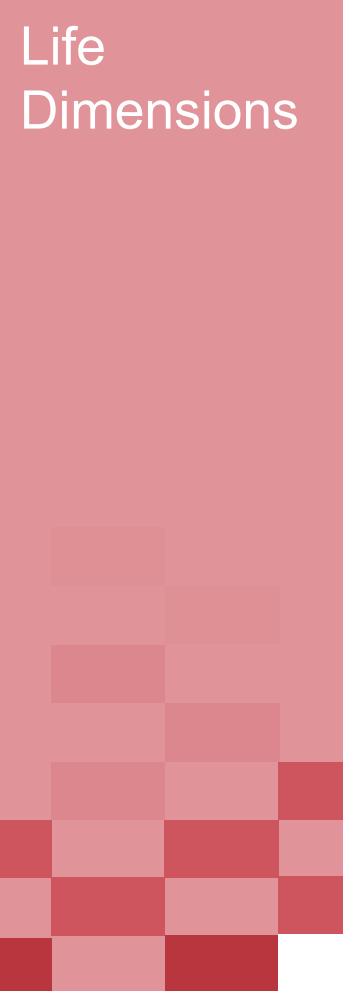




Estate Preserver



Life
Dimensions



An Estate Preservation Program



Wealth Management Goals

Life Dimensions

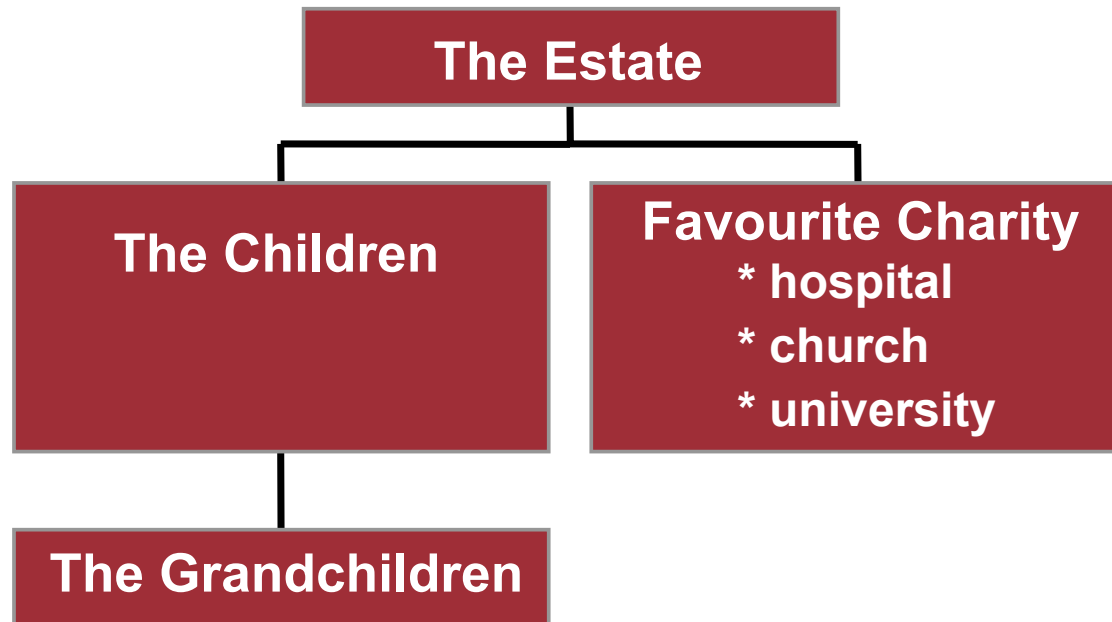
- Manage savings for retirement
- Minimize taxes
- Transfer wealth in a fair and equitable manner



Estate Preserver?

