

# Financial Concepts *at a Glance*



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# Financial Concepts *at a Glance*

Whether your clients are looking for income protection, asset accumulation or estate preservation, **BMO Life Assurance Company** has the tools to help you to create the right insurance solutions for your clients! Use the following guide to help you determine the right solution for your clients and be sure to use the latest version of the BMO® Insurance *wave* illustration software to help you create customized proposals for your clients.

	PLAN	TARGET MARKET	OBJECTIVE	APPROACH	TYPICAL PLAN DESIGN
INDIVIDUAL Insurance Solutions	<b>Mortgage Solutions</b>	<ul style="list-style-type: none"> <li>Individuals or couples with an outstanding mortgage balance</li> </ul>	<ul style="list-style-type: none"> <li>Complete home mortgage protection from unexpected loss or unforeseen events</li> </ul>	<ul style="list-style-type: none"> <li>Purchase term life insurance to cover current mortgage balance and potentially bundle critical illness protection</li> </ul>	<ul style="list-style-type: none"> <li>Single Life (or Joint First to Die)</li> <li>Preferred Term 20 with a critical illness coverage combined under one plan</li> </ul>
	<b>The BMO Insurance Insured Retirement Plan</b>	<ul style="list-style-type: none"> <li>High income earners who have an adequate time horizon to plan and save for retirement and who have maximized their RRSP contribution limits</li> </ul>	<ul style="list-style-type: none"> <li>Create a source of supplemental retirement income that stretches beyond the limits of RRSPs and traditional pension plans</li> </ul>	<ul style="list-style-type: none"> <li>Maximum fund a UL policy with the least amount of insurance coverage. At retirement, assign the Cash Value of the policy as collateral for a series of bank loans that act as a source of tax-free income. At death, pay back the outstanding loan balance from the proceeds of the tax-free Death Benefit</li> </ul>	<ul style="list-style-type: none"> <li>Single Life (or Joint Last to Die)</li> <li>Maximum premium</li> <li>YRT COI</li> <li>Level Death Benefit with InvestorMaximizer or MaximizerSelect</li> <li>Equity-style investment options are selected pre-retirement</li> <li>GIAs may be used closer to or during the retirement period</li> </ul>
	<b>Personal Asset Transfer Plan</b>	<ul style="list-style-type: none"> <li>Individuals with sizeable taxable investments who are looking for a more tax effective vehicle to maximize their estate value</li> </ul>	<ul style="list-style-type: none"> <li>Reposition investments earmarked for the next generation by moving them from a taxable investment vehicle into a tax-exempt life insurance policy</li> </ul>	<ul style="list-style-type: none"> <li>Transfer sums from taxable investments into a UL policy to benefit from the tax-deferred growth</li> </ul>	<ul style="list-style-type: none"> <li>Single life or joint, depending on insurance needs</li> <li>Level of funding will depend on the financial objectives of the client</li> <li>YRT COI</li> <li>Death Benefit option will depend on the overall insurance requirements</li> </ul>
	<b>Family Asset Transfer Plan</b>	<ul style="list-style-type: none"> <li>Older individuals with sizeable non-registered estates who are planning to transfer this wealth to their children or grandchildren</li> </ul>	<ul style="list-style-type: none"> <li>Transfer surplus non-registered taxable assets to the next generation without incurring costly taxes and estate charges</li> </ul>	<ul style="list-style-type: none"> <li>Parent (or grandparent) purchases insurance on an adult child (or grandchild) and transfers ownership of the policy during his/her lifetime (or at death)</li> </ul>	<ul style="list-style-type: none"> <li>Single Life</li> <li>Life insured is the adult child/grandchild to whom the assets are to be transferred</li> <li>Maximum premium</li> <li>YRT COI</li> <li>Level Death Benefit with InvestorMaximizer or MaximizerSelect</li> </ul>
	<b>Personal Insured Annuity</b>	<ul style="list-style-type: none"> <li>Older individuals (or couples) in their retirement years who are looking to draw on supplemental retirement income from their non-registered investments</li> </ul>	<ul style="list-style-type: none"> <li>Enhance the after-tax return on income and preserve investment capital</li> </ul>	<ul style="list-style-type: none"> <li>Purchase a life insurance policy and a prescribed annuity that funds the insurance premium and provides the income required</li> </ul>	<ul style="list-style-type: none"> <li>Prescribed life annuity combined with a permanent (T100 or UL) life insurance policy</li> </ul>
	<b>Estate Preserver</b>	<ul style="list-style-type: none"> <li>Older individuals (or couples) with significant taxable assets such as non-registered mutual funds, stocks, real estate, RRSPs/RRIFs, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Minimize the impact of taxes on the net value of an estate</li> </ul>	<ul style="list-style-type: none"> <li>Purchase insurance with a Face Amount that is equivalent to the amount of projected taxes at death</li> </ul>	<ul style="list-style-type: none"> <li>Single Life (or Joint Last to Die)</li> <li>Minimum premium</li> <li>Level COI</li> <li>Sum Insured plus Fund Value Death Benefit</li> </ul> <p><small>* A T100 plan may also be used</small></p>

BUSINESS Insurance Solutions	<b>The BMO Insurance Corporate Insured Retirement Plan</b>	<ul style="list-style-type: none"> <li>Corporations that require permanent life insurance as well as supplemental cash flow</li> </ul>	<ul style="list-style-type: none"> <li>Create a source of supplemental cash flow for a corporation that also requires insurance on a key employee</li> </ul>	<ul style="list-style-type: none"> <li>Fund a UL policy based on the insurance and investment objectives of the corporation; assign the cash value of the policy as collateral for bank loans, which can then be used for reinvestment (or payout) purposes. At death, repay the loan from the Death Benefit proceeds</li> </ul>	<ul style="list-style-type: none"> <li>Single Life</li> <li>Level of funding will depend on the financial objectives of the corporation</li> <li>Death Benefit option will depend on the overall insurance requirements</li> </ul>
	<b>Corporate Asset Transfer Plan</b>	<ul style="list-style-type: none"> <li>Business owners looking for a tax effective way to pass on corporate assets to shareholder's heirs</li> </ul>	<ul style="list-style-type: none"> <li>Pass on the value of corporate assets to named beneficiaries in a tax effective manner</li> </ul>	<ul style="list-style-type: none"> <li>Use accumulated surpluses to purchase a corporate owned universal life policy</li> <li>Fund policy as quickly as possible to reduce current corporate taxation</li> <li>The death benefit less the adjusted cost basis to the corporation flows through the capital dividend account to the successor tax-free</li> </ul>	<ul style="list-style-type: none"> <li>Single Life</li> <li>Level of funding will depend on the financial objectives of the corporation</li> <li>Death Benefit option will depend on the overall insurance requirements</li> </ul>
	<b>Corporate Insured Annuity</b>	<ul style="list-style-type: none"> <li>Business owners looking to maximize their income, while preserving their investment capital to make a gift when they die</li> </ul>	<ul style="list-style-type: none"> <li>Enhance the after-tax return on income and preserve investment capital in a holding company</li> </ul>	<ul style="list-style-type: none"> <li>Corporation purchases a life insurance policy and a non-prescribed annuity that funds the insurance premium and provides the income required to the business owner</li> </ul>	<ul style="list-style-type: none"> <li>Non-prescribed life annuity combined with a permanent permanent (UL or T100) life insurance policy</li> </ul>