

Armstrong

— Financial Services —

Capital Insured Annuity (CIA): Income for Life (Ontario)

Our analysis compares three scenarios: **Column 1** is a 30-year GIC earning a 4% return. **Column 2** is a Capital Insured Annuity (CIA): a lifetime income annuity paired with a life insurance policy to guarantee the annuity deposit. **Column 3** builds on the CIA by assigning the life policy proceeds to charity, generating ongoing tax credits from the premiums.

GIC vs CIA / Monthly Income Analysis

	GIC	CIA	CIA + Gift
Initial Deposit	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Gross Income	\$ 16,667	\$ 31,741	\$ 31,741
Income Taxes	\$ (8,923)	\$ (2,220)	\$ (2,220)
Policy Premium	-	\$ (17,762)	\$ (17,762)
Tax Credits	-	-	\$ 8,799
Monthly Income	\$ 7,744	\$ 11,759	\$ 20,557
GIC Equivalent	4.0%	6.1%	10.6%

This comparison highlights the advantages of combining annuity income with life insurance planning, particularly where policy proceeds are directed to charity. Assumptions are 53.53% income tax rate, 49.53% tax relief rate and life pricing for a Std Male 70 NS, 11/24.

Sincerely,
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