



Brought to you by Stephen Dugal

KNIGHTS OF COLUMBUS

# Financial Beacon

Fall 2015

**INSURE  
YOUR MOST  
VALUABLE  
ASSET: YOU**

**THE  
RRSP and  
Annuity  
RELATIONSHIP**

*Life insurance in your  
Financial Plan?*  
**YES!**



## A MESSAGE from your agent

### **Dear Brother Knight:**

I'm proud to tell you about an exciting milestone for Knights of Columbus Insurance: For the 40<sup>th</sup> consecutive year, ratings agency A.M. Best has awarded us with the highest possible rating for financial strength (A++, Superior).

From life and disability insurance to long-term care policies, we make it our business to protect you, your fellow Knights and your families without taking on unnecessary risk. In fact, no other insurance company in North America is more highly rated than we are. And since we've been protecting Catholic families since 1882, you could say we're experts in our field. Couple that with our commitment to ethical investments, which adhere to our Catholic values, and it's easy to see why we continue to grow in strength and numbers.

I'd like the opportunity to meet with you to discuss how our strength is *your* strength. Insurance is my business, but my focus is *you*.

Fraternally yours,

**Stephen Dugal**

# Insurance as part of your financial plan? In a word, YES!

When most people think of a financial plan, they think of savings, or retirement plans, or picture stocks, bonds and mutual funds. Insurance often gets lost in the shuffle or dismissed. But maybe it's time to take another look. Life insurance can be a safe—and some would even say essential—part of any financial plan.

There are several advantages to including insurance in your financial plan—with very little risk. But remember, insurance policies are not one size fits all. Here's a look at how you can benefit from adding a permanent life insurance policy to your mix.

**Protection.** Just like the name implies, permanent life insurance is a policy that will last your entire life as long as you continue to pay the premiums—even if your health takes a turn for the worse. Like any life insurance, it will protect the financial future of your spouse and dependents by paying them a benefit when you die

### **But how does permanent life insurance help your finances?**

It's a safe choice. Permanent life insurance isn't affected by market losses like stocks and mutual funds. Provided that you pay your premiums as outlined in the contract, permanent life insurance guarantees that your money will grow over time—no matter what's going on in the stock market.

**Cash Value.** Permanent life insurance policies offer one other important feature—cash value. This value accumulates over the course of the policy and can be used by you. People often use their policy's cash



value to pay for college, a housing down payment or other major expenses.

**You have access**—at any time.

Unlike other retirement accounts such as an RRSP, TFSA, or RRIF, a whole life policy gives you the option of accessing your money with no early withdrawal penalty. It's your money; it's up to you.

**Dividends.** Dividends—while never guaranteed—are an important way that companies like the Knights of Columbus share their success with our policyholders. Those who purchase permanent life insurance contracts can, by vote of the Board of Directors, receive a partial return of their premiums. These are called dividends. Once declared, the insured has a number of options for using those dividends that can add value—and even more insurance—to their existing policy. ♦

*This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.*

# The RRSP and fixed annuity relationship

The relationship of a fixed annuity to a Registered Retirement Savings Plan (RRSP) can be confusing, because an annuity can play more than one role. Before explaining these roles, let's cover some basics:

## Fixed-rate annuities

The basic concept of an annuity is simple: You pay into the annuity today; the annuity generates a steady retirement income stream at a point later in time.

Fixed-rate annuities offer a stable, predictable return, in contrast to variable annuities, which are tied to the performance of underlying investment funds. (Note: The Knights of Columbus does not offer variable annuities.)

You may contribute a lump sum or a series of payments to an annuity.

Payouts from an annuity are typically "annuitized," meaning you receive regular payments (such as monthly) over a period of time. This can be a fixed number of years, or the rest of your life, or even the rest of your life plus the life of a beneficiary, typically a spouse.

## RRSPs

RRSPs offer an opportunity to accrue retirement dollars on a tax-deferred

basis. Think of an RRSP as the shell into which you put your money. Monies you contribute to an RRSP have two key tax advantages:

- You don't pay income taxes on the money you divert into an RRSP, up to a limit. (See "RRSP Contributions")
- The interest income generated is not taxed until you withdraw money from the RRSP.

