



Freedom 55
Financial

A division of London Life Insurance Company

Your Financial Security

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NEW IDEAS FOR YOUR STRONGER FINANCIAL FUTURE

Achieve your financial goals with the help of a return-of-premium rider

Critical illness insurance can be a vital part of your financial security plan if you're diagnosed with a condition such as a heart attack, stroke or life-threatening cancer. If you're diagnosed with a covered critical condition and satisfy the survival period, the benefit you receive can help you deal with unexpected expenses, meaning you're less likely to dip into your existing savings to meet unexpected expenses.

But what if you don't develop a critical illness?

Many critical illness insurance policies allow you to add an optional return of premium rider that rewards your continued good health. This return of premium rider could help you recoup some or all of the eligible premium paid if you never make a claim.

Here's how it works.

Eligible premiums are returned if you don't make a claim

If you remain healthy and have a return of premium rider, all or a portion of the eligible premium paid is returned.

Returned premiums can be used to supplement retirement savings

If you don't make a claim and you receive a return of premium benefit, the money you receive can be used to fund other investment strategies as you near retirement. While the premiums are typically higher on a policy with a return of premium rider, you can invest the amount of premium returned under the rider.



Most people never prepare for a critical illness

Deciding to include critical illness insurance in your financial security plan is an important way you can reduce financial risk and help protect your savings. Adding a return-of-premium rider can help you continue to protect those savings and help fund your financial goals.

Your financial security advisor can help you tailor your coverage by discussing the various return-of-premium options that may be available to you. Set up a meeting today to put plans in place to reduce your financial risk if you suffer a critical illness.

*The Canada Revenue Agency generally accepts that critical illness (CI) policies providing no Return of Premium (ROP) are accident and sickness policies. The CRA has not provided its view regarding the tax treatment of CI policies containing ROP benefits. The taxation of optional ROP benefits is subject to interpretation by the CRA.



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The investment solution that transfers risk

It's not always easy to know what approach to take when investing. Investing in the market involves risk and, if you're not comfortable with risk, you may try to avoid it by investing in guaranteed investments, like guaranteed investment certificates or money market funds.

But avoiding market risk raises other concerns. Fixed-income investments offer a guaranteed rate of return. Your investment earns no lower than the rate set when you invested your savings. Of course, that fixed rate of return is also the best your investment can do.

The cost of living goes up every year, and when you reach retirement, you'll need to take out more money each year to maintain your lifestyle. The longer you live, the more income you'll need to withdraw every year. By relying only on fixed-income investments, you could outlive your savings.

Diversification a sound strategy

There are a number of ways you can manage this risk. One is by diversifying

your investments across different industries, countries and asset types. You limit the chance a single market event will affect your entire portfolio.

A segregated fund policy with a lifetime income benefit can also help, and it provides the added benefit of helping ensure your retirement income lasts.

Transfer risk by using segregated funds with a lifetime income benefit

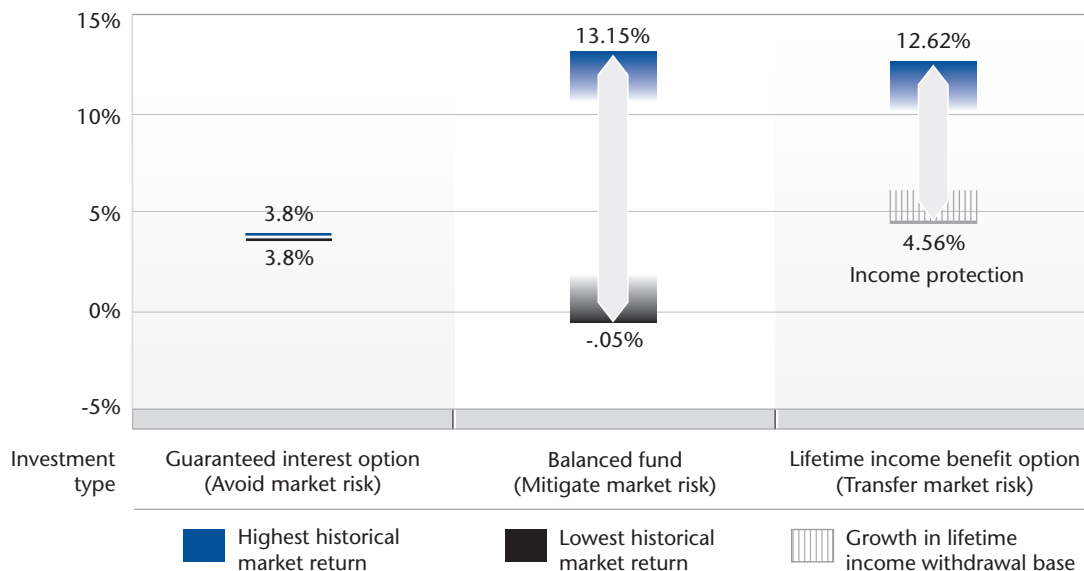
Segregated funds help you manage risk by transferring it. You can accomplish this by using investment vehicles that provide you with the added benefit of guarantees, and protection. More specifically, a segregated fund policy with a lifetime income benefit option can provide you with protection against the risks you may face if you're in, or close to, retirement. These include the risk associated with market volatility, the risk of outliving your savings, and the risk of inflation.

