



**Freedom 55
Financial**

A division of London Life Insurance Company

Your Financial Security

ISSUE 3, 2010

NEW IDEAS FOR YOUR STRONGER FINANCIAL FUTURE

Tax-efficient investing beyond RRSPs

The tax advantages registered retirement savings plans (RRSPs) offer make them the default choice for many Canadians. Investors often use them to save, and then roll the money into registered retirement income plans at retirement.

While typically the right strategy, RRSPs have restrictions that limit how much you are eligible to invest on a yearly basis when working towards your retirement goals. Many investors are not familiar with the options available to help them invest for retirement beyond their registered plans to further reduce taxes payable each year.

Whether you are in the process of deciding what products to use to save for retirement or are starting to consider from where you will take your income at retirement, there are many things you can do to help you reach your retirement income goals, while strategically deferring tax.

Increasing your savings

Tax-free savings accounts (TFSAs)

Many Canadians have considered TFSAs as short-term options. They allow funds to grow tax-free and withdrawals do not affect investor eligibility for income-based credits like old age security, age and certain tax credits. When used over the long term, they are a useful product for saving but should not be considered a normal savings account. A penalty of one per

cent per month is levied for over contributions so speak to your financial security advisor about how to structure a TFSA within your financial security plan as to ensure you do not over contribute into the account.

Corporate class mutual funds

Corporate class funds are structured to provide maximum tax efficiency in non-registered accounts. The funds can reduce ongoing distributions and defer taxes when switching to other funds to rebalance your portfolio. The funds are also designed so you receive tax-preferred capital gains or dividend distributions from the fixed income and cash management funds.

Planning an income

Tax-efficient systematic withdrawal plans (TSWPs)

You can set up tax-efficient withdrawals from investment funds. They pay you tax-deferred monthly payments that consist primarily of your original investment – return of capital – plus any income. Return of capital isn't immediately taxable when you receive it. TSWPs are also offered with corporate class funds, allowing you to combine the tax-deferral benefits of both products.



Peter R. Bennett CLU, CFP, CH.F.C.
Financial Security Advisor
Investment Representative
Blueprint Wealth & Estate Planning
Quadrus Investment Services Ltd.
44 Victoria St., Suite 1417
Toronto Ontario M5C 1Y2
Tel. (416) 203-1977 ext. 27
Fax (416) 203-1574
E-mail: pbennett@blueprintwealthinc.ca

continued on back page

The facts on mortgage life insurance



For most Canadians, buying a home is the largest single investment they'll ever make.

To protect this significant asset for your family in the event of death, disability and critical illness, many lending institutions will offer you mortgage life insurance.

However, you should know the difference between mortgage life insurance and personal insurance before you sign on the dotted line. Otherwise, you could find yourself with coverage that does more to protect the lending institution than your home and family.

Mortgage life insurance versus personal insurance

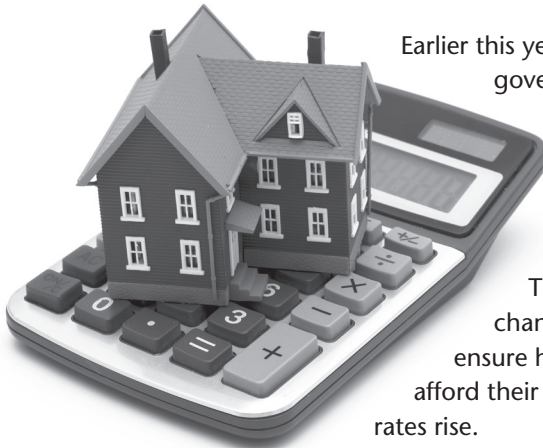
Here are some key facts to consider when comparing personally owned life, disability and critical illness insurance offered by insurance companies, with creditor mortgage life insurance offered by many lending institutions.

