when marginal tax rate is at the lowest
- Makes more sense to wait until marginal tax rate is higher





Tax Efficiency



- Basic rule → prioritize RRSPs
- TFSA → contributions not deductible, but withdrawals not taxable
- RRSP → contributions deductible, but withdrawals taxable (including investment income)
- TFSAs are more efficient when the tax rate at the time of contribution < the time of withdrawal
 - + Effect of benefits from government plans



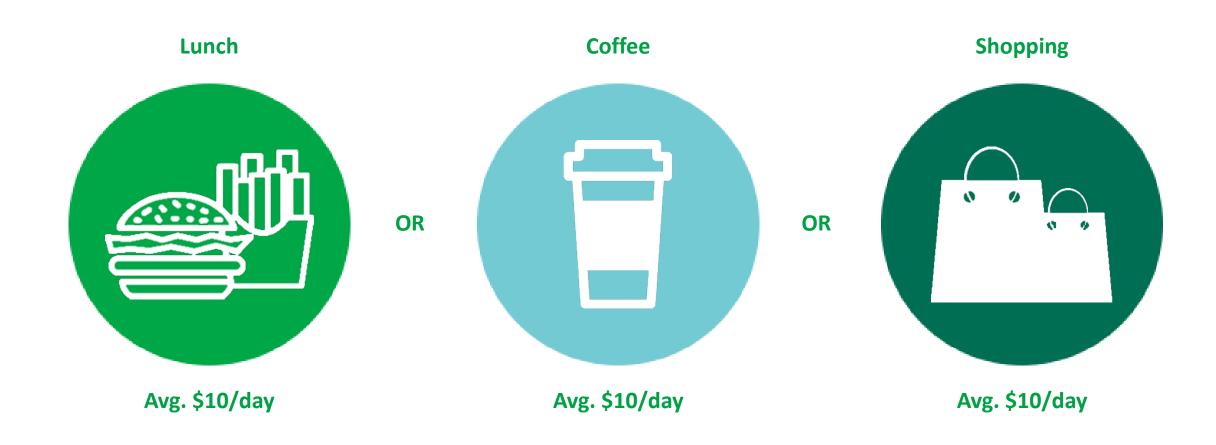
Key Advisor Benefits

- 4 different commission schedules
- DSC, Front End, No Load Mode A & NL Mode B
- Same trailer fees on all asset classes 1%
- ✓ Contracts can be opened until age 99 for GIC & HYA
- √75/75 Open until 90
- **√75/100** Open until age **75**
- **√100/100 Opened**
- NO LOAD Mode B pays 3% gross commission up front only 2 year commitment
- 25th Month 1% trailer



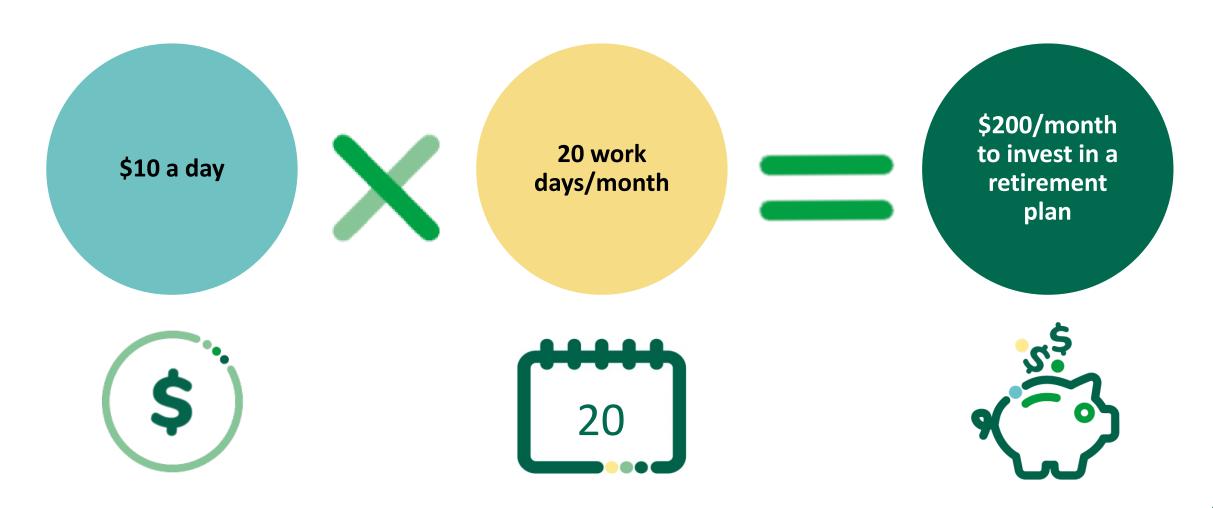


Everyday Spending





Disciplined Savings







SSQ Insurance Solution





EXPLAINING SEGREGATED FUND MANAGEMENT FEES AND MANAGEMENT EXPENSE RATIOS

It is natural to conclude that management fees, because of their name, are the most important component of a fund's management expense ratio (MER).

