

Where Should I Invest My Money?

After the branch of the financial institution Steve had been dealing with closed and merged with a different one, with shorter hours in a less convenient location, he decided to look at his options. He learned that there are many advantages to investing with a life insurance company. They include:

- 1. Potential Creditor Protection.** All products offered by life insurance companies allow you to name a beneficiary. As long as the person you choose is a family member, your money is usually protected from creditors. Other conditions may apply, so ask for details.
- 2. Bypass Probate.** Because proceeds go directly and quickly to your named beneficiary on death, you can avoid costly probate and legal fees. This means that the full value of your investments go to the people you choose.
- 3. Long Investment Terms.** Life insurance companies have been making long-term promises for centuries. You can invest in longer investment terms, up to 30 years or more. Banks and trust companies usually don't offer terms beyond five years as deposits won't be insured by CDIC.
- 4. Consumer Protection.** The life insurance industry provides policyholders with a consumer protection plan called CompCorp (the Canadian Life and Health Insurance Compensation Corporation). This plan protects you, within prescribed limits, if a life insurer becomes insolvent. (www.compcorp.ca / 1-800-268-8099)
- 5. Pension Income Tax Credit.** Because GICs with life insurance companies are annuities, interest you earn or accrue is reported as annuity income. For those age 65 or older, this income is eligible for the pension income tax credit. Interest income from GICs elsewhere never qualifies for this valuable tax benefit.
- 6. Protect Against Drops in The Market.** Like mutual funds, segregated funds provide returns based on the performance of underlying securities. Segregated funds are backed by a life insurance company and guarantee to return at least 75% of your deposits, less withdrawals, when the contract matures (usually ten years). This guarantee also applies on death. Some plans can even offer 100% deposit protection on death or maturity.
- 7. Life Annuities.** A life annuity is one of the oldest retirement income options available. They are only available through a life insurance company and provide a guaranteed income for life. Banks and trust companies can offer a term-certain annuity, but typically these fall outside of the CDIC consumer protection plan.
- 8. Professional Advice.** Insurance company advisors are uniquely qualified to provide expert financial advice. They receive extensive training in financial services as well as tax and estate planning. Many advisors also have affiliations with other financial institutions, allowing them to provide you with customized financial solutions to help you reach your financial goals.

Want help reaching your financial goals? Call today!



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