Individual investment shelter strategy

Our estate plan is simple. More estate, less taxes. A simple, sensible way to maximize your estate using tax-exempt life insurance.

Meet Louis and Marie

They've taken care of their retirement income. Now how can they leave a greater legacy for their heirs?

If you're like Louis and Marie, you've worked hard, invested well and you're looking forward to enjoying the fruits of your labour. You're also thinking about your estate – the more, the better. An individual investment shelter strategy could be the answer.

Louis and Marie have guaranteed themselves a comfortable retirement income – with a sizable amount left over, much of it in non-registered investments: mutual funds and securities.

The challenge

Their estate isn't all it could be. The reason? Taxes. Your estate should be for your children. Or for charities you believe in. However, taxes can take away their share, because:

- Non-registered investment income is taxed during your lifetime.
- Non-registered investment gains are taxed when you pass on.
- Your estate is faced with settlement fees and expenses.

As you can imagine, taxes and other costs can prevent much of your estate from going where you wish.

Unless...

The solution

Use an individual investment shelter strategy to protect extra assets from tax.

This strategy uses a permanent life insurance policy in two ways:

It's insurance. A part of your annual premium immediately increases your estate's worth. That's more for your heirs already.

It's an investment. With the other part of your premium, you choose how the money is invested. The money grows tax-deferred.

Three key advantages of an **individual investment shelter strategy**

- Cash value accumulates in the investment portion, but is not taxed as long as it stays in the policy.
- Beneficiaries get the full value of the policy. Both the initial insurance and growth are theirs tax-free.
- Benefits can go straight to your beneficiaries – generally avoiding probate costs, estate fees, and settlement delays.

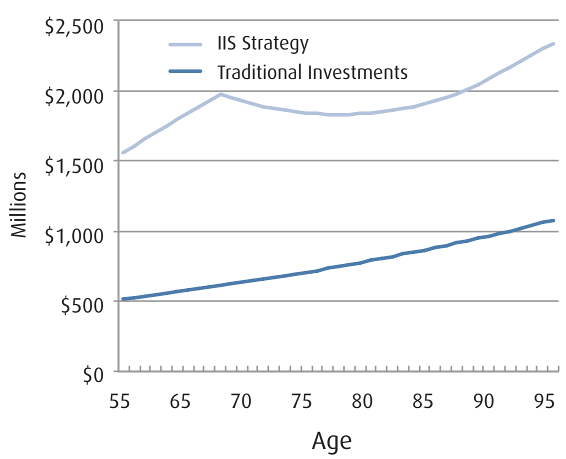
Continued

The result

The individual investment shelter strategy made a significant difference to their after-tax estate value.

Let's say Louis and Marie shift $55,000 per year over the next 10 years from their non-registered investments into a $1,000,000 permanent life insurance policy. They now have an additional $1,000,000 in life insurance, and the value of the death benefit will grow and grow.

Investment Values



*Assumed dividend scale of current -1% participating insurance plan, and 4.0% for the taxable fixed-income investment. Both age 55, non-smoker, standard risk. Illustration generated on December 20, 2016.

Here's how it stacks up

With this simple shift, Louis and Marie will be able to leave $1,000,000 to $1,300,000 more than if they maintain their current balanced portfolio.*

As you can see, the individual investment shelter strategy may benefit anyone whose estate plan is more estate and fewer taxes. For more information, speak with your BMO financial professional who will refer you to an Estate & Insurance Advisor (Financial Security Advisor in Quebec) from BMO Estate Insurance Advisory Services.

BMO Estate Insurance Advisory Services