It is important, however, to also consider administration fees and applicable taxes to properly compare and explain fund fees and expenses to your clients.

MER's explained

WHAT ARE SEGREGATED FUND FEES?

The management expense ratio (MER) is the indicator that must be used to quantify the annual expenses related to holding a fund.

When you compare fees for various segregated funds, it is important to include administration fees (also called operating expenses) as well as taxes to determine the actual cost of your clients' investments.

As the fees are not limited to management fees, standard Fund Facts sheets must always provide the fund's MER. As shown in the figure on the right, administration fees and taxes are important components of the MER. These expenses are calculated every calendar day and are deducted directly

Also, the performance indicated on your clients' statements, in the Fund Facts, or in any other promotional document, is the net performance of the fund after deducting the MER. Thus, as the net returns from various investments account for all the expenses described above, it is important to have a consistent approach to comparing the fees paid by your clients.



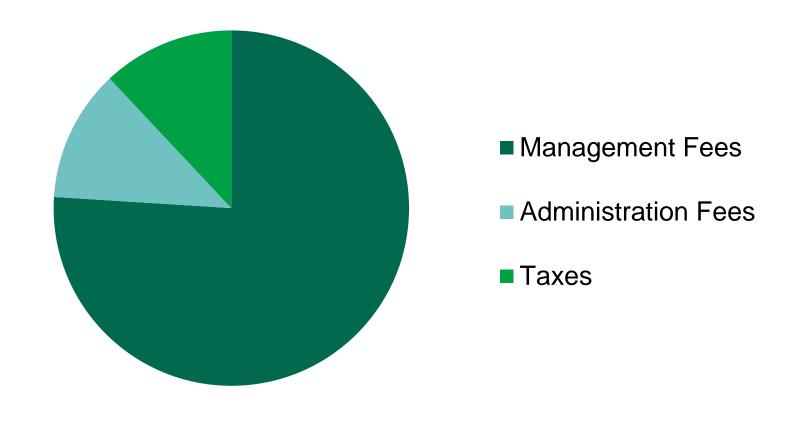


Components of MER for SSQ GIFs

		Fee	Explanation			
		 Management fees (fixed fees) Investment advice service Sales and trailer commissions (if applicable) Marketing and promotion 	All expenses included incurred for mamagement of the fund			
Total Management Expense Ratio (MER)		 Administration Fees (variable) Audit and legal fees Record keeping expenses Accounting costs Taxes paid by the fund Other costs 	Includes all operating expenses			
		Taxes (variable)	Provincial and federal tax according to applicable legislation			
	Guarantee	Basic Guarantee	Currently offered without additional fees			
	fees	Enhanced or Optimal Guarantee	Additional protection			
			43			



Management Expense Ratio (MER)





Secure Web Site

GENERAL

News

Available Plans

SSQ Fund Returns

Fund Facts

Unit Values

GIA Rates

Documentation

Forms

Logout

SERVICES

Client's Folder

Password

TOOLS

GI Illustration 1

GI Illustration 2

GI Illustration 2.1

Portfolio Illustration

Quotation Calculator

Projection - Equity GIA

Investor Profile

Retirement Calculator

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HERE ARE THE AVAILABLE FORMS

Individual Plans - Order Form

Printed Documents Order Form - Investment Products

Individual Plans - Application Forms

- FRA641 Application Form
- FRA1251 Application Form

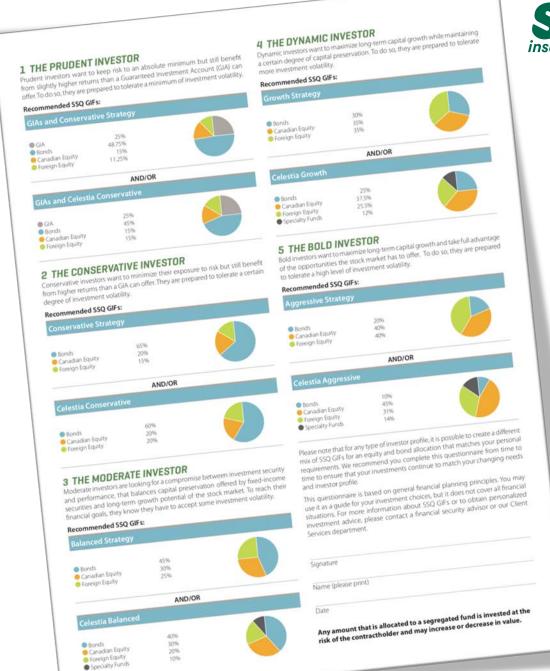
Individual Plans - Administrative Forms

- FRA727 SSQ Guaranteed Invesment Funds (GIF) Guarantee Reset
- FRA1014 Request for Interest Rate Guarantee (PDF only)
- FRA1175 SSQ Guarantee Investment Funds Guarantee (GIF) Option Change (PDF only)
- FRA1515 Transfer of the Original Version of the AGI and AGI II Towards the AGI 2.1 (PDF only)
- FRA1631 Welcome Bonus (PDF only)

