

## A retired couple needs an investment return of 6.8% or more to beat a structured settlement

Scenario:

- Jane Doe has CPP/other pensions/income of \$20,000 (split with John Doe).
- Jane has settled her personal injury claim and has \$500,000 available to invest or place in a structured settlement.

	With a Structure	Without a Structure
Other Pension and Household Income	\$20,000	\$20,000
Jane's Investment Income (at 6.8% per annum)	n/a	33,962
Jane's Structure Payments	15,866	0
Less: Management Fees (at 2% per annum of amount invested)	n/a	-10,000
Less: Jane and John's Combined Income Taxes	-40	-4,837
Jane's Old Age Security	6,942	6,942
John's Old Age Security	6,942	6,942
Jane's Guaranteed Income Supplement	795	0
John's Guaranteed Income Supplement	795	0
HST/GST Tax Credit	552	0
Ontario Energy and Property Tax Credit	962	515
Ontario Sales Tax Credit	282	0
Ontario Senior Homeowners' Property Tax Grant	500	72
<b>Total</b>	<b>\$53,596</b>	<b>\$53,596</b>

To match the structured settlement, the yield required is ...

**6.8% per year, every year, guaranteed**

Assumptions:

- Uses 2017 tax rates, OAS and GIS amounts based on quarterly figures for January to March 2017, other government benefits/credits based on 2015 income amounts with benefits amounts payable from July 2016 – June 2017.
- The structure settlement is a 10-year monthly annuity with return of capital and is based on rates in effect as of January 24, 2017.
- Ontario Energy and Property Tax Credit based on an assumed \$3,000 in property taxes or \$15,000 in rent per year.
- Government benefits/credits, tax rates and structure rates are subject to change.