

WOOD GUNDY

# PERSONAL WEALTH ENHANCEMENT STRATEGY

## Increase the size of your estate by moving surplus funds exposed to tax into a tax-advantaged life insurance policy

An easy-to-manage exempt life insurance policy can provide guaranteed insurance premiums, dividends, cash value, and a choice of deposit periods. This policy also provides tax-sheltered growth and tax-free death benefits.

### Overview

The Personal Wealth Enhancement strategy is a financial planning concept that is designed to increase the size of an individual's estate by moving surplus funds exposed to tax into a tax-exempt insurance policy. In addition to providing liquidity to fulfill financial obligations, an insurance policy can also be used to accumulate wealth, preserve assets and increase estate values to your family and preferred charities.

### How does it work?

A life insurance policy is purchased to insure an individual (or a couple) and policy beneficiaries are named, which could include family, a favourite charity, or a designated heir. Subject to certain limits, the policy owner can deposit funds into an exempt life insurance policy in excess of what is needed to fund the minimum policy premiums. These surplus funds can grow tax-free within the policy and be used to fund future policy costs, buy additional insurance coverage and/or accumulate as cash values (that can be accessed during one's lifetime or paid out as a death benefit). As a result, life insurance can be structured to provide estate protection with no element of savings, or it can be structured to provide estate protection with a cash value savings element.

### Consider this strategy if you...

- Are an individual and Canadian-resident taxpayer
- Are in good health
- Want to enhance the value of your estate and ensure that your beneficiaries are provided for
- Seek cost-effective strategies to distribute your wealth to your heirs
- Are affluent and possess surplus funds available to invest
- Are receptive to long-term planning strategies

### Benefits

An exempt life insurance policy can provide an attractive alternative to taxable investments by providing:

- A large, immediate estate value
- Tax-advantaged growth
- A tax-free death benefit
- Reduced estate settlement costs, where a beneficiary is named and where probate fees exist
- Increased creditor protection (where an appropriate beneficiary designation is made)
- Guaranteed cash values within the insurance policy that may help mitigate market fluctuations

## Life Insurance



→  
Death benefit

## Heirs



By taking advantage of a Personal Wealth Enhancement Strategy, the policy owner has effectively moved personal capital from a tax-exposed investment to a tax-advantaged vehicle. This not only provides the opportunity to achieve a significantly higher after-tax rate of return, it may also increase the overall amount provided to heirs and/or charitable organizations.

## Let's talk about the possibilities

Your CIBC Wood Gundy Investment Advisor can provide you with access to the possibilities and help you sort through all the choices to ensure you select the most appropriate strategy.

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