## Income Focus Checklist

An Insured Retirement Plan (IRP) is a financial strategy that combines permanent life insurance with a compound line of credit. The line of credit is used to create income to supplement your other sources of retirement income, while the life insurance provides security for the line of credit and pays off the debt for your estate.

What makes the IRP an effective financial strategy is how it takes advantage of current income tax rules, by combining tax-free loan advances with the many tax-advantages of life insurance, but it is not for everyone. Like any financial strategy, you need to weigh the pros and cons before committing to it.

Use the checklist below to help you assess if the IRP strategy is something you may want to invest in.

## NAME:

## **Analysis:**

- 1. I have a comprehensive analysis illustrating my current financial situation.
- 2. I am projected to have more assets than I will need to fund my retirement.
- 3. I will have taxable investments that will be used for income in retirement.
- 4. I am comfortable making an investment with limited liquidity for several years.
- 5. I am comfortable carrying a large amount of debt secured by life insurance.

If you answered Yes to all the Analysis statements, proceed to Investing and Taxation. Even one No is an indication that the IRP strategy may not be right for you.

DATE:

## **Investing and Taxation:**

- 1. I have utilized all my past RRSP contribution room.
- 2. I plan to contribute the maximum to my RRSP each year.
- 3. I have utilized all my past TFSA contribution room.
- 4. I plan to contribute the maximum to my TSFA each year.
- 5. My pre-retirement marginal tax rate is projected to be greater than 40%.
- 6. My marginal tax rate in retirement is projected to be greater than 30%.
- 7. My average tax rate in retirement is projected to be greater than 15%.

If you answered Yes to all the Investing and Taxation statements, the IRP strategy may be a good fit and further consideration and analysis is suggested. Even one No is an indication the IRP strategy may have limited advantages and you should proceed with caution.

No
No

Yes

Yes

Yes

Yes

Yes

No

No

No

No

No