

ANNUITY-FUNDED LIFE INSURANCE STRATEGY

Case Study



Stephanie

Stephanie is a 27 year old non-smoking healthy female.



Insurance Needs

Working with her advisor, Stephanie's insurance needs will include an EstateMax 20-Pay plan with the Enhanced Coverage dividend option maximized for a total coverage amount of \$70,000. Stephanie will be both the policy owner and the life insured.



Traditional Payment Method

Stephanie could pay \$63.71 each month for the next 20 years. Based on this amount, she would pay a total of **\$15,290.40** over that time period and her policy would be fully paid-up.



Annuity-Funded Life Insurance Strategy

Since Stephanie can pay one lump sum deposit now using non-registered funds, she instead chooses to purchase an Empire Life 20-year term certain annuity for **\$12,616.15** with guaranteed income payments of \$764.52 per year which will match and fund her annual life insurance premium. If she uses this strategy for 20 years, her policy will be fully paid-up. For Stephanie, only \$133.71 of the annual income payment is taxable each year.



EstateMax 20-pay using the Enhanced Coverage dividend option for a total coverage of \$70,000

Pay Once & Pay Less

Assuming Stephanie lives at least 20 years, the pre-tax savings shown is the difference between the sum of all monthly premium payments for Stephanie's EstateMax plan over 20 years versus the cost of purchasing an Empire Life term certain annuity that guarantees 20 years of income payments, which Stephanie can use to pay the annual premiums for her policy.

- One-time annuity deposit
- Accumulated insurance premiums



Exit or Borrowing Options

Stephanie's EstateMax 20-pay policy includes cash surrender values starting after the 4th year which Stephanie can receive if she cancels her coverage or she can use as collateral to borrow against.

- Projected cash surrender values¹
- Guaranteed cash surrender values

After 20 Years



At Age 65



This case study is for illustration purposes only and is designed to show how pre-funding an Empire Life EstateMax 20-Pay policy using an Empire Life 20-year term certain annuity can work under certain situations. Results will vary depending on the life insured, annuitant, plan type, coverage amount, pay period, and life insurance premiums and annuity rates available at time of request. Advisors should determine whether this concept is suitable for any particular client based on the client's specific circumstances and needs.

All figures and pre-tax savings shown in this case study are based on current life insurance premiums and annuity rates for the products indicated that with a 27 year old, non-smoking, standard rated female life insured/annuitant as of September 2019. Actual pre-tax savings will depend on the payment period, annuity rates and insurance premiums available at time of submission, and may be more or less than those indicated shown. The taxable portion of each annuity payment has to be reported as income each year an annuity payment is received.

¹ Projected cash surrender values assumes the current dividend scale does not change, which is not guaranteed.

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