ANNUITIES: THE BUILDING BLOCKS OF A STRATEGIC RETIREMENT PLAN

Annuities have many advantages for Canadians planning for retirement, but the biggest challenge is not understanding that they provide a blend of fixed-income, growth and tax efficiency to grow wealth tax-efficiently for retirement. With an annuity, Canadians can make a one-time investment that can provide a guaranteed stream of income in retirement, free from worries about market volatility. That peace of mind is what makes annuities so appealing to those looking to provide a stable income stream in retirement.

Craig Elder Financial Focus

Annuities

Annuities can be a useful and secure tool in retirement planning, providing a guaranteed level of income that can be based on either a fixed or variable return. These investments are designed to provide a steady stream of income, which is particularly useful for those who want to ensure they have a reliable income source in their retirement years.

Annuities are divided into several categories, including single-premium annuities, which provide a guaranteed income for a specified period or for life, and flexible-premium annuities, which allow for additional contributions over time. There are also options for joint annuities, which can provide income for two individuals, such as a couple, for a set period or for life,

A single-premium annuity allows a person to guarantee a stream of income for the rest of their life or for a specific period. The investment is typically made upfront, and the annuity provider promises to pay a predetermined amount of money each month. The payment amount is based on the size of the investment, the age of the annuitant, and the length of the payout period.

A flexible-premium annuity allows for additional contributions over time. This type of annuity is often used as a tax-efficient way to save for retirement. Contributions to a flexible-premium annuity are typically tax-deductible, and the growth of the investment is tax-deferred. The annuity provider promises to pay a predetermined amount of money each month, based on the value of the investment at the time of the payout.

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The Going Green surcharge is calculated monthly to recover the higher variable contract electricity rate for Large Commercial, Industrial and Street Lighting Customers. This surcharge is based on the Alberta Power Pool's Medium Commercial, Unmetered Services and Rental Lighting Customers' variable rate as established and published by the Alberta Electrical System Operator (AESO) plus $0.02 per kWh. The June rate will be released on August 1, 2023.

Going Green Charge

Customers also have a “Going Green” surcharge on their bill which includes a carbon charge for renewable energy purchased for the entire year. This surcharge is designed to help cover the cost of generating electricity from renewable sources.

Electricity - Large, Commercial, Industrial and Street Lighting Customers

The variable contract electricity rate for Large Commercial, Industrial and Street Lighting Customers is based on the regulated rate plus the Going Green surcharge. This rate is based on the variable rate (excluding the Going Green surcharge) as established and published by the Alberta Electrical System Operator (AESO) plus $0.02 per kWh. The June rate will be released on August 1, 2023.