

BMO NESBITT BURNS

Estate and Insurance Services



BMO  Nesbitt Burns®

Making money make sense®



Preserve and enhance your wealth

Once you've achieved financial security for yourself and your family, your financial priorities may begin to change. Instead of focusing solely on wealth accumulation, it may become increasingly important to seek out specialized advice about protecting your wealth from certain risks and enhancing its value.

For example, the value of your current portfolio and future estate could be significantly diminished by the impact of taxation. Or, you could encounter health issues that interrupt your career or make retirement more expensive than anticipated. Given today's longer average life expectancies, you could find that you require retirement income for many more years than initially planned.

Helping you manage risk and seize opportunity

As a BMO Nesbitt Burns client, your Investment Advisor can provide access to a dedicated team of Estate & Insurance Advisors who are experienced in dealing with situations typical of high net worth clients. Their role is to assess the key risks and opportunities in your personal or corporate financial life, and explore solutions that are designed to preserve and enhance the wealth you've created.

The Estate & Insurance Advisors of BMO Nesbitt Burns Financial Services Inc. specialize in insurance solutions as they relate to estate planning. Insurance can be a flexible, multi-faceted financial vehicle that offers a combination of cost-effective financial protection, plus the potential to accelerate the growth of your assets while also preserving them for the next generation.



Work with a team of trusted professionals

Professionals, business owners and other established investors have trusted BMO Nesbitt Burns for generations to build wealth through retirement planning and investment advice. And, as our client's circumstances evolve throughout life, so too does the type of the advice and solutions we provide to them.

For example, as you consider the transition from career to retirement, it may also be time to consider a transition in your wealth management strategy—to one that aims to generate retirement income, to protect the wealth you've accumulated, and to ultimately transfer that wealth to future generations. As a BMO Nesbitt Burns client, this transition will be managed with care and professionalism.

A relationship built on collaboration

BMO Nesbitt Burns financial services specialists will collaborate closely with you, your family, and our Estate and Insurance Advisors to address the important issues that are likely to arise:

- How can I shelter my personal investments from tax?
- How can I enjoy a lifetime of guaranteed income without depleting my estate?
- How can I remain financially independent if I become ill or require long-term care?
- How can I protect my corporate assets from double taxation?
- How can I preserve my accumulated net worth?

Whatever your situation may be, the Estate & Insurance Advisors of BMO Nesbitt Burns Financial Services Inc. are ready and able to recommend solutions. We'll listen to you, understand your goals, recommend ways to reduce the impact of income and estate taxes, and help increase the financial resources available to you and your heirs.

A disciplined approach to managing your wealth

Estate & Insurance planning is similar to investment planning—it's about defining what you want to achieve, analyzing the options available to you, and implementing a sound, time-tested strategy. Your Estate & Insurance Advisor will guide you through a process to understand your goals and implement appropriate solutions. As a team, we'll work with you and your Investment Advisor to achieve lifetime financial security and confidence knowing your estate will be distributed according to your wishes. In addition we'll also work with your current legal and tax advisors or facilitate introductions to such professionals.

1. **Discovery.** What personal or corporate assets could face excess taxation? What legacy do you want to create for your family and/or charity? What is your current retirement income strategy? What are the specific financial risks and opportunities that you should address?
2. **Assessment.** We help identify issues and facilitate discussions around a variety of topics such as: U.S. Estate Tax, probate, estate maximization, succession planning and the use of dual wills and trusts.
3. **Recommendation.** Fill the gaps in your current insurance strategy, and recommend solutions for tax minimization, income security, asset protection, and estate maximization. Implement a strategy that complements your existing investment and retirement plans, and coordinate with your personal tax and legal advisors when required.
4. **Review.** Maintain open lines of communication, review results, and adjust your strategy as needed to ensure that it reflects your ongoing goals.

The following examples illustrate just some of the ways the Estate & Insurance Advisors of BMO Nesbitt Burns Financial Services Inc. have been able to help clients preserve and enhance their wealth by using insurance strategies.

"I want to protect my corporate assets from double taxation and transfer more business wealth to my beneficiaries."

The Tremblays own a successful business, and hold substantial liquid investments in their holding company. They intend to take some of this money in dividends to fund their retirement. However, they are concerned that the portion of funds they don't need for retirement will be double-taxed. First, they will pay the top corporate tax rate on all the investment growth during their lives. Second, when the investments are liquidated on the death of the second parent, the dividends paid out will be taxable to their estate.



How we helped:

The Tremblay's Estate & Insurance Advisor recommended transferring their holding company's assets into a corporate-owned Universal Life insurance policy with their corporation as the beneficiary. This resulted in the following benefits:

- The death benefit of the insurance policy creates a tax-free estate that will be paid to the Tremblay's corporation, some of or all which can then be paid to the Tremblay's children in the form of a tax-free capital dividend.
- The assets within the policy can be invested in a wide range of vehicles, and any growth is allowed to compound on a tax-sheltered basis.
- The Tremblays retain control over the assets in the corporate policy during their lifetime, giving them flexibility and liquidity should the need ever arise.

Thanks to tax-deferred investments and tax-free capital dividends, the Tremblay's children stand to inherit a significantly more valuable estate.



“I want to reduce the tax on my personal investments and create a more valuable estate for my children.”

Dr. Lee has consistently maximized his RRSP and believes he has more than enough money saved to see him through retirement. However, he also has significant investments in a non-registered account that he does not anticipate needing for retirement. Dr. Lee would like to reduce the taxation of these investments during his lifetime, and transfer the money to his children in the most tax-efficient manner possible.

