

WINDOW CLOSING ON FAVOURABLE RATES & RULES

APPLY NOW TO TAKE ADVANTAGE OF IA'S
CURRENT LIFE INSURANCE OFFERINGS



WESTWARD'S VIEW

There is still time to take advantage of the current rates and rules that apply to life insurance, but the window of opportunity is closing fast.

Those considering obtaining a life insurance policy or adding additional coverage are encouraged to submit their application immediately.

The changes come into effect on January 1, 2017. The bright side is that policies issued in 2016 will be grandfathered under the current, more favourable rates. This could provide significant advantages to an insurance-based tax and estate plan over the long run.

Insurers require several months to process an application. Even then there is no guarantee that an application will be approved on time. That is why it is important to submit the paperwork as soon as possible.

This Viewpoint discusses the key changes to Industrial Alliance insurance products and why we recommend clients apply before their October 14, 2016 deadline.

The opinions expressed in this memorandum are strictly those of Westward Advisors Ltd. This memorandum is for information purposes only and is not legal or tax advice.

Specifically, there are three changes to Industrial Alliance's Genesis IRIS product that make it advantageous to obtain a policy in 2016. They are as follows:

- 1. Premium increases.** The rates for level cost of insurance will rise from 4% to 15%, depending on the age of the client. It is especially beneficial for younger clients to lock in the lower rates as their lifetime savings will be significant. Percent increases are projected to be as follows for standard male non-smokers. Increases for females will be updated as soon as details become available.

Issue Age	% Increase
20	15%
30	12%
40	11%
50	11%
60	9%
70	6%
80	4%



- 2. Higher premiums in the first seven years** on yearly renewable term (YRT) insurance. On the positive side, the overall long-term cost of the policy will actually decrease because rates will be lowered after year seven. However, the early rate increases will reduce the amount of cash available to the business at the outset.
- 3. Option to combine coverages in a single policy eliminated.** Multi-life policies will no longer be offered after the new year. Eliminating multi-life policies will prevent combining separate life insurance coverages into a single policy. This means the opportunity to add the entire multi-life policy cash value as an additional tax-free death benefit to the insurance death benefit of each life insured is lost.

Other insurers are announcing similar changes and deadlines in the near future.

The *Income Tax Act* encourages Canadians to acquire life insurance for long-term financial security by supporting tax exempt accumulation of policy cash values. Obtaining a policy under the existing rules enables the insured to keep their premiums as low as possible, and maintain the option to include additional life coverages under the same policy, which creates significant long-term tax advantages.

Industrial Alliance states that applications received after the deadline and/or applications that cannot be issued prior to January 1, 2017 will either be issued under a new 2017 contract or the coverage will be denied because it cannot be issued on a standalone basis.

Westward will gladly assess how the rate and rule changes impact a client's insurance planning. Please call if there is a client situation you would like reviewed.

We also streamline the preparation of insurance applications. Our Strategic Implementor team includes experienced underwriters who guide applicants through each step of the process and help clients and their families obtain the best insurance offer possible

