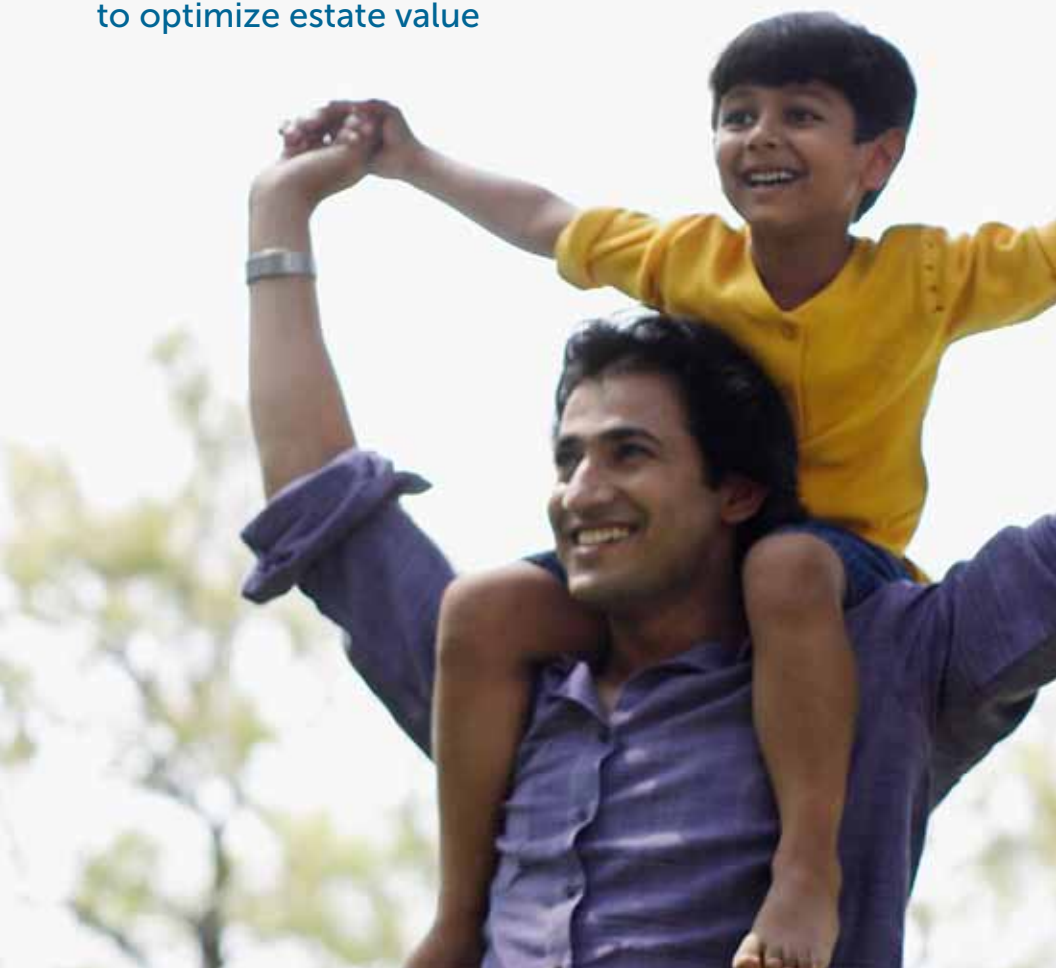


ANNUITY ESTATE MAXIMIZER

A legacy building strategy

Using surplus retirement income
to optimize estate value



The **Annuity Estate Maximizer** concept is a legacy building strategy designed to optimize the value of that portion of the estate which people don't intend to spend. It is set up to provide guaranteed, tax-free monies earmarked for future generations or favourite causes.

How does it work?

This concept is designed for people who wish to invest a portion of their net after-tax annuity, RRIF, or pension income to ensure that a substantial tax-free estate value becomes available to a beneficiary.

The concept emphasizes the difference in potential results from attempting to achieve a goal like this with a conventional, alternative investment versus a combination tax-favoured savings and insurance plan approach.

Earnings that accrue to the policy are tax exempt (provided they stay in the exempt portion of the policy).

Many people have a portion of income that they invest and wish to leave as a legacy for future generations; assets they never intend to spend themselves.

In the alternative investment, annual interest is reduced by taxes, prior to reinvestment. The life insurance policy fund grows on a tax-sheltered basis. The fund may be used to pay annual mortality charges for the estate benefit.

Conventional investments simply create additional tax liabilities now and for the estate. These alternative investments are also difficult to pass on to heirs without probate and associated valuation and transfer costs.

Pay tax on your pension income only once. Proceeds can be paid out to your designated beneficiary outside of your estate at death. You can avoid paying income tax, probate and legal fees.

Funding options

Deposits can be made on a monthly or annual basis, either for a set period of time or for life. Actual deposits and results vary with a person's age, sex, health and tax bracket.

Each individual's legacy plan has unique objectives and equally unique cash flow considerations. This program has been set up to handle a variety of funding options.

Why set up an Annuity Estate Maximizer?

For qualified individuals, this concept offers:

1. a large, immediate estate value
2. an increasing value driven by tax-sheltered growth of extra deposits (based on current legislation)
3. a tax-free value at death
4. reduced time and costs for estate settlement if a named beneficiary(s) is chosen
5. possible creditor protection for individual and beneficiary(s).

Conventional investments are taxed each year and/or create a large tax bill upon death. The annuity estate maximizer ensures that a substantial tax-free sum becomes available to a beneficiary.

Who is it for?

This strategy is designed primarily for people:

- interested in significantly enhancing the net worth of their estate to provide a larger legacy for future generations or favourite causes
- who have RRSPs or RRIFs
- who are now receiving more pension income than what they need to live on
- with adequate assets and cash flow to assure an ongoing, comfortable lifestyle for themselves.

The Empire Life Insurance Company (Empire Life) offers competitive individual and group life and health insurance, investment and retirement products to help you build wealth and protect your financial security.

Empire Life is among the top 10 life insurance companies in Canada¹ and is rated A (Excellent) by A.M. Best Company². Our vision is to be the leading, independently-owned, Canadian financial services company committed to simplicity, being easy to do business with and having a personal touch.

¹ *Financial Post Magazine*, June 2010, based on revenue

² As at June 22, 2011

STEPUP

Providing you with the estate planning and wealth strategies that matter most, the Sales, Tax, Estate Planning, Underwriting & Product (STEPUP) team is comprised of practicing professionals whose primary objective is to support you as you help your clients reach their financial goals.

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