



SSC # 79 – BACK-TO-BACK ANNUITIES: THE INSURED ANNUITY STRATEGY

This course is eligible for:

2.5 Life & A&S CE Credits for BC, SK, MB & ON.

2.5 Life CE Credits ONLY for AB.

Target Audience

This course is designed for Canadian insurance advisors, life and health insurance agents, financial planners, and investment representatives who serve retired or pre-retired clients aged 60 and older who hold significant non-registered assets.

The course is particularly relevant for advisors who work with clients whose non-registered portfolios consist primarily of GICs, term deposits, or high-interest savings accounts — instruments that generate fully taxable interest income. Designates holding the Chartered Life Underwriter (CLU), Certified Financial Planner (CFP), Certified Health Insurance Specialist (CHS), or Registered Financial Planner (RFP) designations will find that this course complements and extends their existing knowledge base in tax-efficient retirement income planning, insurance product selection, and estate transfer strategies.

Course Overview

This course provides Canadian financial advisors with a complete, technically grounded, and practice-ready understanding of the back-to-back annuity strategy. It covers the tax mechanics of prescribed annuities under ITA Regulation Section 304, the selection and structuring of the permanent life insurance component, the integrated strategy design and net benefit analysis framework, ideal client profiling and suitability assessment, comparison to competing retirement income alternatives, and the compliance and documentation obligations that apply under the regulatory standards of CIRO, FP Canada, and the Chambre de la sécurité financière (CSF). Upon completing this course, advisors will be equipped to identify suitable clients, model the strategy in a compliant and evidence-based manner, present it with technical confidence and professional clarity, and document their recommendation to the standards required by each of these regulatory bodies.

Learning Objectives

Upon successful completion of this course, participants will be able to:

1. **EXPLAIN** the tax mechanics of a prescribed annuity under Income Tax Regulation Section 304, including the return of capital and interest components of each payment, and contrast this tax treatment with the accrual taxation that applies to GICs and non-prescribed annuities.
2. **DESCRIBE** how the back-to-back annuity strategy integrates a prescribed annuity and a permanent life insurance policy to simultaneously maximise after-tax retirement income and preserve capital for estate beneficiaries.
3. **CALCULATE** the net after-tax income advantage of a back-to-back annuity compared to a GIC portfolio for a representative client scenario, incorporating annuity payout rates, the return of capital component, income tax at the applicable marginal rate, and insurance premium costs.
4. **IDENTIFY** the characteristics of an ideal back-to-back annuity candidate, including asset level, tax bracket, insurance eligibility, liquidity position, estate objectives, and income needs.
5. **EVALUATE** the suitability of the back-to-back annuity strategy for specific client scenarios, comparing it to GICs, RRIFs, systematic withdrawal plans, and other retirement income alternatives using an evidence-based framework.
6. **CONSTRUCT** a compliant client presentation and suitability documentation record for a back-to-back annuity recommendation consistent with Provincial, CIRO, FP Canada, and CSF regulatory standards, including disclosure of irrevocability, liquidity risk, and the advisor's rationale.