



Wealth
Management

Introduction to segregated funds

An innovative solution that combines capital protection and growth

Many Canadians are unsatisfied with the returns offered on GICs and term deposits in today's market but are unwilling to take on the added risk that comes with mutual funds or stock investments.

Traditional segregated funds can meet your needs if you are looking to grow, protect and transfer your wealth.

Traditional segregated funds can meet your needs if you are looking to grow, protect and transfer your wealth. They offer the potential for capital growth, flexibility in diversification, investment choice and security. They allow you to preserve what you have built and to potentially capture future market growth.

What is a segregated fund?

Traditional segregated funds are like mutual funds with an insurance wrapper. They provide a maturity guarantee and a death benefit guarantee. Like mutual funds, segregated funds are professionally managed and invested in a portfolio of diversified securities. However, the insurance component of segregated funds offers you additional benefits, such as a principal investment guarantee, the ability to lock in market growth, the potential for creditor protection and the ability to bypass probate.

No medical underwriting is required to invest in segregated funds.

Maturity guarantee

You are able to invest with confidence, knowing the capital invested in your segregated fund contract is guaranteed. Regardless of market performance, segregated funds guarantee 75% to 100% of your principal at maturity. (A minimum term of 10 years from the date of your deposit is required.) However, if the market value is greater than the guaranteed value on the maturity date, you will receive the market value.

Death benefit guarantee

In the event of death, between 75% and 100% of your initial deposit or the current market value, whichever is greater, will flow directly to your named beneficiaries. Unlike the maturity guarantee, which requires a minimum 10-year holding, this feature is available immediately upon commencement of the contract.



Because segregated fund contracts are held outside of the estate, they offer privacy and discretion in passing assets to those you care about.

Estate planning benefits

Proceeds from segregated funds with named beneficiaries bypass probate. They are not subject to probate, lawyers' or executor's fees, and they provide an efficient, cost-effective and timely way to disperse money to your beneficiaries.

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Potential creditor protection

Appealing to small business owners, professionals and entrepreneurs, segregated funds offer the potential for creditor protection on both registered and non-registered assets. Speak to a legal advisor to discuss the requirements to qualify for creditor protection.

Reset features

Resets allow you to lock in market growth, which increases your guaranteed amounts. Resets can impact the maturity guarantee, the death benefit guarantee or both.

Consumer protection

In the event that the insurance company should become insolvent, your segregated fund investments are protected by Assuris, a not-for-profit organization that protects investors' deposits in life insurance products. Assuris guarantees that you will retain up to \$60,000 or 85% of the promised guaranteed amounts, whichever is greater.¹

Canada's top segregated funds available

At RBC Wealth Management Financial Services Inc., you have the benefit of choosing among leading segregated fund suppliers, all offering diversified funds geared toward satisfying a broad range of investment goals, while also offering a selection of guarantees that best suits your needs.

Traditional segregated funds are not suited for clients needing income.

For income solutions, talk to us about income segregated funds.

To learn more, contact us today.

Traditional segregated funds compared to mutual funds

Features	Mutual Fund	Seg. Fund
Potentially higher returns than GICs or bonds	✓	✓
Ability to diversify investments	✓	✓
Potential for capital growth	✓	✓
Deposit guaranteed at maturity	x	✓
Deposit guaranteed at death	x	✓
Ability to lock in growth	x	✓
Ability to bypass probate	x	✓
Potential for creditor protection on non-registered investments	x	✓

¹ As of February 11, 2016. Source: http://www.assuris.ca/Client/Assuris/Assuris_LP4W_LND_WebStation.nsf/page/Individual+Segregated+Fund+Policies!OpenDocument