

The situation

You need to make a decision on what to do with your registered retirement savings plans (RRSPs)

You are reviewing your retirement situation and are considering how to structure your RRSPs.

The solution

Compare your options

Consider all of your options before making a decision. Discuss your goals and needs with your financial advisor. You may need a combination of products in order to feel confident in your financial security. When comparing investment vehicles, it's important to understand the product features.

The two most common options chosen by investors are RRIFs and life annuities. To help you choose, consider the following questions and ask yourself what is most important to you. Choose only one answer.

1. When considering my retirement income :

- A I feel more comfortable having a level, predictable income for life, or
- B I prefer having some flexibility in the amount I withdraw

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- A I would find it more comforting to have an income for life and not be concerned that my savings will be depleted
- B I would find it more comforting to be able to leave an inheritance for my heirs

2. When considering my investment choices:

- A I do not want to worry about investment decisions
- B I want to maintain control over investment decisions

3. When considering my tolerance for risk:

- A I am very concerned about outliving my RRSP savings – they are all I have
- B I am not concerned about spending my RRSP savings, because I will have other sources of income
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- A I would feel more comfortable knowing I was earning a guaranteed level of return
- B I would prefer to know that my investments have a greater potential for growth to avoid inflation risk, even though they wouldn't be guaranteed

The following chart compares a life annuity and a registered retirement income fund (RRIF):

Life annuity	RRIF
Guaranteed lifetime income dependent on rates	Lifetime income of returns and withdrawals
Defined income plan	Flexible income plan
Guaranteed periods	Guarantees may exist/vary by investment choice
No access to the investment	Access to investment at any time – fees may be applicable
No investment options	Many investment options
No ongoing investment decisions	Ongoing investment planning
Conservative	Based on risk tolerance
Limited potential to leave funds to heirs – based on structure of the guarantee period	Potential to leave funds to heirs

To RRIF or not to RRIF?

Once you have your answers to the questions, the next step is to discuss your options with your financial advisor. Both types of investments have benefits, and one may be more suited to you than the other. Your financial advisor has both the knowledge and resources to help you with your retirement income decisions.

Tax legislation requires that you convert your RRSP to a retirement income product by Dec. 31 of the year you turn 69. Do you roll your investments into a RRIF or do you set up your own 'pension plan' by investing in a life annuity?



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

A description of the key features of Canada Life's individual variable insurance contract is contained in the information folder, available from your financial advisor.

SUBJECT TO ANY APPLICABLE DEATH AND MATURITY GUARANTEE, ANY AMOUNT THAT IS ALLOCATED TO A SEGREGATED FUND IS INVESTED AT THE RISK OF THE CONTRACT HOLDER AND MAY INCREASE OR DECREASE IN VALUE ACCORDING TO THE FLUCTUATIONS IN THE MARKET VALUE OF THE ASSETS OF THE SEGREGATED FUND.

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To RRIF or not to RRIF?

Strategies



Are you unsure what to do with your RRSP savings to give you retirement income?

Do you transfer the money to a RRIF?

Do you guarantee a lifetime income by investing your retirement savings into a life annuity?