How we helped:

Dr. Lee’s Estate & Insurance Advisor recommended transferring his non-registered assets into a life insurance policy with his children as the beneficiaries for the following reasons:

- The death benefit of the insurance policy will create a tax-free estate for Dr. Lee’s children.
- The assets within the policy can be invested in a wide range of vehicles, and any growth is allowed to compound on a tax-sheltered basis.
- Dr. Lee retains control over the assets in his policy during his lifetime, giving him flexibility and liquidity should the need ever arise.

Thanks to tax-deferred investments and tax-free estate, Dr. Lee’s children stand to inherit a significantly more valuable estate.



“I want to keep our family cottage in the family for future generations, and I also want to create a legacy for a charitable cause that matters to me.”

Tom and Mary Martin own a cottage that they would like to keep in the family for future generations. They also have a desire to leave a gift that will make a lasting impact on their favourite charity. However, they are concerned that their cottage has appreciated substantially in value over the past several decades, and this will trigger capital gains taxes upon their deaths that could make it too expensive for their children to retain the cottage. They are also unsure about how to achieve their philanthropic goals in a way that is cost effective and tax efficient.

i How we helped:

The Martin’s Estate & Insurance Advisor recommended setting up two life insurance policies:

- One policy names the Martin’s favourite charity as the beneficiary, and will provide them with a lump sum donation when the Martins pass away. This donation will result in a charitable donation tax receipt, which the Martin children will be able to use to reduce the taxes owing on their parent’s estate.
- The other policy names their children as the beneficiaries, and will provide a tax-free death benefit, which their children can use to offset the capital gains taxes payable on the family cottage.
- The Martins retain control over the assets in both the policies during their lifetime, giving them flexibility and liquidity should the need ever arise.

Thanks to the tax-free death benefits of these policies plus the charitable donation tax credit, the Martins will be able to leave a legacy for charity, and also ensure that their children and grandchildren can continue to enjoy the family cottage for generations to come.



“I want the security of guaranteed income for life, but I also want to preserve an inheritance for my beneficiaries.”

Mrs. Wilson recently retired with a \$500,000 non-registered portfolio of GICs. She doesn't want to give up the security of GICs, but she realizes that she needs to generate a higher after-tax income in order to meet her retirement expenses. In addition, she wants to create a legacy for her grandchildren, so it's important that any alternative income strategy meets her higher income requirements and still leaves a valuable estate.

i How we helped:

Mrs. Wilson's Estate & Insurance Advisor recommended using the proceeds of her GIC portfolio to buy a life insurance policy with a face value of \$500,000 and a 'prescribed' guaranteed life annuity in the same amount. Here's how the strategy works:

- The life insurance policy creates a \$500,000 tax-free estate for her grandchildren.
- The annuity will pay her a guaranteed monthly income for the rest of her life.
- Mrs. Wilson may receive a higher after-tax monthly income than her former GIC portfolio can provide because the annuity payments are a combination of taxable interest and a non-taxable return of her original capital, even after paying the premiums on her life insurance policy.

Thanks to the tax-advantaged income of her annuity and the tax-free estate that will be created by her insurance policy, Mrs. Wilson is able to enjoy higher income for life without sacrificing her grandchildren's inheritance.



“I want to know that I will remain financially independent even if I become ill or require long-term health care.”

Mr. Brown is a business owner who’s several years away from retirement. He has a solid plan to build his retirement savings, but he’s concerned about the financial impact of events that aren’t part of his financial plan—such as a serious illness that may prevent him from working, unanticipated bills related to health care, or the prospect that he may someday require assisted living services or long-term health care.

How we helped:

Mr. Brown’s Estate & Insurance Advisor recommended a critical illness insurance policy and a long-term care insurance policy:

- In the event that Mr. Brown is diagnosed with a qualified medical condition, his critical illness policy will provide a tax-free lump sum that he can use to pay off his mortgage or other debts, pay for specialized treatments, maintain his business operations, or meet any other needs that will ease his financial burden while he works on getting better.
- By replacing lost income, this type of coverage could also help make sure Mr. Brown’s retirement savings strategy is able to stay on track.
- If the time comes when Mr. Brown is no longer self-sufficient, his long-term care policy can provide a daily tax-free benefit to cover the costs of a nursing home or professional in-home care.

Thanks to these complementary forms of insurance coverage, Mr. Brown can remain focused on running his business, confident that if a health issue ever arises, they will not be compounded by financial issues.



Benefit from choice and objectivity

The Estate & Insurance Advisors of BMO Nesbitt Burns Financial Services Inc. give you access to a broad range of insurance products, offered by some of the largest and most established insurers in Canada.

As a client, you will be presented with recommendations that represent the best of what the insurance marketplace has to offer. We are unique in our approach, because we do not recommend one-size-fits-all strategies or focus on selling proprietary products.

Working with an Estate & Insurance Advisor, you will have professional help to objectively consider your options and consider solutions that are both suitable and cost-effective over the long term.

Move in the right direction

For many of our clients, insurance is an important element of an overall financial strategy. Even clients who do not need insurance for the traditional purpose of protecting their family's current income may find it

extremely useful for goals such as preserving and enhancing the value of their estate, tax minimization, health care funding, and charitable giving.

At BMO Nesbitt Burns, you can be certain of receiving objective advice. Any recommendations we make are intended to complement your existing investment strategy and, ultimately, help you move closer to the goals that matter most to you.

Start the conversation today

You have accumulated substantial wealth over the years. An Estate & Insurance Advisor will ensure that all the bases are covered in your estate planning process, and that your heirs will benefit from their unique expertise in this area.

Depending on your circumstances, if you want personalized advice on how to potentially preserve and enhance your wealth before, during and after retirement, start the conversation with your BMO Nesbitt Burns Investment Advisor today.

All insurance products and advice are offered through BMO Nesbitt Burns Financial Services Inc. by licensed life insurance agents, and, in Quebec, by financial security advisors.

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