

Astute Estate & Insurance Planning

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Estate Preservation and Life Insurance

Many Canadians are concerned about their financial security in retirement and preserving the value of their estates for the next generation. It's a common and understandable situation. What's surprising is that so few have taken the time to create an estate plan that can help organize their assets, minimize taxes, and pass along their estate in the manner they intend. When the time comes to settle the estate, the value may be substantially diminished.

The following questions will help you to start thinking about your estate plan. As you consider them, many more questions may come to mind.

- How will you preserve your assets from taxes and unnecessary probate?
- How will you protect your family in the event of your premature death?
- How can you minimize capital gains taxes—during and after your lifetime?
- How can you create wealth and enhance income on a tax-favoured basis?
- How can you preserve your RRSPs or RRIFs in their entirety for your heirs?

There are several ways to minimize taxes and preserve more of your estate for your heirs. One of the more common solutions is a life insurance plan. There are many advantages to using life insurance for estate preservation. For example, the policy bypasses probate fees when there is a named beneficiary, and the death benefit is received tax-free in the hands of the beneficiary.

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To retire comfortably, you may need an investment vehicle that provides wealth appreciation and capital preservation. If high taxes and limits on Registered Savings Plan (RRSP) and Registered Pension Plan (RPP)

contributions are preventing you from reaching your goals, you may need an investment vehicle such as a Universal Life Insurance policy.

Affordable and flexible, Universal Life combines life insurance with a tax-efficient investment vehicle. You can customize your policy to meet your protection and investment needs, and when those needs change, your insurance can change with them.

Universal Life may be ideal if you have maximized your RRSP and RPP contributions, and want to continue to accumulate wealth in a tax-efficient way. By taking advantage of Universal Life's favourable tax treatment, you may be able to preserve your hard-earned savings and accumulate wealth on a tax-deferred basis, using the investment options you choose.

When it comes to wealth management, it often takes a team of specialists to ensure that all of your interests are taken into consideration. With this in mind, many investment firms have hired Insurance Specialists to provide estate and insurance planning

expertise for their clients. If your Investment Advisor works at such a firm, he or she can introduce you to one of the company's Insurance Specialists who will then help you create a plan suited to your specific needs. Together with your Investment Advisor, they can show you how life insurance may be the ideal estate-preservation plan.

Just getting started is often the most difficult step you'll take when learning about sound financial and estate planning strategies. Once you've made the commitment to get started, you'll find it's far easier than you think. ▲

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Robert Sharman has over 20 years of experience in Financial Services. He specializes in tailoring integrated strategies for his clients.

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