

# Explore a Tax Deferred Annuity

Maximize the net income

*Combine the income advantages of annuities with the growth potential of investment funds*

**If you're about to retire or already retired and currently investing in GICs, a Tax Deferred Annuity is a great alternative.**

Annuities offer guaranteed income – when you buy one, you know how much money you will be receiving.

Annuities are one of the safest and most reliable retirement income products in Canada.

Investing part of your assets in investment funds may generate additional income to supplement the steady income provided by your annuity.

### **How it works:**

- You split your investment between a prescribed annuity and investment funds. Your income needs determine the percentage split between the annuity and investment funds.
- Prescribed annuities let you spread the taxable portion evenly over the term of the annuity – unlike GICs, where the full interest income is taxable as earned.
- You receive guaranteed income (from the annuity) and growth potential (from the investment funds).

## Tax Deferred Annuity in Action: how does it compare to a GIC?

	GIC at 3.80%	Tax Deferred Annuity	
		Term Certain Annuity	Investment Fund
Amount Invested	\$200,000.00	\$63,560.00	\$136,440.00
Annual Income	\$7,600.00	\$7,600.00	
Taxable Income	\$7,600.00	\$1,244.00	
Tax Free Income	\$0.00	\$6,356.00	
Tax Payable	\$3,040.00	\$497.60	
Total Net Income	\$4,560.00	\$7,102.40	
Tax Paid Capital in 10 year(s)	\$200,000.00		\$201,964.53
After Tax Fund Break Even Rate in 10 years		3.9%	\$200,000.00

### Assumptions:

- 50-year-old female investing \$200,000.
- Tax rate is 40%.
- GIC rate is 3.8% (2.28% after taxes).
- Investment fund rate of return (after taxes) is 4%.

The example compares a GIC to a combination of a prescribed annuity and investment funds. The Term Certain Annuity gives an efficient after-tax annual income of \$7,102.40 where the GIC gives an after-tax income of \$4,560.00. The investment fund will reach a projected value of \$201,964.53 after 10 year(s).

*Combinations can yield the best results –  
that's what the Tax Deferred Annuity Concept has to offer!*

*Ask your advisor to help you decide if a  
Tax Deferred Annuity is right for you.*

For more information, visit Individual Solutions at  
[www.standardlife.ca](http://www.standardlife.ca)

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**The Standard Life Assurance Company of Canada**  
**Standard Life Mutual Funds Ltd.**  
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