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Segregated Funds

There's More Good to an Investment Fund than a Good Return- Security

When it comes to investment funds, people often measure value by one thing only: the return they get on their money. You work hard for your money. You deserve more from your investment fund that just a good return. You deserve performance with "security".

What Are Segregated Funds?

Segregated Funds are investment funds that pool together the assets of investors like you with similar objectives. They want to:

+ diversify their investments
+ reduce the risk and;
+ lower their investment costs.

Like mutual funds, segregated funds are professionally managed, come with a variety of payment options and can be easily tracked in the media.

Segregated Funds offer all the growth potential of other investment funds and more. They offer the "powerful guarantees" that can be reset to "lock-in the growth of your investment" and protect your capital. They also offer other attractive features, such as "creditor protection, freedom from probate fees" as well as a "disability waiver option".

How are the Different Than Mutual Funds?

Because segregated funds are sold by life insurance companies, they can offer additional benefits that traditionally come with insurance contracts. They are called "segregated" because the fund assets are kept separate from the general assets of the company.

Segregated fund issuers are regulated by a number of different bodies and rules.

+ Office of the Superintendent of Financial
+ Provincial Insurance Legislation and Regulations
+ Income Tax Act
+ Insurance Companies Act

These regulations are of special significance when they stipulate capital reserve requirements and minimum product standards, since these are the areas likely to have the most impact on the segregated fund market.

Let's Take Some Time and Dig a Little Deeper Into the Segregated Funds!

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Powerful Guarantees- 80 up to 100% Guarantees

Stock Market Guarantees- 100%

If you buy a traditional mutual fund, there are **NO** guarantees: you could lose everything. With companies like Maritime Life, they ensure that on your chosen end date you will receive no less that 100% of your deposits and market growth achieved up to the period ending ten years prior to this date, reduced proportionately for withdrawals.

Death Benefit Guarantee

Maritime Life also provides a Death Benefit Guarantee which ensures your estate will receive a minimum of 100% of your net deposits *, regardless of market performance.

* 100% of deposits made up to and including age 76. After this, the percentage applied falls by 5% per year until reaching 80% at age 80.

Maturity Guarantee

On the “maturity date” of your contract, you are guaranteed a return of at least 75% up to 100% (depending on company) regardless of what happens in the market. This protects your capital from large market swings.

Resetting Your Options

Resetting your guarantees will lock in the growth on your assets. You can reset your maturity date and death benefit guarantees at different times through the year.

Creditor Protection

At Maritime Life the segregated funds are subject to the Insurance Act of Saskatchewan. Funds may be protected from creditors when a beneficiary such as a spouse, parent or child is named.

Freedom from Estate or Probate Fees

If you name a beneficiary other than your estate, the proceeds of your Segregated Funds will be paid out directly to your beneficiary. This means your beneficiary receives the proceeds quickly and there are no probate fees or other estate costs.

Optional Earnings Enhancement Benefit

This benefit awards an additional lump sum at death, on top of the guaranteed death benefit, which may offset expenses such as income tax on deferred capital gains in non-registered contracts.

This benefit comes as optional and comes with a separate asset-based charge.

What Is a Maturity Date?

A Maturity Date is simply the date your contract. You can choose ant maturity date you want providing the maturity date is at least ten years from the date you began your policy.

Let's Now Look at the Segregated vs. Mutual Fund Chart

	Segregated Fund	**Mutual Fund**
Maturity Guarantees	**Yes**	**No**
Death benefit Guarantees	**Yes**	**No**
Ability to Lock-in gains-Reset Option	**Yes**	**No**
Protection from Creditors	**Yes**	**No**
Freedom from Estate and Probate Fees	**Yes**	**Only occasionally on Registered Plans**
Deposits Protected by consumer Protection organization (within Prescribed limits)	**Yes (comp-corp)**	**No**
Disability Waiver Option	**Yes**	**No**
Variety of payment options (lump sum, PAC etc.)	**Yes**	**Yes**
Can be registered/non-registered	**Yes**	**Yes**
Taxation	**Based on income and capital gains realized inside the seg, fund and on redemption of units.**	**Basically Same**
Fund Distribution	**Re-invest in the Fund**	**Monthly quarterly annually**
Client Reporting	**Semi-Annual**	**Semi-Annual**

I can only hope this has given you a better understanding of the Segregated Funds and how they can benefit you, your Estate and your beneficiary.