

## ANALYSIS OF PENSION PLAN RETIREMENT OPTIONS

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### Assumptions

Present Age of Client		<b>61</b>
Planned Retirement Age	Beginning of year	<b>59</b>
Age When Joined Pension Plan		<b>25.00</b>
Years of Pensionable Service at Retirement		<b>34.00</b>
Present Salary (Pensionable Earnings only)	Per Annum	<b>72,000.00</b>
Anticipated Annual Growth In Salary		<b>2.000%</b>
Salary at Retirement: Based on above assumed earnings growth	Per Annum	<b>69,204.15</b>
Average Annual Salary used for pension calculation		<b>36,051.40</b>
Is Pension Indexed to the Consumer Price Index (CPI)?		<b>No</b>
Pension Income to be Replaced at Death		<b>60.00%</b>
Assumed Annuity Interest Rate		<b>8.000%</b>
Spouse Date of Birth		<b>18-Apr-1954</b>
Age of Spouse at Clients Retirement Age		<b>54</b>

### Pension at Retirement

Pension at Retirement Based on Life of Annuitant Only	Monthly	<b>1,431.08</b>
Joint Pension at Retirement Age Based on Ages of Annuitant and Spouse		<b>1,169.82</b>
Cost of Electing a Joint Survivor Pension Option	Monthly	<b>261.26</b>
Annuity Required For Spouse if Client Dies First	<b>60.00%</b>	<b>858.65</b>

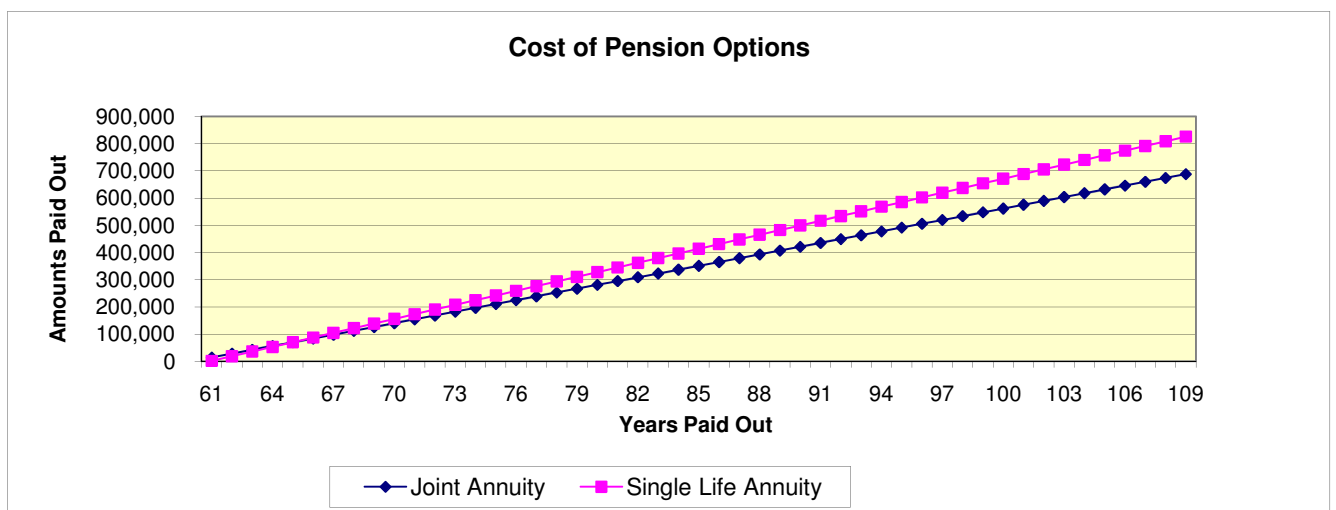
### Pension Maximization Plan

### Recommended Solution

Life Insurance Required to Replace Pension Until Spouse is Age:	<b>90</b>	<b>120,731</b>
Annual Premium Deposits to Life Insurance Option if started at current age		<b>5,127</b>
Estimated Number of Years Premium Deposits Would be required for		<b>12</b>
Estimated Paid Up Value at Retirement Age		<b>215,295</b>
Cash Value At Retirement Age		<b>78,123</b>

### Benefits:

Average Life Expectancy From Your Retirement Age	<b>31</b>
<b>Number of Years Required to Beat a Joint Pension Option</b>	<b>19.6</b>