Individual Plans - Administrative Forms (Enclose list of funds MRA1064)

- FRA1040 Contribution Slip (PDF only)
- FRA1239 Pre-authorized Transaction Program SSQ Guaranteed Income product (PDF Only)
 - FRA1330 Request for Redemption or Internal Transfer (PDF only)

Investor Profile to be completed to establish their risk for each account







Access your Clients Files

- Search for a specific client
- Access all of the information we have on file for that client
- Access various documents that have been sent to your client over time





Consult the Status of the Portfolio and the Transaction Statement as of the Current Date



CONTRAC	T XXXXXXXXX			CT (SSQ GIF		R GIA)				
SEGR	EGATED FUND									
						Number		t value (\$)	Current v	alue (\$
SSQ	Celestia Growth	GIF Enhance	ed PWM	NB (B9102)		1,235.6	51 1	2.5864	15,5	52.4
SSQ	Dynamic Power	Balanced Gli	F Enhand	ced PWM NB	(B9140)	2,520.0	17 1	1.9649	30,1	51.7
	CI Cambridge C NB (B9153)	anadian Asse	et Allocat	ion GIF Enha	nced	4,044.7	03	7.8083	31,5	82.2
	CI Signature Glo NB (B9154)	bal Income a	and Grow	th GIF Enhan	ced	11,896.1	18	6.5134	77,4	84.1
Segre	gated funds to	tal							154,7	70.5
Contr	act total								154,7	70.5
Contract	EGATED I	UNDS I	NET I	NVESTI	ED AN	IOUNT	Net	invest	ted amour 160,0	nt ² (\$
Contract						MOUNT	Net	invest	ted amour 160,0	nt ² (\$
Contract CXXXXXXX	EGATED F	UND G				MOUNT	Net	invest	ted amour 160,0	nt² (\$
SEGREGA Contract	EGATED F	FUND G	UARA		3 Gu	aranteed unt upon			ted amour 160,0	ralue
SEGRE SEGREGA Contract	EGATED F	FUND G	UARA	ANTEES	3 Gu	aranteed			160,0	ralue (\$
SEGREGATION OF THE PROPERTY OF	EGATED FUND GUARANTEE OPTION Enhanced EGATED F	ARANTEES Guarar amount dea 160,00	UARA nteed upon th (\$)	Maturity date	3 Gu	aranteed unt upon sturity (\$)		reset	160,0	ralue (\$
SEGREGACONTRACT CONTRACT SEGREGACONTRACT CONTRACT CONTRAC	EGATED I TED FUND GU Guarantee option Enhanced EGATED I ber 31, 2015	FUND G ARANTEES Guarar amount dea 160,0	uARA Inteed upon th (\$) 00.00	Maturity date 08/14/2036	Gu amo ma	aranteed unt upon sturity (\$) 20,000.00	Last	reset n/a	160,0 Current v 154,7	value (\$
SEGREGAC Contract XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	EGATED I TED FUND GU Guarantee option Enhanced EGATED I ber 31, 2015 Year-to-date	FUND G ARANTEES Guarar amount dea 160,0	UARA nteed upon th (\$)	Maturity date 08/14/2036	3 Gu	aranteed unt upon sturity (\$) 20,000.00		reset	160,0	value (\$



Returns—as of December 31, 2019

• 1 year Balanced Strategy 9.15%

Balanced Strategy	14.1294	12.06%	2.50%	2.71%	9.15%	3.60%	3.53%	4.50%	3.43%
Growth Strategy	16.4657	14.08%	3.17%	3.78%	10.27%	4.42%	4.35%	5.24%	3.82%
Aggressive Strategy	15.5652	15.20%	3.53%	4.33%	10.77%	4.80%	4.94%	5.99%	4.11%
Celestia Conservative	13.2788	8.87%	1.53%	2.07%	7.07%	2.84%	2.49%	3.52%	3.40%
Celestia Balanced	13.9223	11.00%	1.81%	2.94%	7.93%	3.54%	3.15%	4.48%	3.84%
Celestia Growth	14.7498	12.63%	2.20%	3.71%	8.62%	4.03%	3.59%	5.05%	4.30%
Celestia Aggressive	14.9854	14.17%	2.62%	4.51%	9.28%	4.52%	4.05%	5.63%	4.33%
Guardian Conservative Monthly Income	9.7191	9.26%	1.25%	0.80%	7.12%	3.61%	n/a	n/a	3.12%
Guardian Monthly Income	10.0707	11.26%	1.78%	1.58%	7.93%	4.47%	n/a	n/a	3.86%
CI Cambridge Canadian Asset Allocation	7.5522	11.13%	2.38%	1.73%	7.52%	2.45%	3.42%	n/a	3.50%
CI Signature Global Income and Growth	6.5180	10.95%	1.81%	2.80%	7.28%	5.74%	5.12%	n/a	5.36%



Promotional Rates – for a limited time!







Thank you from your Ontario West team



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