



Portfolio Confidential

Barbara Stewart

My husband and I have an Insured Retirement Plan (IRP) account that is bleeding us. I hope there is some way we can work around this to minimize the losses. Also, I can't recall why we opened this type of account in the first place. Your comments will be most welcome.

Insurance Coverage and Benefits:

Single Life Yearly Renewable Term	\$500,000
Ten-Year Renewable Term Rider	\$500,000
Investment Account: of each deposit:	Allocation
American Equity Index	30%
U.S. Technology Index	70%

I am normally sceptical about any type of insurance account or fund because I am keenly aware that the insurance industry is set up to incent brokers and financial advisors to sell products rather than offer advice.

In doing my research on IRP accounts, I found out that, indeed, there is a big problem with those brokers, financial salespeople, and insurance agents:

- they get paid very well to sell IRPs and, more importantly,
- they get paid the majority of the commission upfront in the first year.

This leads to a lot of mis-selling and a lack of proper planning! An insurance rep will want to be quick to close a sale, but there is no incentive whatsoever for them to continue to offer advice or service in the later years of the policy.

With this in mind, I did some research to find a licensed

insurance representative who uses insurance as one of many financial planning tools (within a broader wealth management firm) to shed some light on IRP accounts and when they are appropriate for investors.

Ian Calvert's core business activity is not selling insurance products. He does provide insurance solutions when used as a tax planning and risk management tool to achieve a family's estate goals. As part of his overall role as Vice President & Principal, Wealth Planning at HighView Financial Group, Ian also acts as a "servicing advisor" to many policies issued by other insurance representatives who have failed to service their clients in the later years of the policy or have left the industry altogether. He regularly reviews previously sold IRP accounts as part of his financial planning services for his clients but does not receive any direct compensation for his advice and recommendations for policies previously sold by other insurance representatives.

What is an IRP account, and why would this type of account be appropriate for an investor?

Ian: *An IRP is not necessarily an investment product...it is more of a concept or strategy. To execute this concept, you need to have a permanent policy that also builds up a cash value in the policy. There are two types of insurance products designed this way: a Whole Life Policy and a Universal Life Policy. Within both policies, you are paying premiums to cover a death benefit, plus you are building up a cash value or an investment account within the policy.*

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