



INTELLIGENT INVESTING

Design your future

Segregated fund policies versus mutual funds:
Understand your options

Choosing the best option for your investment needs

Understanding differences between a segregated fund policy and a mutual fund can be confusing. For the most part, we often only consider what's familiar, instead of considering what's best for our individual needs.



The purpose behind segregated fund policies and mutual funds is the same: They provide you with a diversified investment that can be tailored based on risk. However, segregated fund policies can provide you with the growth potential of investment funds along with death benefit and maturity guarantees.

The following information is a great starting point to figure out which option may be best for you.

Ideal clients

Segregated fund policies are for:

- Investors who want to invest in the market for growth, but want to limit potential losses with maturity guarantees
- Investors who want to help protect the value of their legacy by bypassing the delays and expense of estate and probate process
- Investors who want to keep details of their estate discrete by passing assets privately to their named beneficiaries
- Sole proprietors, partners or professionals looking to protect their investments from creditors

Mutual funds are for:

- Investors who value lower management fees (and are willing to forego guarantees or potential creditor protection)
- Investors with a simplified need for estate planning (for example, families with young children)
- Investors without a need for principal protection

Segregated fund policies: Build and protect wealth with one policy

A segregated fund policy is an insurance product offering the same wealth-building features as a mutual fund. However, segregated fund policies also provide investment and estate planning solutions, as well as important wealth-protection features.

Principal protection

Segregated fund policies offer guarantees on capital you invest to provide downside protection at maturity and death.

No trustee fees

If you choose a registered segregated fund policy, there are no trustee fees.

Estate bypass

On notification of the last annuitant's death, proceeds go directly to named beneficiaries, if other than the estate, bypassing delays and expense of a probate process if applicable.

Privacy

Keep details of your segregated fund policy private. When a will goes through probate, details are available to the public. With segregated fund policy, money (if any) can bypass wills and go privately to named beneficiary(s).

Creditor protection potential

Because a segregated fund policy is an insurance policy, it's potentially protected from creditors.*

* Creditor protection depends on court decisions and applicable legislation, which can be subject to change and can vary from each province; it can never be guaranteed. Your client should talk to their lawyer to find out more about the potential for creditor protection for their specific situation.

Building an investment plan tailored for you may include diversification, flexibility and simplicity of segregated fund policies.

Diversification: A key to managing your risk

When you spread your investments over different asset classes, you can lower expected risk and maintain expected returns. Diversification guided the creation of Canada Life's segregated fund lineup. You're able to build a well-balanced investment plan with funds managed by some of the world's leading investment management companies.

Flexibility: Tailor your policy to meet your needs

With your advisor, you can choose the right investments and guarantees to help achieve your financial goals. To help you choose the appropriate amount of protection that comes with your segregated fund policy, Canada Life offers three levels of maturity and death benefit guarantees.



Three levels of guarantees to choose*

75/75 guarantee policy	<p>75 per cent maturity guarantee and 75 per cent death benefit guarantee</p> <ul style="list-style-type: none">• You're guaranteed to receive 75 per cent of all premiums contributed, reduced proportionately by any withdrawals:<ul style="list-style-type: none">• At the maturity guarantee date• On notification of death of the last annuitant
75/100 guarantee policy	<p>75 per cent maturity and 100 per cent death benefit guarantee</p> <ul style="list-style-type: none">• At maturity guarantee date: 75 per cent of premiums contributed, reduced proportionately by any withdrawals are guaranteed.• On notification of death of the last annuitant: 100 per cent of premiums contributed, reduced proportionately by any withdrawals, are guaranteed. Premiums contributed when youngest annuitant is age 80 or older are subject to a graded death benefit guarantee schedule.
100/100 guarantee policy	<p>100 per cent maturity and 100 per cent death benefit guarantee</p> <ul style="list-style-type: none">• At maturity guarantee date: 100 per cent of premiums contributed for at least 15 years, and 75 per cent of premiums contributed for less than 15 years, reduced proportionately by any withdrawals.• On notification of death of the last annuitant: 100 per cent of premiums contributed to a policy reduced proportionately by any withdrawals are guaranteed. Premiums contributed when youngest annuitant is age 80 or older are subject to a graded death benefit guarantee schedule.