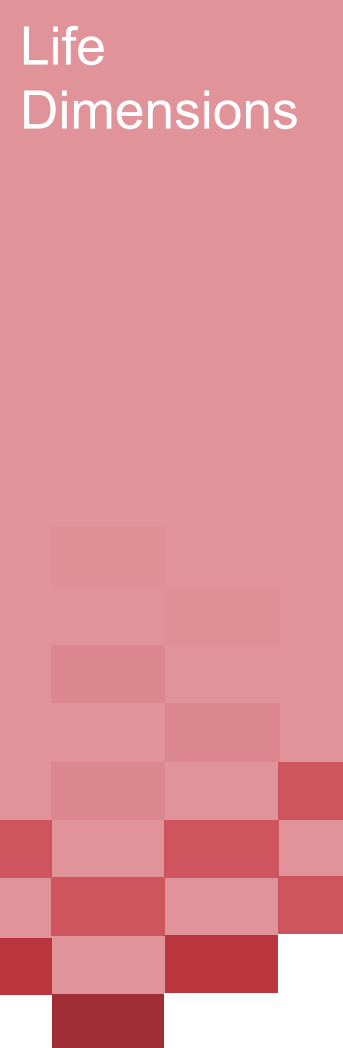
Life
Dimensions

Who will be the beneficiaries of the estate

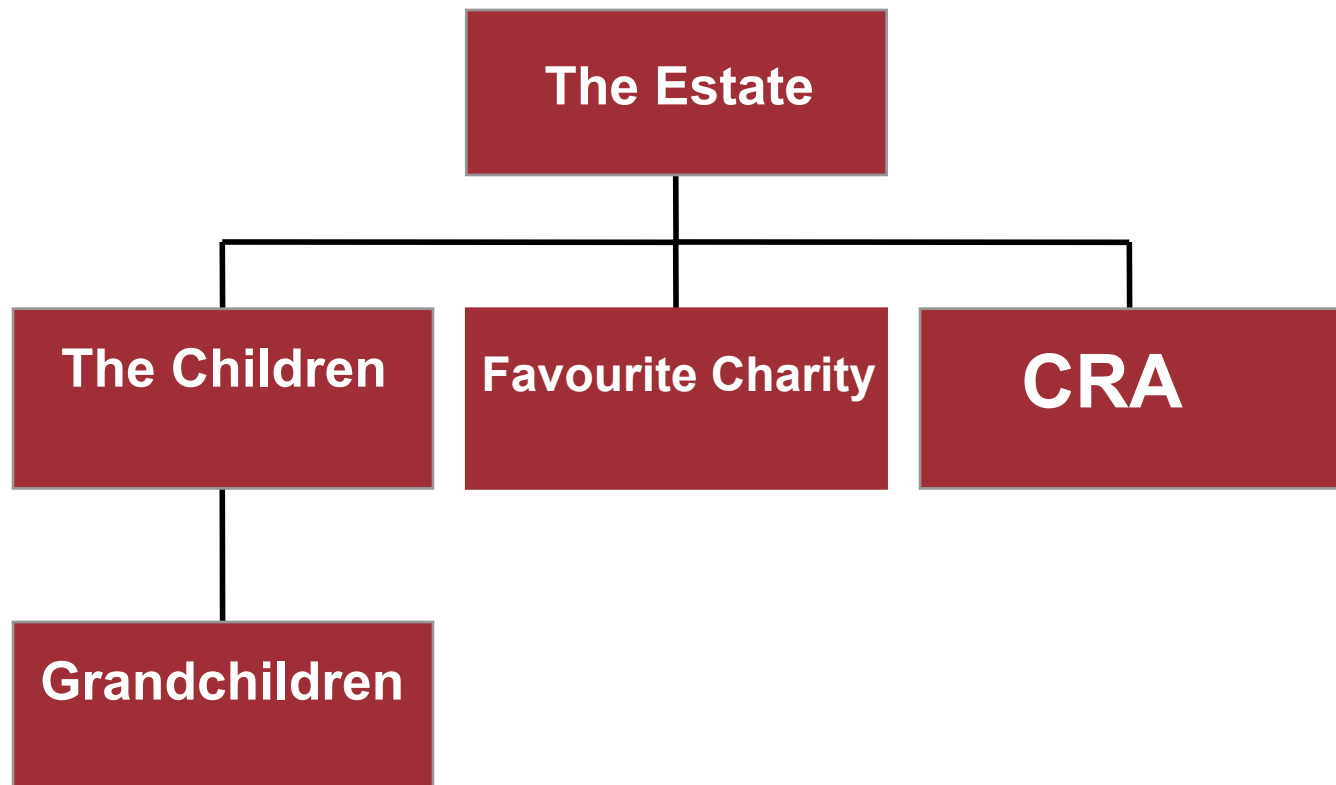




Estate Preserver?

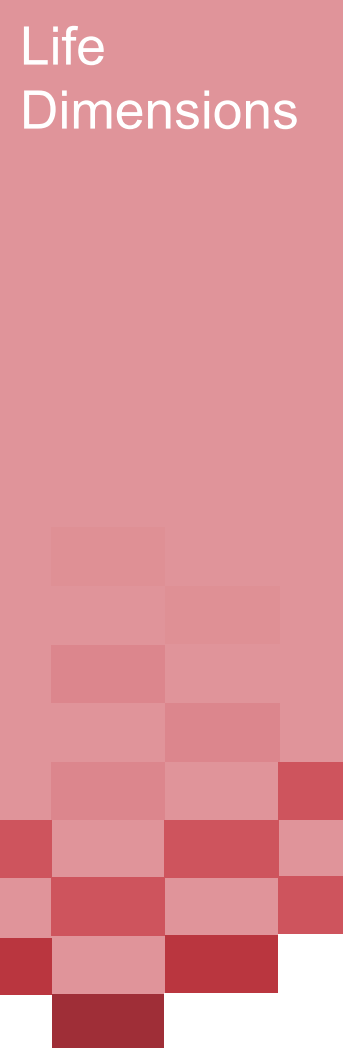


Who will ***REALLY*** be the beneficiaries of estate





Estate Preserver?