You may contribute to an RRSP until the age of 71, when you must withdraw the money or transfer it to a qualified account.

## How RRSPs and annuities interact

You may contribute to an annuity that is classified as an RRSP. As with any RRSP, you don't pay income taxes on your contributions. Non-registered annuities are also available. If you have a non-registered annuity, your contributions are not tax-deductible, and the interest is taxed annually. However, having paid income taxes on the principal and yearly interest, taxation will be minimized when you start receiving annuity payments.

If the annuity qualifies under the tax code as an RRSP, you have the option to annuitize all or a portion of



the annuity proceeds. You pay regular income taxes on the annuity payments as you receive them.

I'd be glad to help you work through some retirement scenarios. Just give me a call. ♦

*This publication is not intended as specific tax advice. Please consult a licensed tax expert.*

## RRSP Contributions

RRSP contributions that you may deduct from your taxes are generally limited to 18 percent of your income from the previous year, or a dollar limit (\$24,930 for 2015 and \$25,360 for 2016), whichever is lower. However, you may qualify for a larger deduction if you didn't make the maximum deduction last year. Find your deduction limit on your most recent tax return's Notice of Assessment, or use the My Account service on the Canada Revenue Agency Web site ([www.cra.gc.ca](http://www.cra.gc.ca)).

## YOUR AGENT



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## Family benefits & services

Knights of Columbus insurance consistently ranks at the top of the industry in financial stability and ethics. Please call to discuss these services:

- Financial needs analysis
- Life insurance
- Life annuities
- Long-term care insurance
- Transfers of pension plan to registered plans (RRSP, TFSA, RRIF)
- Estate preservation
- Scholarships
- Family fraternal benefits
- Disability insurance

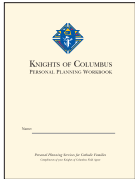
Contact me today for information on long-term care insurance



# KNIGHTS OF COLUMBUS Financial Beacon

Knights of Columbus Supreme Office

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## The document your family will be glad you left behind

In one place, you can assemble all the information your family would need to take care of basic financial matters in your absence. Your complimentary Knights of

Columbus Personal Planning Workbook helps you compile details about key contacts (attorneys, insurance agents, etc.), financial accounts, bills, passwords, the location of important documents, and more.



Contact me today for information on long-term care insurance

## INCOME ARMOR—insure your most valuable asset

No one expects to have an injury or illness that keeps them from working, but it happens more often than you'd think. In fact, a recent survey found that "one-in-three working Canadians will experience a period of disability lasting longer than 90 days during their working lives."\*

When you're young and healthy, it's easy to forget—or ignore—this possibility. Which is why very few people find themselves insured against this devastating loss when they need it. It's not surprising then that "67% of Canadian workers have not talked about how they would manage the financial impact of not working."\*

Most people tend to think of their home as their most important asset—but think again. It's actually your ability to earn a paycheck. If you were to become sick or injured for a significant period of time during your working years, that income disappears.

Fortunately, there's Income Armor. A disability income insurance designed to protect your greatest asset—you.

Income Armor is just what the name implies—protection against loss of income due to disability. It's available to both members and their wives between the ages of 18 and 61. You can choose a maximum benefit period of two years or five years, or to age 67. And once in place, the policy can't be cancelled as long as you pay your premium when due.

The base policy premium covers these benefits:

- 1 Total disability
- 2 Partial disability
- 3 Organ donor
- 4 Rehabilitation and retraining
- 5 Waiver of premium

And you can add on other optional riders such as these:

- Catastrophic disability
- Cost of living adjustment



- Guaranteed purchase
- Social insurance

Don't let an unexpected disability come between you and your financial security. Trust Knights of Columbus Income Armor to give you a comprehensive—and affordable—way to protect your future. I'm here to answer any questions you may have, and help you design a plan. ♦

\* Ipsos survey, commissioned by Royal Bank of Canada, June 2015.  
[www.rbc.com/newsroom/news/2015/20150929-rbc-ins-disability.html](http://www.rbc.com/newsroom/news/2015/20150929-rbc-ins-disability.html)