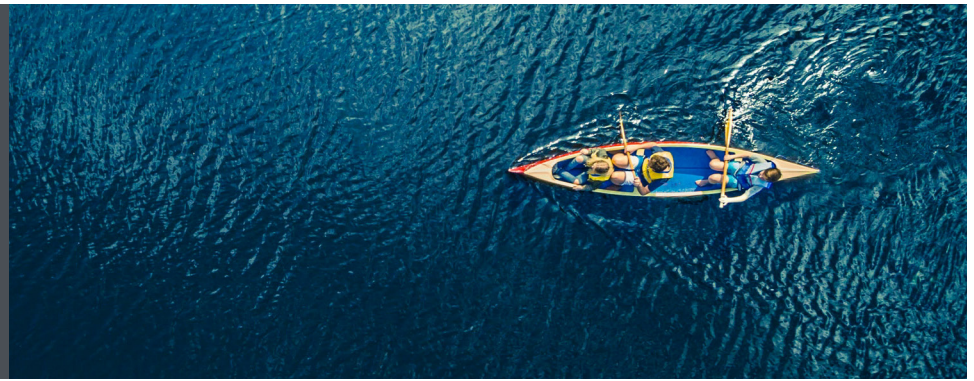




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Unless you understand  
the problem, the solution  
won't matter to you.

# Things policy holders never say

*Life insurance is the only product that will guarantee that what you want to have happen, will indeed happen – even if you are not here to see it.*

Here is a list of things that participating policy holders never say.

## 1. What is the rate of return on my policy?

When you use your capital to finance a major capital purchase, you are cutting down your apple tree and will no longer earn any interest, or fruit from it. What is the rate of return on retaining control of your tree (capital), and allowing it to continue to produce interest for your family long into the future? It is almost immeasurable.

The best investment is the one that pays the most when you need it the most. What good does a portfolio of stocks, bonds or real estate do for a family or business if they are all down at a time when ready access to cash is required?

Having the certainty of knowing that you have ready access to cash if and when you need it, no matter the economic environment, is invaluable.

## 2. The premiums are expensive.

When you invest money into a TFSA, is that expensive? Policy holders know that every dollar deposited into a policy and all its growth come out tax free. As a result, policy holders

view their policy as the ideal place to store their money and know they can access it if and when needed. Tax free growth, competitive returns, ready access to your cash values...what a wonderful place for our money to reside.

## 3. Why would I borrow against my policy when a standard bank loan has a lower interest rate?

To help answer that, here are a couple of key questions to ask:

**Who is controlling the repayment schedule of that loan?**

The bank

**And when you make repayments on their schedule, not yours, who are they putting that money to work for?**

The shareholders of the bank.

**Now when you borrow from a mutually owned life insurance company, who controls the repayment schedule of the policy loan?**

The policy holder

**And when you make repayments, who is the life insurance company putting that money to work for?**

All of the participating policy holders.

## Other advantages of a policy loan include:

- The insurance company is obligated to give you the loan at a pre-determined interest rate

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- You do not have to explain the reason for your loan
- The insurance company will not run a credit check and they are not going to ask you for proof of your income
- The policy loan does not show up on your credit bureau report
- To get the loan you simply fill out a one-page form and the cash is sent to your bank account in 7 to 10 business days
- The insurance company is not going to ask you when you will pay the loan back
- The loan is unstructured, which means there are no scheduled payments. You control when you pay back the loan.
- The terms of the loan are: there are no terms.

All of the above items can be summed up simply as follows: a policy loan provides lots of peace of mind knowing that you are in control of the loan.

#### **4. What happens if after I get my policy up and running, I come into hard times and I cannot add any more money to my policy?**

When we work with policy holders, we spend lots of time upfront planning for how the policy will be funded over the short, medium, and long term. We specifically design the policy to ensure we will be able to capitalize the policy. In some cases, we plan for the policy to go on premium offset,

which is when we no longer need to add money to a policy. Sometimes emergencies and unexpected events happen. Our policy holders know they have lots of flexibility and options if they do not have cash to add to their policy. Depending on the insurance carrier, the minimums needed to add to the policy can be very low. Depending on how long the policy has been in force the policy's dividends may be high enough to cover most or all the premiums. All that to say, policy holders have lots of flexibility and options to explore if they cannot add to their policy.

#### **5. Markets are down, how is the cash value of my policy doing?**

Participating whole life insurance policy holders know that the cash value must go up every day to meet the insurance company's contractual obligation to ensure the cash value matches the death benefit by age 100. No matter what the economy or the stock market is doing, the cash values of policies continue to go up and that provides much comfort to policy holders.

