

April 2016

## A Confident Retirement Income

How confident are you about your retirement income? Everywhere you look, the theme in new investment products is retirement income. A guaranteed retirement income. Nice.

Not new to Clients of The Kingsmill Saar Wealth Management Group, though. Our clients know it as the **Own your Future™** approach to investing: the creation of wealth *plus* an independent income stream that does not rely upon the depletion of your assets to provide that cash flow.

Should that not be the basis for any income in retirement? After all, if you have to sell the assets that produce the income stream, what confidence will you have that there will be funds to live on going forward? We believe *in planning* to ensure you may be confident in your retirement income.

In this case, we would like you to consider a Perpetual Preferred Share as a part of your portfolio.

### Power Financial Preferred

Yield: 5.57%  
 Pre-tax Yield: 7.29%

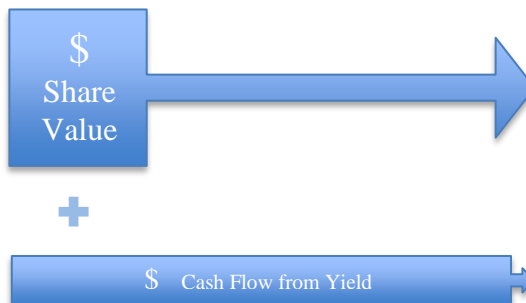
Example: 2000 Power Financial preferred units purchased today would cost \$51,600.  
 The Cash Flow paid quarterly is \$719 per quarter or \$2876 per year.  
 Power Financial Preferred is rated P1L by S&P.

During the gruesome times of 2009, when too many Retirees had over-relied upon funds that had to be sold off for a much needed income, our website used to ask, “*Deplete your assets for income? Why?*” Now, *that* would significantly reduce your rate of return!

We believe there is a better way. The Perpetual Preferred Share is an example:

- Share Value**
- No Maturity Date
  - Paid before Common Shares
  - Credit spread & Interest Rate sensitive
  - Provides asset class diversity

- Fixed % Return**  
 Contracted for Cash Flow
- Independent income stream
  - Discrete from Capital
  - Tax efficient yield - and that means you keep more



The Preferred Share Yield is considered a Dividend for tax purposes, so your cash flow is taxed at a lesser rate than is interest, and you get to keep more of what you have earned:

\$10,000 in Interest  
after tax  
you keep \$5,000



\$10,000 Dividend  
after tax  
you keep \$6816

Let's be really clear: Using a \$1,000,000 investment at a fifty percent tax bracket:

A 5 year Government of Canada Bond will pay .77%  
That's \$7700 per year  
After tax you keep: \$3850

Compare that to this Preferred share paying \$55,700 per year  
After tax, you keep \$37,900

Theoretically speaking, based on the numbers today, for your 30 year retirement:

\$115,000 in interest after tax  
vs  
\$1,093,500 in dividends after tax

What do we do? We provide advice about money. We assist you to establish an independent income, discrete from the assets that you hold, that you may Own your Future™ and plan for a confident retirement. We do not just rely upon relationships for this advice, we have the research and the tools to help you simplify what otherwise might be a complicated process.

We are The Kingsmill Saar Wealth Management Group.

What can we do for you?

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