

RAWLING REPORT

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BY RAWLING FINANCIAL INC.

HELPING CLIENTS MAKE WISE DECISIONS REGARDING THEIR WEALTH

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.

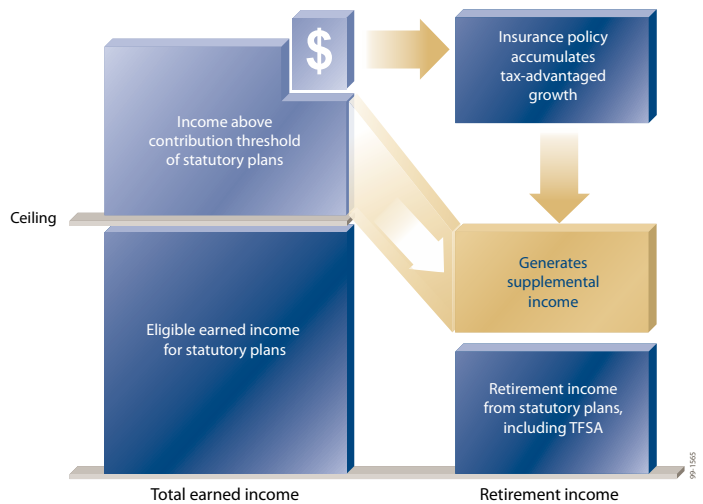
You may be constrained by RRSP limits

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.

You can enhance your retirement income with permanent life insurance where the growth is tax-advantaged.

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.



Under current income tax legislation, a permanent life insurance policy is exempt from annual income taxation on the growth of policy values, provided certain conditions are met. Withdrawals from the life insurance policy cash values are subject to taxation based on the rates and laws in effect at the time you withdraw the cash value.

When the time comes for you to access the policy's cash value, you have choices. Generally speaking, there are three approaches to access your cash value:

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

The approach that may be right 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. I can provide more information on how to optimize your retirement income.

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 are diagnosed with a covered critical condition and satisfy the survival period, the benefit you receive can help you deal with unexpected expenses, meaning you are 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. So, 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.

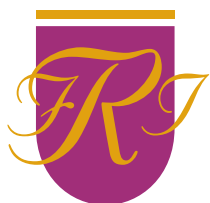


Most people never prepare for a critical illness

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.

I 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 CRA generally accepts that 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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