

SUN LIFETIME ADVANTAGE GIF SUN GIF SOLUTIONS

INCOME SERIES

Tax-free guaranteed retirement
income for life using a TFSA

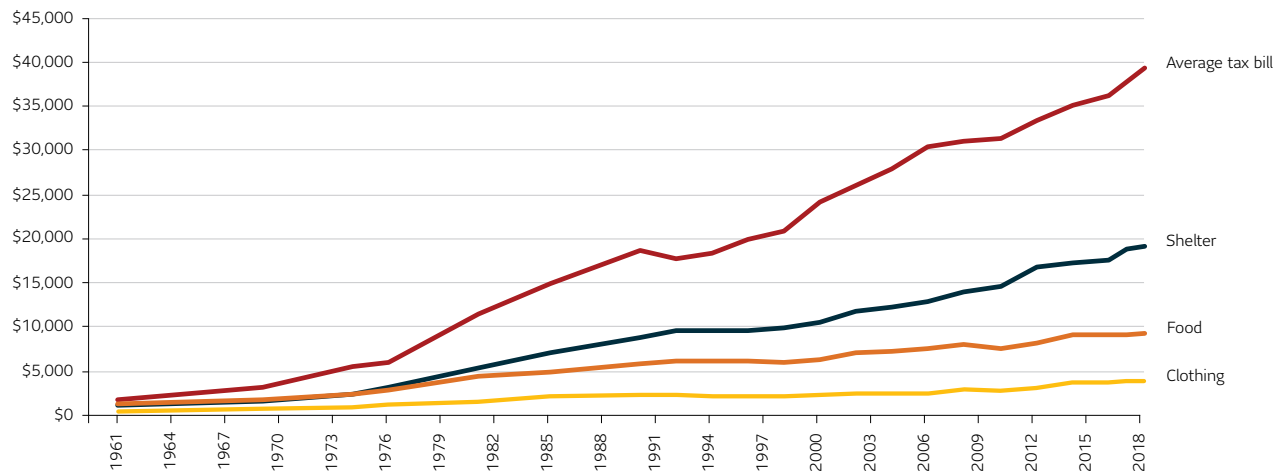
ADVISOR USE ONLY

Sun Lifetime Advantage GIF

Sun GIF Solutions – Income Series

Tax-free guaranteed retirement income for life using a TFSA

The following graph highlights taxes and selected expenditures of the average Canadian family (nominal dollars). As you can see, taxes are the highest expenditure:



Frasier Institute – The Canadian Consumer Tax Index, 2019 edition.

The Concern

The graph above shows that taxes take the greatest percentage of household income, surpassing money spent on food, clothing and shelter combined. As taxes continually rise, Canadians pay more and more and there's less to put into their retirement savings.

The tax-free savings account (TFSA) offers tax relief, but Canadians are not taking full advantage of a TFSA as a long-term retirement income strategy. As well, many Canadians aren't taking advantage of the maximum contributions they can make to TFSAs.¹ This savings vehicle can benefit anyone planning their retirement, from low-income to very wealthy Clients.

The Solution

Give Clients tax-free, guaranteed retirement income for the rest of their lives. The combination of a TFSA and Sun Lifetime Advantage Guaranteed Investment Fund (GIF) or Sun GIF Solutions – Income Series shelters their savings from tax and provides guaranteed income to help them budget and pay for their basic and lifestyle needs in retirement. This strategy is a powerful alternative to financial institutions promoting TFSAs for short-term savings.

¹Only 20% of TFSA holders in Canada have contributed the maximum to their accounts. (Source: Canada Revenue Agency, as of 2019)

DID YOU KNOW?

