

# Superflex Insurance GIC

## Retirement

The insurance GIC is a special kind of GIC – a GIC with benefits. Available only from life insurance companies, an insurance GIC can include some important benefits that you don't get with a GIC from a bank. Also, the interest from an insurance GIC qualifies for the \$2,000 Pension Income Tax Credit.

## Which guaranteed savings option is the best?

### Superflex Redeemable Insurance GIC

Allows you to choose a beneficiary and guarantees an interest rate over a fixed period of time.

### SLF Trust GIC Redeemable GIC

Guarantees an interest rate over a fixed period of time.

### Sun GIC Max Non-redeemable GIC

Offers a higher interest rate compared to these other options, while continuing to minimize risk.

**Redeemable GIC** – investments are allowed to be cashed out before the maturity date; a market value adjustment (MVA) will apply.

**Non-redeemable GIC** – investments are not allowed to be cashed out early and must be held until the maturity date.

## Did you know?

Insurance GICs are also called accumulation annuities and they allow you to name a beneficiary, which protects your investments from probate and estate fees.



The following cases show how a Superflex can fit into a wealth portfolio.



## NEARING RETIREMENT

### Meet Jiao and Wen

Jiao and Wen came to Canada 23 years ago and have spent the past 20 years saving for their retirement. Jiao, 56, is a property controller while Wen, 58, is a business analyst. With their mortgage paid off, both plan to retire within the next five years. Each year, they maximize their registered retirement savings plan (RRSP) contributions to build a comfortable retirement.

#### Goal

To minimize investment risk in their savings portfolio.

With five years to go, Jiao and Wen want to invest wisely and accumulate additional money for their retirement. It's time to protect the money accumulated. They have an additional savings of \$40,000 to invest safely, and still get the best return they can.

#### Solution

Invest in a Superflex that will protect their investments from market risk and allow them to access their funds when they need it.

After revisiting their tolerance for risk, Jiao and Wen decide to protect their principal and earn a guaranteed return. They use a laddering strategy to ensure they are able to take advantage of higher rates, reduce their exposure to lower interest rates in the future, and still have the opportunity to access a portion of their assets each year.

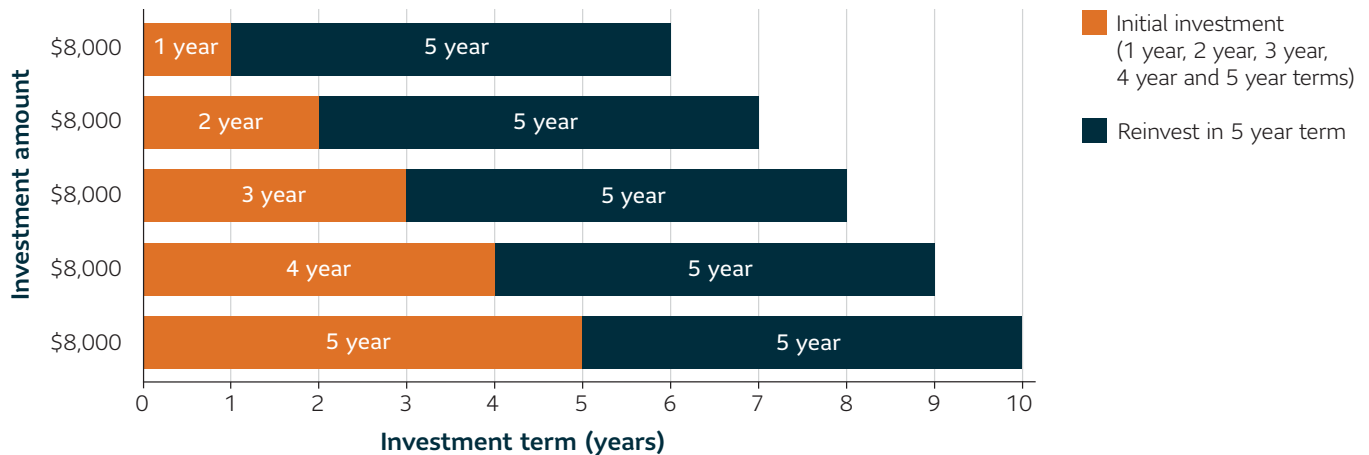
## Result

By using Superflex with a laddering strategy set up by their advisor, Jiao and Wen can access their money each time they reinvest. They can also access their funds at any time in between their investment maturity dates – but a market value adjustment may apply to those funds not yet matured.