Think of the property insurance you've purchased on your home or apartment. By paying a premium to an insurance company, you're transferring the costs of a fire or flood to the insurer.

A segregated fund policy with a lifetime income benefit transfers market risk. If the market goes down, you still get a guaranteed level of income, as long as no excess withdrawals are taken. By paying a small monthly premium, you protect your retirement savings from potential risk.

The lifetime income benefit can also provide a higher retirement income amount if markets do well. It offers potential growth over time - a definite benefit, no matter what your approach to investing.

Contact your financial security advisor to find out more about segregated fund policies and how you can transfer market risk with a lifetime income benefit.



By avoiding market risk, your return on investment is limited. However, even with a diversified portfolio, you can't guarantee growth. The lifetime income benefit provides income protection, while still offering the growth potential you need to retire.

Consider insurance options when planning for your retirement

With concern about the availability of funds from government-assisted retirement programs, many Canadians are taking retirement planning into their own hands. While conventional registered retirement savings plans (RRSPs), pension plans and tax-free savings accounts are popular planning options, most individuals don't realize permanent life insurance can also help them achieve their retirement goals.

You may be constrained by RRSP limits

RRSP limits allow you to defer taxation on up to 18 per cent of eligible earned income, but only up to the maximum prescribed in the Income Tax Act. If your income is in excess of the maximum prescribed threshold, or if you're in a pension plan, your RRSP contribution room is often restricted. You may be looking for additional retirement saving options.

The opportunity

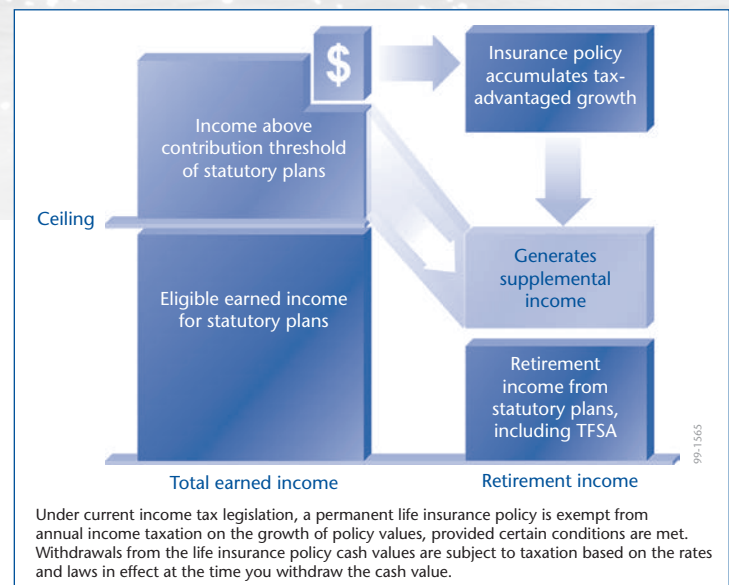
Besides providing your loved ones with a safety net in the event of your premature death, some types of life insurance can also be used to enhance your retirement income. By purchasing a permanent life insurance policy with cash value, you can benefit from the opportunity of tax-advantaged cash value growth within the policy. The policy's cash value can later be accessed to provide you with additional funds during retirement. And, your loved ones can receive a tax-free payment at death from the remaining death benefit.

When the time comes for you to access the policy's cash value, generally speaking, there are three approaches:

- Collateral loan
- Partial surrender of cash value
- Policy loan

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Information is provided by London Life Insurance Company and is current at June 2010.



The right approach for you depends on your circumstances. Each of these methods has its own tax implications, based on the rates and laws in effect at the time the policy cash value is accessed.

Find out how you can take control of your retirement dreams with permanent life insurance. Your financial security advisor can provide more information on how to optimize your retirement income.

Choose the right mortgage for your situation

Variable or fixed rate? Why not both?

If you've never used a variable rate mortgage product but you're ready to try something different, a combo mortgage may be your answer. Variable rate mortgages generally have a lower interest rate than fixed-rate mortgages and changing interest rates and/or changing payments. Whereas fixed rate mortgages have a guaranteed interest rate for a fixed period of time. A combination mortgage may provide the flexibility you desire.

Get the best of both worlds

A combination mortgage is a line of credit plus a fixed-rate mortgage that combines the benefits and risks of variable and fixed-rate mortgages.

You can have a combination mortgage by:

- Financing one portion of your mortgage with a home equity line of credit, and
- Financing the other portion of your mortgage with a regular fixed-rate mortgage

The combination mortgage may offer you the ability to:

- Make weekly, bi-weekly, semi-monthly or monthly payments
- Make lump-sum payments without penalty
- Maximize your payments to reduce interest costs and eliminate your debt sooner
- Reduce your payments to suit your cash flow or to cover unexpected expenses

If you find the variable rate mortgage is paying down the mortgage principal faster than the fixed-rate mortgage, you could use the line of credit to make an annual lump-sum payment to the fixed-rate mortgage. This allows you to absorb more of the principal with the line of credit and continue to pay off your mortgage faster if the variable interest rate remains lower than the fixed interest rate.

If this strategy interests you, contact your financial security advisor. You'll be put in touch with a mortgage planning specialist who will help you decide if this strategy is right for your situation.



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