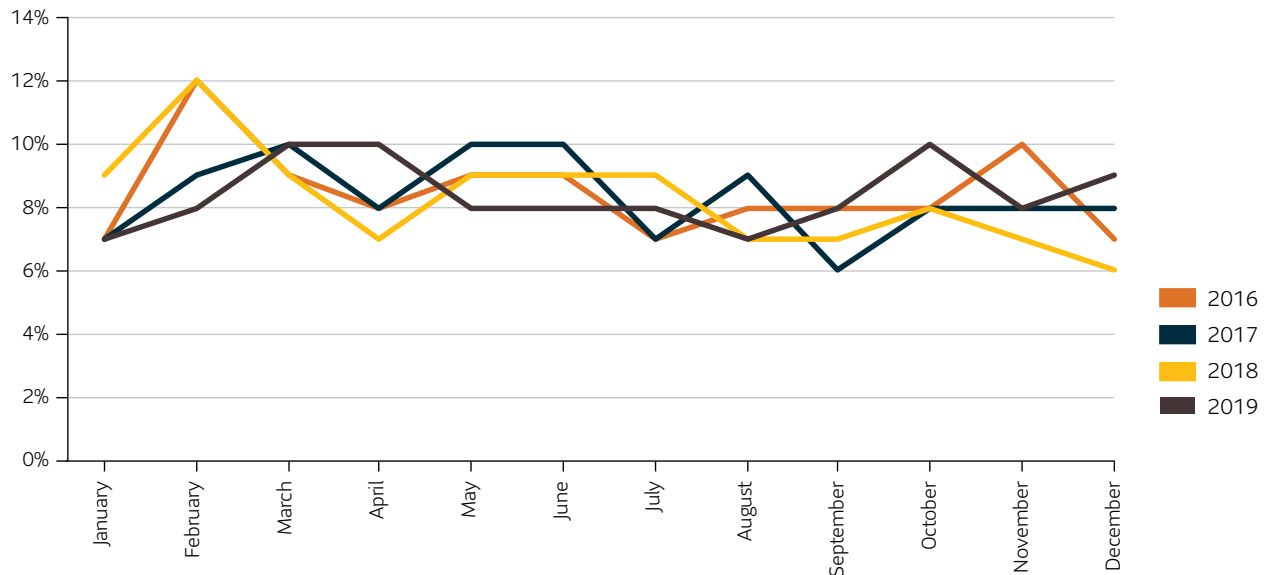
- TFSAs can hold mutual funds, guaranteed investment funds, guaranteed investment certificates, bonds – almost any investment an RRSP can hold.
- Eligible Clients who have not contributed since 2009 now have \$69,500 in contribution room: 2009-2012-\$5,000; 2013-2014-\$5,500; 2015-\$10,000; 2016-2018-\$5,500; 2019-2020-\$6,000.²

RRSP “season” can be TFSA season

A TFSA can be a complement to a registered retirement savings plan (RRSP) in a retirement plan, or in some cases, an alternative to an RRSP. Tax is a certainty; reducing tax with a TFSA is effective retirement planning.

On average, a larger number of TFSAs contracts are opened in January and February. RRSP season is also a great time to promote TFSAs. Why not align your RRSP and TFSA conversations with Clients?

Percent (%) of TFSAs opened in a given year



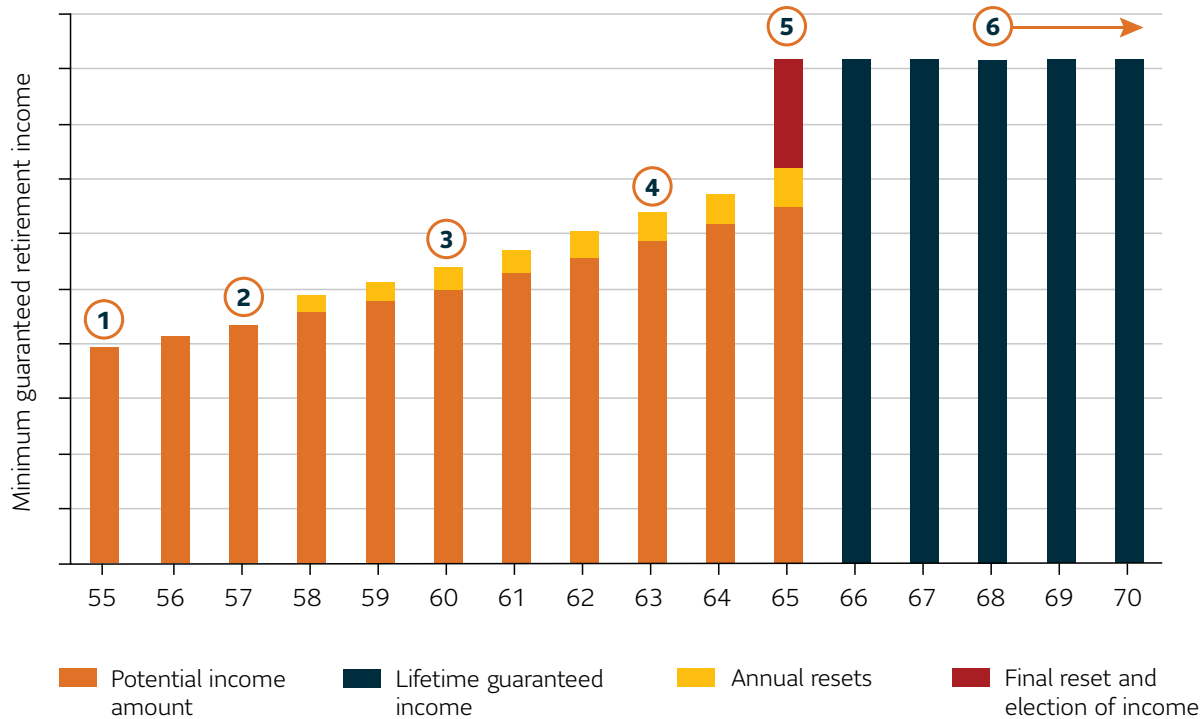
Source: graph based on TFSA GIFs opened at Sun Life from 2016-2019.

²For information about contribution limits, transfers and withdrawals, please visit www.cra.gc.ca.

Tax-free strategy for lifetime guaranteed income

Let's look at an example with Sun Lifetime Advantage GIF.