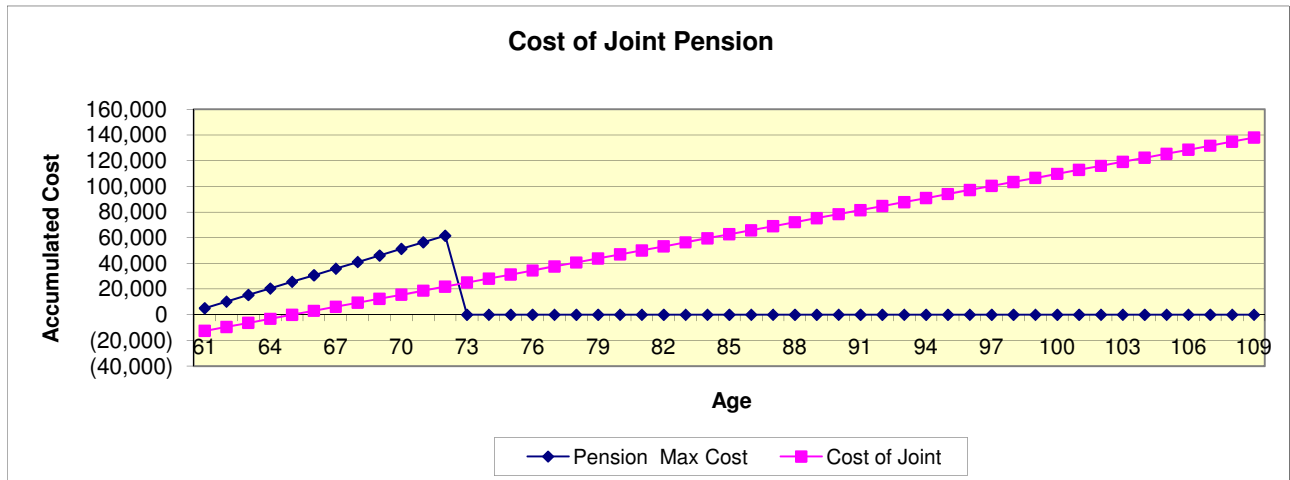


See other considerations and notes on Page 2

## The Plan Explained

At retirement the pension plan provided by the employer is based on the age and years of service of the retiring employee. If a pension is to be provided for the spouse as well, the pension is dramatically reduced. Usually 20 to 25 % or more. If the spouse is much younger the difference is even greater. Assuming you would be able to pass a life insurance company medical examination, it may be more cost efficient to provide for your spouse with a life insurance contract so that you can select the life only pension option at retirement time. This will provide you a higher income for life for both of you to enjoy your retirement. In the event of your death the life insurance is paid to your spouse on a tax free basis. If the life insurance proceeds are invested in an annuity of other investment only the interest portion of that income is taxable to the recipient.

By starting the plan before retirement the cost of the insurance is much lower and the prospect of qualifying is much better. If the plan can be paid up by retirement age or soon thereafter, a higher retirement income can be enjoyed.



## Advantages of a Private Plan To Maximize Pension Income:

- No reduction in retirement income as Spouse is protected by a Life Insurance Policy.
- Higher income at retirement for both of you, while you are living for an average of 19 to 25 years in retirement.
- Indexing or ad hoc increases if any, are applied to a larger pension.
- Client controls the pension income not the employer.
- Tax sheltered emergency fund as cash and/or loan values are available within the plan.
- Plan is portable if employer changed.
- Can single pay or quick pay to reduce other taxable investments and have even higher income in retirement.
- Only interest portion of Annuity for Spouse would be taxable. Life insurance proceeds are received tax free.
- Spouse may predecease you after retirement. Plan can be cancelled in the future if not required.
- In the event of re-marriage, beneficiary can be changed.
- Pension not reduced if Spouse is younger than you.
- Provides pre-retirement life insurance protection as a bonus. Can cover 2 to 3 needs with same plan.
- No need to convert group insurance at retirement. Avoids buying the largest policy of your life at retirement.
- Plan has a cash surrender value, if terminated or no longer required.
- Provides an Inheritance to children, or charity, etc. in the event of a common disaster or at the second death.
- Spouse would have a higher after tax income as only the interest is taxable not the capital.

### Note:

Annuity Interest Rate shown could be higher or lower at time of retirement.  
 Medical examination is required to qualify for the insurance portion of this plan.

E. & O. E.

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