* Features and guarantees vary by policy and age of annuitant and some limitations apply. Maturity and death benefit guarantees are reduced proportionately by withdrawals.

Options for mature clients

If you're 80 to 90 years old, leaving wealth to beneficiaries is easy. Canada Life™ offers *Estate Protection*, a product that has:

- 100 per cent death benefit guarantee
- 75 per cent maturity guarantee*

Estate Protection enables you to pass money to your named beneficiaries without estate administration costs. Contact your advisor to discuss whether this product is the right fit for you.

* Occurs Dec. 31 of the year the annuitant turns 100 years old.



Mutual funds

A mutual fund account provides access to a diversified portfolio of investments by pooling money with like-minded investors and investing the money in stocks, bonds, and money market instruments.

Similar to segregated fund policies, mutual fund accounts allow you to benefit from the skills of professional investment managers and to diversify your portfolio by investing your money into many different securities, thereby, reducing your overall investment risk.

Mutual funds have many benefits but it is important to remember that they do not offer any principal protection such as maturity or death benefit guarantees as those of segregated fund policies.

	Segregated fund policies	Mutual funds
Overview	Provide the growth potential of investment funds along with maturity and death benefit guarantees	Provide lower fees to enhance growth potential, but don't provide protection from down-side market risk
Professional asset management	Yes	Yes
Access to diversified investments	Yes	Yes
Diversified growth opportunities for investment capital	Yes	Yes

	Segregated fund policies	Mutual funds
Principal protection	The maturity/death benefit guarantees allow you to invest in the market and grow your portfolio while reducing risk of the capital you invested	No
Automatic resets	Maturity and death benefit guarantees can be augmented with automatic reset options so gains are locked in, which could increase the guarantee amount	No
Creditor protection potential	Segregated funds are an insurance policy. As a result, your policy may be protected from creditors	No*
Estate probate bypass and privacy	Depending on the situation, there are potential legal and estate benefits; if you have a named beneficiary, your segregated fund can bypass the delays and expense of probate, if applicable. Segregated fund policies can allow you to keep the details of your estate discrete by avoiding the will and passing it privately to your named beneficiaries.	Possible
Income allocations	Allocate income to policyowners	Distribute and reinvest income earned by fund to unit holders
Capital losses	Losses flow through to the policyowner	Losses are carried forward within the fund
Tax reporting	Adjusted cost base (ACB) is tracked by the insurer	Unit holder responsible for own tracking of ACB

* There may be potential for protection on registered mutual fund accounts.

Canada Life segregated fund policies have you covered

Canada Life has the products to cover you – estate protection and Canada Life segregated fund policies – and a wealth of options available to cover your investment needs including:

- 100 per cent equity funds available
- Immediate 100 per cent death benefit available for clients up to age 90 with our *Estate Protection* product
- 75 to 100 per cent maturity and death benefit guarantees available
- Client-initiated and annual automatic resets may be available depending on product
- Income for life available with our *Lifetime income benefit* option



Contact your advisor to discuss your financial goals and help ensure you've picked the right investment option. Canada Life is a financial solution provider with the flexible investment options for every stage of your life.



For more information about Canada Life and its products, visit www.canadalife.com or talk to your advisor.

The information provided is based on current tax legislation and interpretations for Canadian residents and is accurate to the best of our knowledge as of the date of publication. Future changes to tax legislation and interpretations may affect the information. The information is general in nature, and is not intended to be legal or tax advice. For specific situations, you should consult the appropriate legal, accounting or tax advisor.

A description of the key features of the segregated fund policy is contained in the information folder.

Any amount that is allocated to a segregated fund is invested at the risk of the policyowner and may increase or decrease in value.

In Quebec, advisor refers to a financial security advisor for individual insurance and segregated fund policies; and to an advisor in group insurance/annuity plans for group products.

Helping people achieve more™