Sun Lifetime Advantage GIF held in a TFSA will allow you to offer Clients tax-free lifetime guaranteed retirement income. Here's how it works for Peter, a 55-year-old who has started planning for his retirement in 10 years:



Low volatility scenario to replicate conservative return estimates. | Average annual return 6.8%, 70% equity, 30% income; MER = 3.97%.

The advantages of Peter investing in Sun Lifetime Advantage GIF held in a TFSA:

- 1 On his initial deposit, Peter will know the minimum guaranteed tax-free income for life at any age that he opts to elect income.
- 2 The longer Peter chooses to defer taking income, the greater the tax-free income he'll receive. If Peter contributes his yearly TFSA maximum to his contract he will increase his guaranteed income and compound his tax-free savings.
- 3 In the years before taking income, the minimum amount of lifetime guaranteed income automatically resets each year if market conditions and interest rates have been favorable.
- 4 Peter will be able to take advantage of potential market gains with annual resets, without fear of losing any of his tax-free income, if market values decrease.
- 5 When Peter chooses to elect income, it won't qualify as taxable income, and that means it won't affect his OAS benefits. He may also receive a final reset.
- 6 Peter knows that his income from Sun Lifetime Advantage GIF will provide tax-free income to him for the rest of his life.

Imagine the peace of mind that you can provide for Clients; they'll know that taxes won't erode their retirement income.

Use Sun Lifetime Advantage GIF or Sun GIF Solutions – Income Series in a TFSA as a long-term, tax-free retirement income option.

Sun Lifetime Advantage GIF and Sun GIF Solutions – Income Series provide lifetime guaranteed retirement income, as well as maturity and death benefit guarantees. Held in a TFSA, this strategy is beneficial to a wide variety of Clients and can ease many of their concerns:

Do you have Clients with any of the questions and concerns expressed below?

Q: Will I be able to access my money in an emergency?

A: TFSAs and segregated fund products are liquid and flexible.*

Q: When held in a TFSA, can these segregated fund products help me reduce tax on the money I'm saving for retirement?

A: Yes, since any amount earned in a TFSA is not taxed.

Q: Will market volatility decrease the value of my investment?

A: Sun Life GIFs provide maturity and death benefit guarantees that can help protect the value of the investment from volatile markets.

A: Sun Lifetime Advantage GIF and Sun GIF Solutions – Income Series provide a minimum income guarantee. Sun Lifetime Advantage GIF also provides income resets to potentially increase your minimum level of lifetime guaranteed income.

Q: What if I've maxed out my RRSP contributions?

A: The TFSA provides an additional tax-protected vehicle for retirement savings.

Q: Will taxes erode the investments I want to leave for my loved ones?

A: With a TFSA, you can tax-shelter your investments and leave them as a legacy.

Q: Will withdrawing from my TFSA affect my government benefits?

A: TFSA income doesn't affect Old Age Security (OAS) benefits, since TFSA withdrawals aren't taxed as income.

Q: Will unknown future government tax rates and income tax bracket changes affect my investment?

A: No, they have no impact. Withdrawals from a TFSA aren't taxed and growth within a TFSA is tax-free. Also consider OAS clawbacks, inclusion rates, and current tax rates in your discussions with Clients about investing in a TFSA.

If you have Clients asking any of the questions above or looking for retirement income strategies, speak to your Wealth Sales Team today for more information.

Sun Lifetime Advantage GIF and Sun GIF Solutions – Income Series held in a TFSA can provide lifetime guaranteed retirement income – tax-free.

*Withdrawals other than guaranteed income payments will reduce future lifetime guaranteed income.

Sun Lifetime Advantage GIF Sun GIF Solutions – Income Series

Sun Life Guaranteed Investment Funds (GIFs) is an industry-leading suite of segregated fund products offering the benefits of protection, investment growth, flexibility and control for your assets. **Sun Lifetime Advantage GIF** and **Sun GIF Solutions** are products within the Sun Life GIFs suite.



For more information, contact your Wealth Sales Team or:

Visit sunlifeglobalinvestments.com | Call **1-844-753-4437**

Email supportwealth@sunlife.com

ADVISOR USE ONLY

Any amount that is allocated to a segregated fund is invested at the risk of the contract owner and may increase or decrease in value.

Only advisors who hold CFP (Certified Financial Planner), CH.F.C (Chartered Financial Consultant), F.Pl. (Financial Planner in Quebec), or equivalent designations are certified as financial planners.

Sun Life Global Investments is a trade name of SLGI Asset Management Inc., Sun Life Assurance Company of Canada and Sun Life Financial Trust Inc. Sun Life Assurance Company of Canada is the issuer of guaranteed insurance contracts, including Accumulation Annuities (Insurance GICs), Payout Annuities, and Individual Variable Insurance Contracts (Sun Life GIFs).

© Sun Life Assurance Company of Canada, and its licensors, 2021. Sun Life Assurance Company of Canada is a member of the Sun Life group of companies. All rights reserved.

