

Advantages of Investing with an Insurance Company

As a group plan member, your retirement savings plan is offered through an insurance company. There are a number of advantages to this arrangement compared to investing at a bank, credit union, or other non-life insurance financial institution.

Estate Planning Features

Insurance companies are governed by life insurance regulations and assets held with them offer several advantages from an estate planning perspective, including:

Potential creditor protection: if you name a beneficiary of spouse, child, grandchild or parent, assets could be out of creditors' reach, remaining intact for you or your beneficiaries.

Bypass of probate: naming a beneficiary can ensure your assets flow directly to your beneficiaries at your death. This means they do not form part of your will or estate, nor do probate fees apply. Probate fees are, for example in Ontario, \$5 for each \$1,000 of the first \$50,000, and \$15 for each \$1,000 above that.

In addition to the cost of probate, there could be a considerable delay when assets go through the estate, causing stress and inconvenience to the executor and beneficiaries. In effect, designating a beneficiary for your group plan is like having a will for those specific savings.

Investment selection and cost savings

Insurance companies offer both cashable guaranteed interest-based accounts (GIAs), and, market-based funds called segregated funds. Within your group plan, you have a wide selection of market-based investments to choose from that are designed to match your tolerance for risk and/or timeline to retirement. These segregated funds are similar to mutual funds and are provided by professional investment managers with solid long-term performance history.

Unlike some individual investment plans, in your group retirement plan you do not pay any front, rear or deferred sales charges. The only fee you pay, which is charged by all mutual and segregated funds, is an Investment Management Fee (IMF). IMFs are calculated based on the assets of your entire group plan, so as a result the fees are lower than most individual savings plans. This reduction in fees can make a significant difference to the amount you save for retirement.

The Reuter team of licensed professionals can review your retirement plan to answer any questions you may have regarding estate planning advantages or the cost savings of your plan. Reuter Benefits can be reached toll-free at 1-800-666-0142 or via email at retire@reuterbenefits.com.

