

Let's be clear about the coverage...

Many clients come to us and speak about how important security is to them, especially our seniors. They want to make sure their nest eggs are protected, even from the worst disaster – such as the bank going bankrupt! Many of them have their investments spread out over one or two banks and have their investments in multiple Guaranteed Interest Certificates in \$100,000 denominations or less. Many have been lead to believe that each Certificate is covered under the CDIC (Canada Deposit Insurance Corporation) for up to \$100,000 per certificate. However, the definition of protection that CDIC offers is as follows:

“By law, the maximum basic protection for eligible deposits is \$100,000 **per depositor** (principal and interest combined) in each member institution. Deposits are not insured separately in each branch office of a member institution.”

You may gain another \$100,000 of protection if you hold a second account that is an RRSP or a RRIF, and you can gain one last \$100,000 of protection if you hold one account joint with your spouse – for a grand total of \$300,000 maximum deposit insurance coverage at any one bank who belongs to CDIC or any one credit union who belongs to DICO.

Many folks are not aware there is one other organization that protects Canadian policyholders against insolvent life insurance companies, similar to CDIC and DICO. It's called **Assuris** (*formerly CompCorp*) and it **protects 85%** of the guarantees on your Segregated Funds held with a life insurance company. The definition of coverage that Assuris offers is as follows:

“If your life insurance company fails, Assuris guarantees that you will retain up to \$60,000 or 85% of the promised guaranteed amounts, whichever is higher.”

Since many Segregated Funds offer a 100% principal & death benefit guarantee, this means that Assuris will protect 85% of the guarantees on your Segregated Fund investments, with no maximum!

So where is the safest place to hold your investments you ask?

Let's use Mrs. Brown as an example and you be the judge.



Currently, Mrs. Brown has \$1million in non-registered assets, invested in multiple GIC's at the local bank. Mrs. Brown also has \$1million invested in Segregated Funds with a 100% guarantee. In the very unlikely event that either her bank or her life insurance company were to become insolvent, this is how each of the deposit insurers would protect Mrs. Brown's assets:

Mrs. Brown
\$1 million Non- Registered Assets

CDIC / DICO

\$100,000 maximum protection
per depositor, therefore,

Assuris

85% of \$1,000,000 Seg Fund

\$100,000 returned to Mrs. Brown

\$850,000 returned to Mrs. Brown

For arguments' sake, let's change things up a little and make half of Mrs. Brown's assets Registered and half Non-Registered, and assume they are in multiple guaranteed certificates of \$100,000 denominations and see how the protection stacks up:

Mrs. Brown
\$500,000 Non-Registered Assets
\$500,000 in RRSP's

CDIC / DICO

\$500,000 NR = \$100,000 protected

\$500,000 RRSP = \$100,000 protected

Assuris

\$500,000 NR = 85% protection
(invested in Seg funds with 100% guarantee)

\$500,000 RRSP = 85% protection
(invested in Seg funds with 100% guarantee)

\$200,000 returned to Mrs. Brown

\$850,000 returned to Mrs. Brown

As mentioned, many people believe each deposit certificate at the bank is protected, to a maximum of \$100,000 each, but as evidenced above, this is clearly not the case. We thought it was time you knew about Assuris and the superior protection they provide Canadian policyholders.

For verification or more information you may visit

www.cdic.ca and www.dico.com and www.assuris.ca or www.dgfs.ca



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