## Laddering strategy

### Here's how it works:

1. They invest \$40,000.
2. They split the total investment into five \$8,000 investment terms - 1 year, 2 year, 3 year, 4 year and 5 year.
3. When each investment matures, they reinvest their \$8,000 plus interest earned in a new 5 year term, to continue the laddering process.



For illustrative purposes only.

With this strategy, every year for 10 years, Jiao and Wen will have access to 20% of their money. They could also decide to use their money for a different purpose, when each investment term matures.

A successor annuitant can be named on the Superflex. Upon the death of the annuitant, the contract will continue and no death benefit will be payable. The successor annuitant will become the annuitant.



IN RETIREMENT

## Meet Jim

Jim is 65. He has an active retirement lifestyle that includes enjoying time with his family and friends. Fortunately, with his many sources of income – including the Canada Pension Plan (CPP), a company pension, a registered retirement savings plan (RRSP) and his personal savings – he has excess cash of \$40,000 to invest. He's looking for a secure way to grow and protect this money, while still having access to it in case of emergency.

### Goal

Grow his \$40,000 in an investment with a guaranteed rate of return.

Jim wants to protect his money from market fluctuations, and invest in a way that will allow access to his funds in case of an emergency.

### Solution

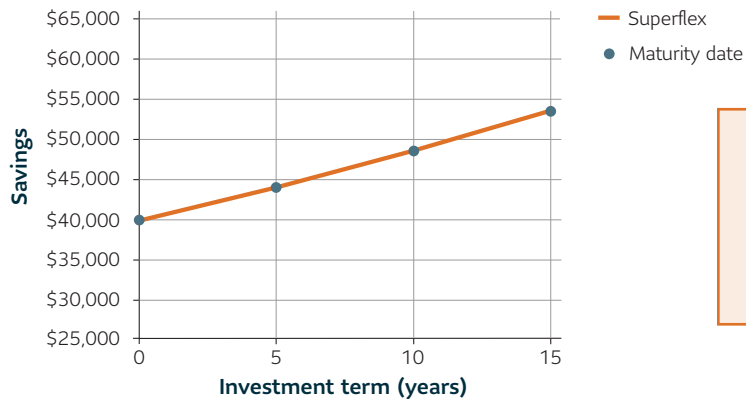
Invest in a 5-year Superflex that will protect the investments from market risk and allow access to the funds if required.

Jim invests the \$40,000 in a Superflex for five years and rolls it over for another 5-year term two more times over the next 15 years. He can maximize his returns because the interest rates are guaranteed. At the end of each 5-year period, when the investment term matures, his financial situation can be reassessed.

## Result

With this strategy, Jim gets a guaranteed interest rate with the option to redeem if needed.

In this example, his savings will grow to almost \$53,981 over 15 years, assuming he makes no withdrawals at the end of each 5-year term.



### Investment terms available in a Superflex:

Daily interest investment

90 days

1-10 year

For illustration purposes only – rates are subject to change without notice. Compound non-registered investment; initial investment of \$40,000 in a 5-year term – rolls at maturity twice for a total of 15 years invested. Assumed 5-year Superflex rate: 2.00%.

Some points to remember about the Superflex:

- **A market value adjustment (MVA)** is a potential decrease in the value of your investment that is calculated only if you withdraw any amount from your investment early. The MVA amount depends on such factors as interest rate conditions at the time of withdrawal and the time left to the end of the investment.
- **Investment maturity date** is the date your investment ends and interest is no longer paid. At that time, you can reinvest your money in a new investment with the same term, move it to a different investment or take the cash value.
- **Legacy Settlement Option (LSO) is available** – The LSO gives you the option prior to your death to decide how you want the death benefit to be distributed to your beneficiaries. Rather than a lump sum, you have the option to provide a steady stream of lifetime income, income for a specified time, or any combination of these.



For more information, speak to your advisor or:

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