

WOOD GUNDY

# PRESERVE THE VALUE OF YOUR ESTATE

## Safeguard your assets for your heirs

There's nothing more satisfying than prospering from your investments. Like the house you bought all those years ago for a song that's now worth a tidy sum. Or the cottage on that exclusive piece of lakefront which attracts potential purchasers willing to pay a fortune. Or perhaps, it's those smart investments that have grown exponentially over the years. Like many people, the assets you've accumulated over your lifetime may have increased substantially in value.

Whatever the source of your financial success, on your death and that of your spouse, your estate could be subject to a variety of liabilities. This includes capital gains tax, Registered Retirement Savings Plan (RRSP) tax, Registered Retirement Income Fund (RRIF) tax, probate (probate does not apply in Quebec) and other costs. The result could be an onerous bill for your heirs that could erode the value you intend to pass on to them. Failing to appropriately plan for the distribution of your assets after you're gone can have a devastating effect on your beneficiaries and could result in the loss of beloved possessions to cover those inescapable obligations.

Fortunately, there is a way to prepare for the inevitability of this burden. By incorporating estate preservation strategies, you can fund the costs that could result after your death. Estate preservation safeguards your wealth to secure the standard of living that your family enjoys now.

## Asset liquidation versus life insurance

The goal of estate preservation is to assess your current assets and project their future values. Through this process, the funds required to pay for the tax liability associated with your assets and other estate costs, including probate and charitable gifts can be pre-determined and planned for. To deal with this you can choose to set aside funds or liquidate some of your assets, but both approaches will deplete your assets. Or, you could consider purchasing a life insurance policy that can help you keep your estate intact.

Life insurance can be used to counteract the impact of final expenses and protect your assets from erosion, liquidation, creditors or the government. Traditionally, life insurance helped to ensure that your family and loved ones were protected against financial difficulties in the event of a premature death. Life insurance isn't just a way to replace income, it can be an effective way to fund tax liabilities after your death. With a life insurance policy, the death benefit can be used to pay these claims. This maximizes the value of your estate for your heirs so your estate is passed on intact and free from financial claims by others.

To effectively incorporate life insurance into your estate preservation strategy, you should plan to hold your assets until your death. You also need to be a Canadian-resident taxpayer, in

### Estate preservation objectives

The first step in estate preservation planning is determining what you'd like to achieve with your estate. Some objectives to consider include:

- **Control:** Ensure that your wishes are met by deciding who will receive your assets after your death
- **Preservation:** Reduce settlement costs to ensure that the maximum amount of your property goes to your loved ones or chosen charity
- **Liquidity:** Make funds readily available to pay for final expenses, eliminating the need to sell assets
- **Legacy:** Provide legacy for loved ones or charity
- **Cost-effective:** Deliver funding today to offset potentially large costs tomorrow

good health, own capital property and/or registered assets. If you meet these conditions, life insurance may be the way for you to maximize the size of the estate you pass on to future generations.

## Capture life insurance benefits

When applied to an estate preservation plan, life insurance can:

- Offer cost-effective funding today for unexpected need for capital at death
- Avert liquidation of estate assets to pay liabilities
- Leave a legacy for loved ones or charity
- Allow for choice from a broad range of insurance policies
- Create immediate estate liquidity to pay for liabilities

A life insurance policy delivers a tax-free death benefit. By naming a beneficiary, the proceeds of your policy go directly to the person or organization you choose free from taxes, while avoiding probate. A wide variety of life insurance policies can be incorporated into your estate preservation plan, including:

- Universal life insurance
- Whole life insurance
- Term insurance
- Disability insurance
- Critical illness insurance
- Segregated funds
- Annuities (registered and non-registered)

## Is life insurance right for your estate preservation plan?

Life insurance can be effective in your efforts to preserve your assets for future generations. You may be a good candidate to consider life insurance for your estate preservation strategy if you:

- Are a Canadian-resident taxpayer
- Are in good health
- Own capital property (cottage, real estate, stocks, etc.)
- Own registered assets
- Plan to hold your assets until your death
- Want to maximize the size of your estate

Contact your CIBC Wood Gundy Investment Advisor, who can introduce you to a qualified Estate Planning Specialist.



## We're here to help

Building your wealth is one thing; keeping it secure is another. With the various life insurance policies that are available, professional help is essential if you want to protect your wealth. We can provide individual attention to develop an estate preservation plan customized to your future financial needs and objectives. Through our partnership with highly respected insurance companies and our network of CIBC Wood Gundy Estate Planning Specialists (Financial Security Advisor in Quebec), we can deliver an impressive range of leading-edge life insurance policies.

Your CIBC Wood Gundy Investment Advisor along with an Estate Planning Specialist can help you make sense of all the options available to determine which life insurance alternative will work best for you. To explore the benefits of estate preservation using life insurance, please speak to your CIBC Wood Gundy Investment Advisor.

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