



Wealth  
Management

# Wealth transfer strategy

A lifetime of hard work, smart investing and sensible financial planning are factors that help build your estate. Representing your legacy to your loved ones, the transfer of your estate will happen only once.

When we consider the effects of taxation on our savings, it can be an estate's worst enemy. Taxation can reduce growth on assets when they are kept in taxable investments. There is an alternative to paying tax on the investment growth earned on your savings. You may re-allocate the funds using the wealth transfer strategy, which will allow you to maximize your savings, and provide a larger tax-free benefit for your heirs.

## **This attractive alternative to traditional investments offers the following:**

- A tax-free maturity value at death
- Reduced estate settlement costs if a beneficiary is named
- A wide range of investment choices
- Tax-deferred growth of investment earnings
- Potential for creditor protection if a beneficiary is named<sup>1</sup>

## **How it works**

An option to diversify your non-registered savings in taxable investments like mutual funds, GICs or other investments exposed to income, dividend or capital gains taxes, you may re-allocate these excess savings<sup>2</sup> in a tax-exempt life insurance policy. You must be able to medically qualify for the life insurance policy.

The investments within a tax-exempt life insurance policy grow tax-deferred as long as they remain within the exempt portion of the policy. This means you don't lose your investment earnings to taxes as you might have had you kept them in taxable investments.

The policy provides an immediate estate value as well as tax-sheltered growth on the cash value accumulating within the policy. At death, the proceeds of the policy are transferred outside of your Will, avoiding probate fees, if applicable, and paid tax-free to your designated beneficiaries on your policy.

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<sup>1</sup>The ability to name a beneficiary within the policy may allow for the assets to be protected against potential creditors. It is essential that you speak to a qualified legal advisor regarding any asset protection options available to you.

<sup>2</sup> Up to certain maximums defined in the Income Tax Act regulations 306 and 307.



This wealth transfer strategy provides you with the opportunity to enhance your estate and protect it from taxation.

By taking advantage of the wealth transfer strategy, you move your savings from a tax-exposed environment to a tax-sheltered environment, maximizing the amount to be passed to your beneficiaries at death.

### Why you should consider this solution

Individuals who are disciplined savers often meet their retirement objectives through the money invested in their pension program,

Registered Retirement Savings Plan (RRSP) and Tax-Free Savings Account (TFSA). However, many people also accumulate funds in a non-registered investment portfolio. Although these extra assets often provide financial security and peace of mind, they may not be effective vehicles to transfer wealth to beneficiaries after death.

This Wealth Transfer strategy provides you with the opportunity to enhance your estate and protect it from taxation. It is ideally suited for those who have maximized their RRSP and

TFSA contributions and are looking for ways to shelter substantial non-retirement savings from taxation and add a life insurance component to help increase their estate.

If you are a business owner with large retained earnings, you should consider the Corporate Wealth Transfer solution as an option that offers the ability to transfer business values tax-efficiently.

**To learn more about the wealth transfer strategy, call us today.**

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