

ANNUITY-FUNDED LIFE INSURANCE STRATEGY

Case Study



Jessie

Jessie is a 35 year old non-smoking healthy female.



Insurance Needs

Working with her advisor, Jessie's life insurance needs will include an EstateMax 10-Pay participating plan with the Enhanced Coverage dividend option maximized for a total coverage amount of \$250,000. Jessie will be both the policy owner and the life insured.



Traditional Payment Method

Jessie could pay \$488.91 each month for the next 10 years. Based on this amount, she would pay a total of **\$58,669** over that time period and her policy would be fully paid-up.



Annuity-Funded Life Insurance Strategy

Since Jessie can pay one lump sum deposit now using non-registered funds, she instead chooses to purchase an Empire Life 10-year term certain annuity for **\$52,097** with guaranteed income payments of \$5,432.36 per year which will match and fund her annual life insurance premium. If she uses this strategy for 10 years, her policy would be fully paid-up. A portion of each annual annuity income payment is taxable. For Jessie, only \$222.70 of the annual income payment is taxable each year.



EstateMax 10-pay using the Enhanced Coverage dividend option for a total coverage of \$250,000

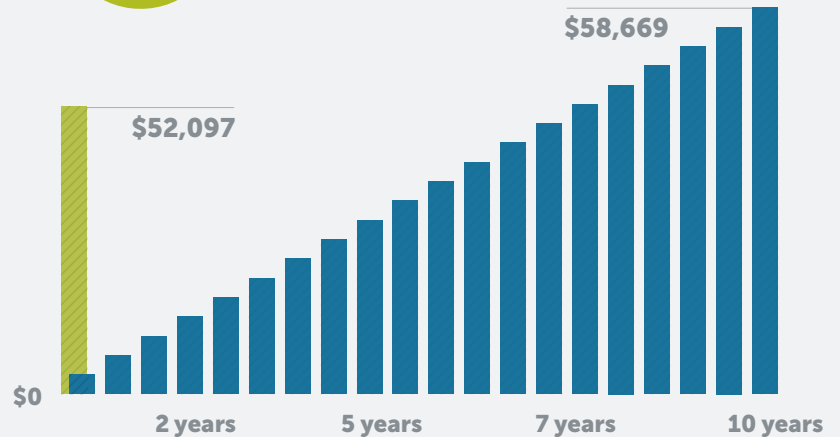
Pay Once & Pay Less

Working with her advisor, Jessie is able to make a one time payment of \$52,097 for her life insurance and save up to 11% on the total cost of her life insurance policy.



Potential Pre-Tax Savings

\$6,572



- One-time annuity deposit
- Accumulated insurance premiums

Exit or Borrowing Options

Jessie's EstateMax 10-pay policy includes cash surrender values starting after the 4th year which Jesse can receive if she cancels her coverage or she can use as collateral to borrow against.

After 20 Years



At Age 65



- Projected cash surrender values
- Guaranteed cash surrender values

This case study is for illustration purposes only and is designed to show how pre-funding an Empire Life EstateMax 10-Pay policy using an Empire Life 10-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 Empire Life annuity rates and insurance premiums for the products, life insured (standard rated) and annuitant indicated as of September 4th, 2019. Actual pre-tax savings will depend on the annuity rates and insurance premiums available at time of submission and on the payment period, and may be more or less than those shown. The taxable portion of each annuity payment has to be reported as income for each year an annuity payment is received.

¹ Projected cash surrender values are based on the current Empire Life dividend scale not changing, which is not guaranteed.

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