INCREASE YOUR INCOME WITHOUT REDUCING YOUR ESTATE

CORPORATE INSURED ANNUITY STRATEGY

Maximize retirement income earned from low-risk corporate investments, using the corporate insured annuity strategy.

Dennis, age 68, and Rosemary, age 64, own a number of interest-bearing investments within their holding company. They're conservative investors and plan to use the investment income to supplement their retirement. They want to maintain the capital for their children.

Meet Dennis and Rosemary

Their goal is to maximize their after-tax retirement income and preserve as much capital as possible for their estate.

The challenge

Low interest rates mean less income, and taxes on corporate funds reduce the amount of remaining capital for beneficiaries.

- Since Dennis and Rosemary aren't comfortable with a high degree of risk, they have placed their money in interest-bearing investments. The rate of interest they currently earn is less than they would like and provides less income.
- The interest they earn is fully taxable at the corporate rate.
- The net income the corporation pays to Dennis and Rosemary is a taxable dividend, further reducing their income.
- If the corporation is wound up on death, the proceeds are paid to their beneficiaries as taxable dividends, reducing the total amount they receive.

Sun Life Financial

The solution

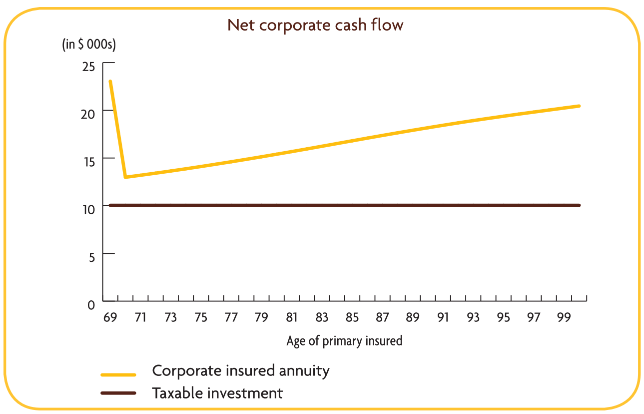
Provide a higher lifetime income and generate a greater estate benefit with the corporate insured annuity strategy. Here's how:

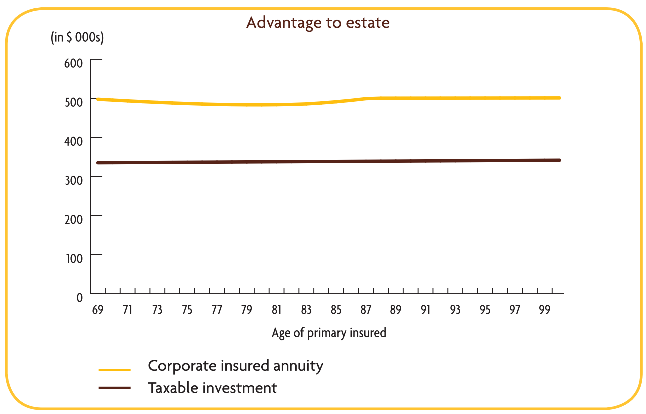
The corporate insured annuity strategy uses a life annuity in combination with life insurance to provide lifetime income and a tax-free benefit on death.

- Dennis and Rosemary's corporation uses $500,000 (a portion of its total savings) for the corporate insured annuity strategy. Once they purchase an annuity, the corporation can no longer access the capital. As a result, they choose to leave a significant amount of money in the corporation's savings to cover any unforeseen events.
- $614 is used to make the first monthly payment on a corporate-owned $500,000 Sun*Universal*Life policy.
- The remaining $499,386 is used to buy a corporate-owned, joint life annuity with monthly payments. It provides a higher income – one they can't outlive – than fixed-income investments. They use a portion of the annuity income to make monthly insurance payments. As the taxable portion of the annuity income reduces over time, their after-tax income increases.

The result

The corporate insured annuity strategy provides an equivalent pre-tax yield of 7.2%!





- The net cash flow in the holding company after tax and insurance payments are deducted, is **78.7% greater*** in 20 years than an interest-bearing investment earning 4.0% annually. That's an equivalent annual pre-tax yield of **7.2%** for the corporate insured annuity strategy!
- A death benefit of $500,486 will be credited to the company's capital dividend account and can be paid as a tax-free capital dividend from the company. If the death benefit is paid in 20 years, this will be an increase of **44.3%*** to the beneficiaries over the alternative strategy.

* The comparison is based on rates as of March 28, 2008, for a Sun Life Financial joint life annuity and a joint last-to-die Sun*Universal*Life policy and assumes both insured persons qualify for standard non-smoker rates. To better ensure the minimum payment is enough to keep the policy in force for life, you should use only the guaranteed investment account options available with Sun*Universal*Life. Otherwise, you may need to make additional payments to compensate for any negative returns. This example assumes a 4.0% return on an interest-based alternative investment portfolio and a corporate tax rate of 48.6%.

Advisor information:

Call your advisor today to see how the corporate insured annuity strategy could work for you!