

# Retirement income

Disbursement products  
Annuities, RRIFs and LIFs



## La Capitale

Insurance and  
Financial Services





Disbursement products

## Make the most of your new lifestyle without financial worries

For years now, you have been saving to build retirement wealth that fulfills your expectations. Do you perhaps have an RRSP, a Locked-in Retirement Account (LIRA) or non-registered investments? If so, you need to determine **which disbursement method will allow you to maximize your savings while protecting your financial security.** La Capitale offers a wide range of disbursement products that can meet your needs.



**70%**  
a realistic percentage

Your retirement savings, government or supplemental pension plans should be able to provide you with **70% of your average gross annual income over the last three years prior to retirement**. You will need these sources of income to cover your day-to-day expenses during retirement. You will also need to include supplementary income to achieve your goals and take life's little surprises in stride. La Capitale is there to help you maximize your savings so that your dreams can become a reality.

# Annuities

Canadians' life expectancy has increased so dramatically that your retirement period may well last as long as your professional life. Because of this, annuities have become a key component of any diversified portfolio, because they are a reliable source of income, even during times of economic instability.

There are two types of annuity: term **certain** and **life**.

## Term Certain Annuity

With a **term certain annuity**, you receive **payments over a predetermined period**. When that period elapses, the payments cease and the contract ends, even if you are still alive. This annuity's **fixed payments** constitute its main advantage. However, if you have an RRSP, the minimum duration of a term certain annuity is 90 years, less your age.

## Life Annuity

With a **life annuity**, you receive **guaranteed payments** for life. Upon your death, payments will stop. However, you can provide for your heirs by choosing a guaranteed payment period or opting for a joint and survivor annuity.

## LifeAnew Deferred Life Annuity



UNLIKE  
ANYTHING  
ELSE  
on the market

This type of annuity, exclusive to La Capitale, was designed for individuals between the ages of 40 and 60. When purchasing a *LifeAnew* annuity, you plan your retirement income based on the amounts you invest. In this type of **registered** annuity, the **contributions are tax deductible** as an RRSP. *LifeAnew* provides retirement income or an income supplement that is **100% guaranteed for life**. It is also offered as a Locked-in Retirement Account (LIRA).<sup>1</sup>

1. LIRA registered in Quebec only

## FEATURES OF THE LIFE ANNUITY

- Life annuities are sold exclusively by insurance companies.
- Life annuities may include a **guaranteed payment period**, such as 5, 10 or 15 years. In the event of your death before the guaranteed period has expired, your heirs will be entitled to the annuity payments until the end of the predetermined period.
- If you have opted for a joint and survivor annuity, a percentage of your payments will continue to be made to your spouse after your death.
- Annuity **payments** are generally **fixed**, so if you are worried about inflation, you can have them indexed up to a certain maximum (available only for registered products).
- If the life annuity has been purchased by means of registered capital, the payments are taxable for the year in which they are received.
- An annuity purchased by means of non-registered capital is known as a **prescribed annuity**. It receives **preferential tax treatment**.
- **No investment management** on your part is required.
- **All the amounts accumulated** in an RRSP, LIF, RRIF, LIF or non-registered savings plan can be converted to an annuity.
- For LIFs that are held in life annuities, withdrawals are not subject to any maximum.



# RRIF and LIF

You are required to convert your Registered Retirement Savings Plan (RRSP) or your Locked-in Retirement Account (LIRA) to retirement income by December 31 of the year in which you turn 71, unless you elect to withdraw all your retirement income then taxable, which may not be the wisest solution.

**If you have an RRSP**, you may convert it to a Registered Retirement Income Fund (RRIF) or an annuity.

**If you have a LIRA**, you may convert it to a Life Income Fund (LIF) or an annuity. As a general rule, you have a LIRA if you left a job before age 55 and you transferred the funds in your name from your employer's pension plan to this account.

Don't forget that you may convert all or a portion of your RRIF or LIF to an annuity at any time.

## Considerable scope for management of your investments

### **FLEXIBLE WITHDRAWAL OPTIONS**

Each year, you determine your income in keeping with the minimum (RRIF and LIF) and maximum (LIF only) withdrawal amounts prescribed by law, based on your age. You can therefore vary the amount and the frequency of your withdrawals based on your needs.

**Want to hold onto your capital longer?** Reduce your minimum annual withdrawal by using the age of your spouse, if he or she is younger than you. You can also use income splitting.

### **STAY IN CONTROL**

Manage your capital, and select investment products that suit your needs. There are many to choose from. All RRSP- and LIRA-eligible investments apply to RRIFs and LIFs.

### **RRIF AND LIF TAX ADVANTAGES**

Funds transferred to a RRIF or LIF, and the income that they generate, do not become taxable until they are disbursed. You can therefore spread your income tax payments out over a number of years.

### **FEATURES OF RRIF AND LIF**

#### **RRIF**

- For RRSP holders
- Minimum annual withdrawal
- No maximum withdrawal
- Opportunity to transfer the balance to a life or term certain annuity at any time

#### **LIF**

- For LIRA holders
- Withdrawals subject to a minimum and maximum amount
- Individuals under age 65 may withdraw an additional amount representing temporary income, under certain conditions
- Opportunity to transfer the balance to a life annuity at any time



Guided by the values of mutualism on which it was founded, La Capitale works with people to build, protect and value what they feel counts for their financial security.

**To find out more about the numerous benefits associated with La Capitale's products, contact us or visit our website.**

**[lacapitale.com](http://lacapitale.com)**

This document is not a contract. It merely provides an overview of certain savings products. Only the application, instructions, contract and certificate may be used to settle legal issues. Contracts are issued by La Capitale Insurance and Financial Services Inc. or by La Capitale Civil Service Insurer Inc.

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