Mortgage life insurance through most lenders	Personal life insurance
<p>If the person who holds the mortgage dies prematurely or becomes critically ill, mortgage life insurance automatically pays the remaining mortgage balance directly to the lending institution.</p> <p>In the event of disability, the monthly payments are paid until you are no longer disabled or until the mortgage is paid off.</p>	<p>Life and critical illness insurance pay a one-time lump sum, if the policyowner dies or is diagnosed with a covered critical illness (and satisfies the survival period). The benefit can be used for any purpose, including paying off a mortgage.</p> <p>Disability insurance will pay a monthly income benefit meant to help replace lost income. The benefit can be used to cover mortgage payments and/or other ongoing expenses; like groceries, vehicle payments and other household expenditures.</p>
<p>Generally, is non-convertible term insurance with no cash value, premium flexibility or the ability to move to a permanent insurance policy if your needs change.</p>	<p>Term plans for life or critical illness insurance are usually convertible to permanent coverage, without a new medical exam. Plus, flexible plan designs give you more options to tailor your coverage.</p>
<p>As the mortgage principal decreases, the coverage amount also decreases. Coverage terminates when the mortgage is paid off.</p>	<p>Amount of coverage isn't reduced as your mortgage balance declines.</p>
<p>The cost per thousand dollars of coverage generally increases every year which means technically, costs may increase while coverage decreases.</p>	<p>You choose the type of insurance that best suits your needs, with premiums to fit your budget. For example, choose from a range of term and permanent insurance solutions. Many policies offer rates that do not change over the life of the policy.</p>
<p>The lender owns the policy. Cannot be moved to another lender. If a better mortgage is found somewhere else, you may have to re-qualify medically for mortgage life insurance protection. If your health changes, you may become uninsurable.</p>	<p>You own the policy, not the lender. You are free to switch your mortgage to another lender without jeopardizing coverage.</p>
<p>Fewer options available to customize coverage to best meet personal needs.</p>	<p>The insurance policy can be customized with many options and features, such as having life or critical illness insurance premiums waived in case of a disability. In addition, some policies have return of premium options that can help you recoup the premiums if no claim is made.</p>

Get the best value for your mortgage protection

Make sure you are informed of your options before you negotiate with your lending institution. Your financial security advisor will be happy to answer any questions you may have about how you can get the most from your insurance.

Understanding the new federal mortgage lending requirements



Earlier this year, the federal government introduced new lending criteria for government-insured (high-ratio) mortgages. The intent of the change is to help ensure homeowners can afford their home if interest rates rise.

With a *conventional* mortgage, you need a minimum down payment of 20 per cent of the purchase price. High-ratio mortgages are available that can reduce your down payment requirement to as little as five per cent of the purchase price. This type of mortgage requires mortgage loan insurance that is obtained through the Canadian Mortgage and Housing Corporation (CMHC) or private mortgage insurers.

What this means to you

Homebuyers seeking a high-ratio fixed rate mortgage with a term of less than five years or a high-ratio variable rate mortgage of any term must now qualify for a five-year fixed rate mortgage, even if they choose a mortgage with a lower interest rate and shorter term. Buyers would still pay the rate in effect for the mortgage selected.

For conventional fixed rate mortgages with a term of five years or longer, the actual contract interest rate would be used for qualification.

Find out how much you can afford

Pre-qualifying for a mortgage will help you set realistic expectations when shopping for a new home. The process also will tell you the maximum amount you can afford to pay for a home.

If you're buying a home or renewing your mortgage, talk to your financial security advisor. He or she can refer you to a mortgage planning specialist who can help you find a mortgage that works for your individual situation.

CONTINUED FROM PAGE 1

Whether you're saving for retirement or beginning to think of ways to draw income from your non-registered funds, there are tax-efficient solutions to help maximize the efficiency of your financial security plans. Your financial security advisor can help you determine what combination is most beneficial for you.

Make your investment decisions wisely. Important information about London Life's segregated funds can be found in the Information Folder, available from your Freedom 55 Financial security and investment representative and important information about the Quadrus Group of Funds can be found in the funds' simplified prospectus. Please read these documents carefully before investing.

Mutual funds are not guaranteed. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund and segregated fund investments. Their values change frequently and past performance may not be repeated.

SUBJECT TO ANY APPLICABLE DEATH BENEFIT GUARANTEE OR MATURITY VALUE GUARANTEE, ANY PART OF THE PREMIUM OR OTHER AMOUNT THAT IS ALLOCATED TO A SEGREGATED FUND, UNDER THE FREEDOM FUNDS AND MARKETWATCH INVESTMENT OPTION, IS INVESTED AT THE RISK OF THE POLICYOWNER AND MAY INCREASE OR DECREASE IN VALUE ACCORDING TO THE FLUCTUATIONS IN THE MARKET VALUE OF THE ASSETS OF THE SEGREGATED FUND.



Freedom 55
Financial

QUADRUS

Quadrus Investment Services Ltd.

Freedom 55 Financial and design are trademarks of London Life Insurance Company. Quadrus Investment Services Ltd. and design, Quadrus Group of Funds and Fusion are trademarks of Quadrus Investment Services Ltd. used with permission by London Life Insurance Company. In Quebec, Quadrus Investment Services Ltd. is a firm in financial planning and a mutual fund dealer firm. Freedom 55 Financial is a financial services firm and a firm in financial planning in Quebec.