#### **6. I hear there is a recession and a bear market coming. Should we sell our policies and buy them back later when the outlook improves?**

Over the past 100 years, through pandemics, world wars, recessions, stock market and real estate crashes, Canadian insurance companies have continued to pay dividends each year. These dividends are not guaranteed,

but it is comforting to know Canadian insurance companies have a long and stable track record of paying dividends for over a century. These dividends buy more paid-up insurance, which drives up the cash values of our policies. Policy holders know that through good times and bad times, the cash values of participating whole life insurance policies continue to go up.

#### **7. Interest rates are low/high: is this a bad time to own a policy?**

Policy holders know that starting a policy is much like planting a seed. The best time to get started is 30 years ago and the next best time is today. The sooner the policy is in force the sooner its cash values will increase. Through periods of high interest rates and low interest rates, the tax-free compounding growth of the cash value of these policies is strong.

#### **8. How much tax is paid on the death benefit? Or on policy loans?**

Policy holders know that there is no tax on death benefit proceeds and that policy loans can be accessed free of tax.

#### **9. I wish the death benefit was smaller.**

When delivering a death benefit cheque to a family that just lost a loved one, no one has ever said "I wish the death benefit was smaller." It has never happened.

#### **10. I am calling to complain that my cash values are going up every day.**

The value of stocks, bonds and real estate can fluctuate over time. Policy holders know that their cash values can never go down. They also know that their cash values go up every day, which makes for a very peaceful and stress-free way of life.

#### **11. I would rather reinvest in my business or buy real estate or stocks.**

Policy holders know that it is not a question of this OR that. A par whole life policy is the AND asset. Policy

holders know they can get their money to do two things for them rather than just one: they can add money to the policy and then reinvest in the business. Add money to the policy and then buy real estate or stocks. It is a process or a lifestyle: once policy holders receive money, they add it to their policy and let their cash values accumulate tax free. Then if an emergency or opportunity pops up, they can then reach in to access the cash via a policy loan.

## 12. What about buying term and investing the difference?

We believe there are three main challenges to building and growing wealth: rising taxes, losses that disrupt compounding growth, and losing capital permanently – along with the ability to earn interest on it – when it leaves our family. Buying term and investing the difference does not help us solve any of these three problems. Meanwhile, a carefully designed participating whole life insurance policy can be the solution to these three problems.

## 13. Why isn't everyone else doing it?

Many wealthy folks have implemented or are implementing this strategy: Walt Disney, Ray Croc, JD Rockefeller, JC Penney, Ted Rogers, Jim Pattison, just to name a few. Other folks might not understand the problem, which would explain why they are not doing it. Unless you understand the problem, the solution won't matter to you.

## 14. The advisor gets paid too much!

One can purchase term insurance and invest the difference on an application on their phone virtually

for free. They do not even need an advisor. However, buying term and investing the difference does not help us to solve the problems mentioned above. When putting a carefully designed policy in place it is key to ensure your advisor has been practicing this concept for a long time and has been helping and coaching policy holders for many years. If that is the case, and if the advisor is able to help you find a solution to the above problems, what would that be worth? Experience and excellence aren't expensive, they are priceless.

## 15. Insurance companies are the only winners.

Policy holders know that by shifting money from taxable accounts to a tax-exempt account they are reducing their tax bill. They also know that for every dollar they put into the policy, they will be able to access that dollar and its growth tax free in their lifetime. On top of that, on their death, there will still be a tax-free death benefit for their heirs. Policy holders know that they benefit during their lifetime and that their heirs benefit as well. They also know that with a mutually owned insurance company, they are part owners of the insurance company along with all the other policy holders. This means that the mutually owned insurance company's interests are directly aligned with the policy holder.

## 16. What if the tax rules change?

Since 1847, when the first participating whole life insurance policy was issued, the cash values and death benefits have grown free of tax. This is very reassuring to policy holders. Any changes to policies that have been made have not impacted existing policies as they have been

grandfathered under the existing rules. This again is very reassuring to policy holders.

## 17. What if the insurance company goes bankrupt?

Assuris protects policy holders by minimizing the loss of benefits and ensuring a quick transfer of policies to a solvent company. There have been 4 failures in the life insurance industry in Canada:

- **in 1992 Les Cooperants and in 1994 Confederation Life:** in both cases 100% of the policyholders were fully protected.
- **in 1993 Sovereign Life:** 96% were fully protected, 4% retained at least 90% of their benefits.
- **in 2012 Union of Canada Life Insurance:** 99% were fully protected, 1% retained at least 95% of their benefits.

As we can see, the Canadian Life Insurance industry has a very long, stable, and reputable history.

**The two certainties in life are death & taxes. What are you doing to plan for them?**