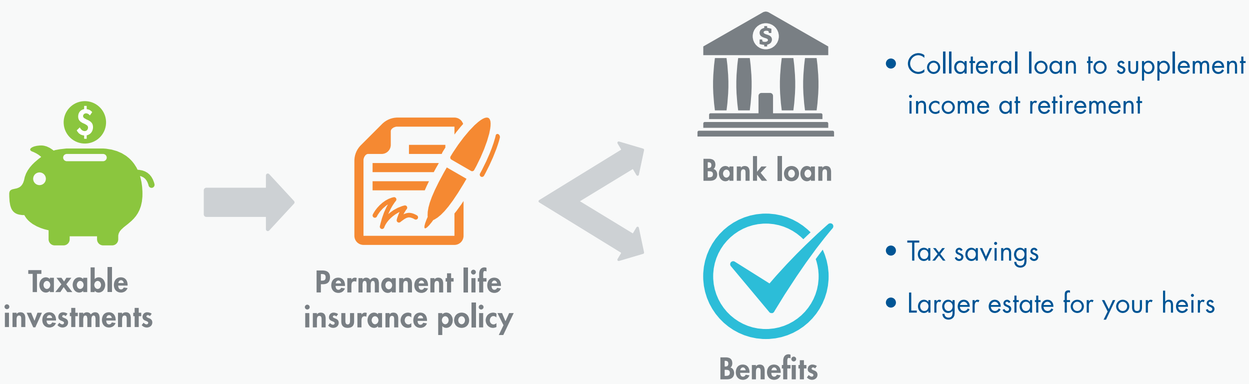
# PREFERRED RETIREMENT SOLUTION™

## It's the kind of preferential treatment you want. Supplement your retirement income.

When it comes to retirement … we all want to dream big! If retirement savings alone aren't enough to make our retirement dreams a reality, the Preferred Retirement Solution can help.

Some life insurance policies have cash value you can access. Use it as collateral for a tax-free bank loan to supplement your retirement income. Unlike traditional loans, the debt is repaid using the proceeds from the life insurance policy.[1]

With the Preferred Retirement Solution, you redirect some of your money from taxable investments to pay the premiums for a permanent life insurance policy.




## PUT THE PREFERRED RETIREMENT SOLUTION TO WORK FOR YOU

### Save taxes and grow your assets

- By redirecting money from taxable investments and into the life insurance policy, you pay less tax today[2] and in the future.
- The funds within the insurance policy grow on a tax-advantaged basis.
- Payments above the required premium can accelerate the growth of the value within the policy.[3]

### Enjoy your retirement

- You can apply for a bank loan using the cash surrender value of the policy as collateral.[4]
- A bank loan can supplement your retirement income with tax-free dollars.

At death, the life insurance proceeds pay off the loan with the balance paid to the beneficiary.

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## THE PREFERRED SOLUTION

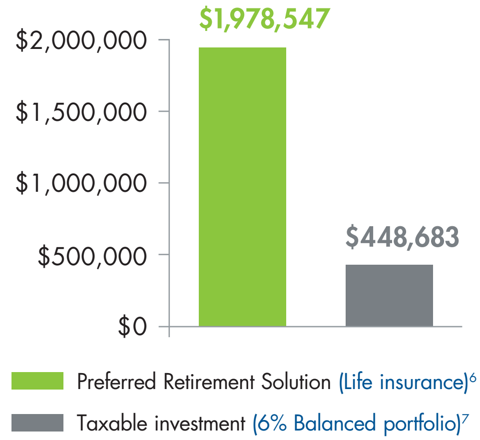
### An example: Meet Brian and Kendra

- Brian and Kendra are both 43 years old.
- They plan to retire at age 65.
- They can put aside $22,000 each year for the next 15 years.
- At age 65, they need $30,000 a year to supplement their retirement income until age 85.

Their options are to use their taxable investments or use the cash value of a life insurance policy as collateral for a bank loan.

Which is the more tax-efficient solution?

Net estate value at age 85
(after loan repayment)[5]




Using life insurance as collateral for a tax-free bank loan, Brian and Kendra supplement their retirement **income** and create a significantly **larger estate**.

| | Taxable investment (6% Balanced portfolio) | Preferred Retirement Solution (Joint life insurance) |
|---|---|---|
| At age 85 | $448,683 | $3,294,502 |
| Minus loan balance | $0 | $1,315,955 |
| **Net estate value** | **$448,683** | **$1,978,547** |

## IT'S THE RIGHT SOLUTION FOR YOU IF …

- ☑ You have taxable investments.
- ☑ You want to reduce the taxes you pay.
- ☑ You want to supplement your retirement income.
- ☑ You want to leave money to your loved ones or charity.
- ☑ You have an up-to-date will.

## Your advisor can show you how the Preferred Retirement Solution can work for you.

[1] Depending on your circumstances, the financial institution may require periodic loan payments. [2] Depends on the nature of your taxable investment. [3] The extra payment is limited to the amount required to maintain the tax-exempt status of the policy. For universal life, the policy may be credited positive or negative returns depending on the investment accounts selected. Review the product illustration for full details. [4] There may be conditions, fees and costs associated with arranging the collateral bank loan. [5] Loan rate of 7%. [6] Equimax® participating whole life insurance, 20 pay, joint last-to-die. Standard non-smoker rates. Paid-up additions dividend option. Initial death benefit $650,000. Based on the 2015/2016 dividend scale. After 15 years the policy is projected to go on premium offset and no further payments are required. A decrease in the life insurance dividend scale may delay the premium offset point and require you to pay premiums for longer than previously projected; or require you to resume paying premiums for a period of time if your policy has been on premium offset. Dividends are not guaranteed. They are subject to change, and will vary based on the actual investment returns in the participating account as well as mortality, expense, lapse, claims experience, taxes and other experience of the participating block of policies. Can also be illustrated using universal life. [7] Annual rate of return of 6%. Balanced portfolio (30% interest, 20% dividends, 20% deferred capital gains, 30% capital gains). Personal tax rate of 50%. Withdrawals of $30,000 per year from age 65 to 84.

The Preferred Retirement Solution is a concept. It is not a product or contract. It is based on current tax rules. This information does not constitute legal, tax, investment, or other professional advice.



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