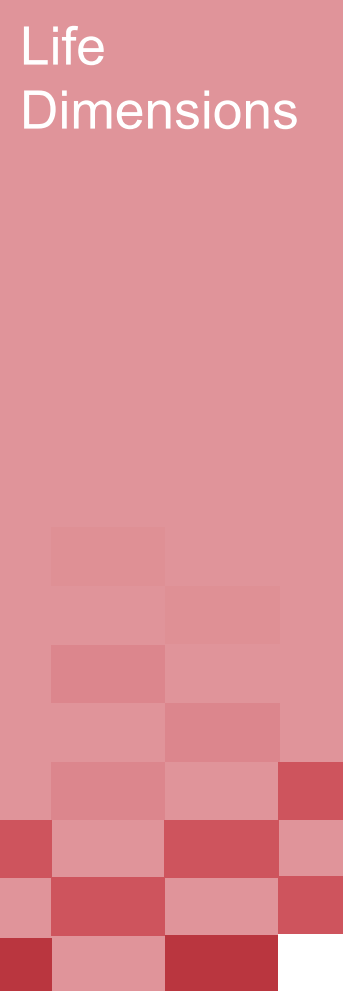


Life
Dimensions

- How much of the money you saved for retirement will go to the government when you die?
 - Upon the death of you and your spouse a significant portion of your remaining RRSP or RRIF assets will go to the government in the form of income taxes instead of to your heirs.

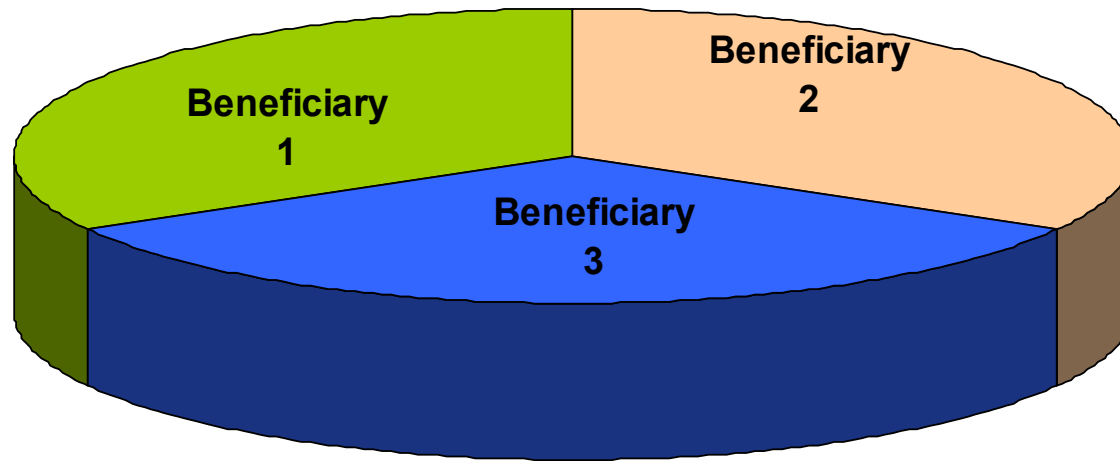


Here's the Plan



Life
Dimensions

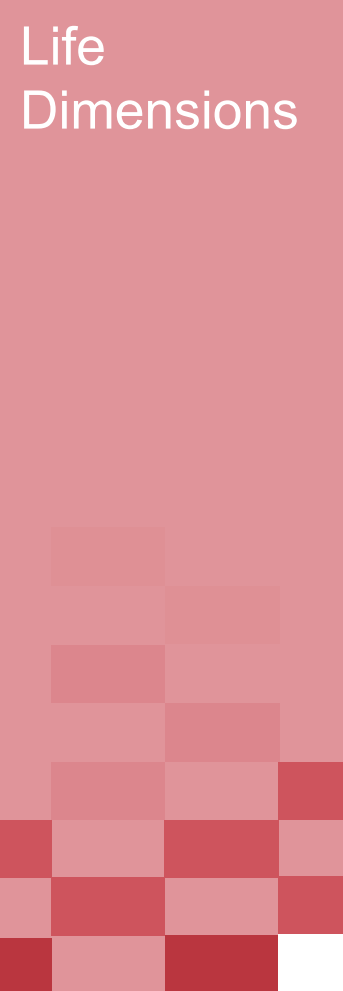
In a Perfect World



Equal Distribution of assets

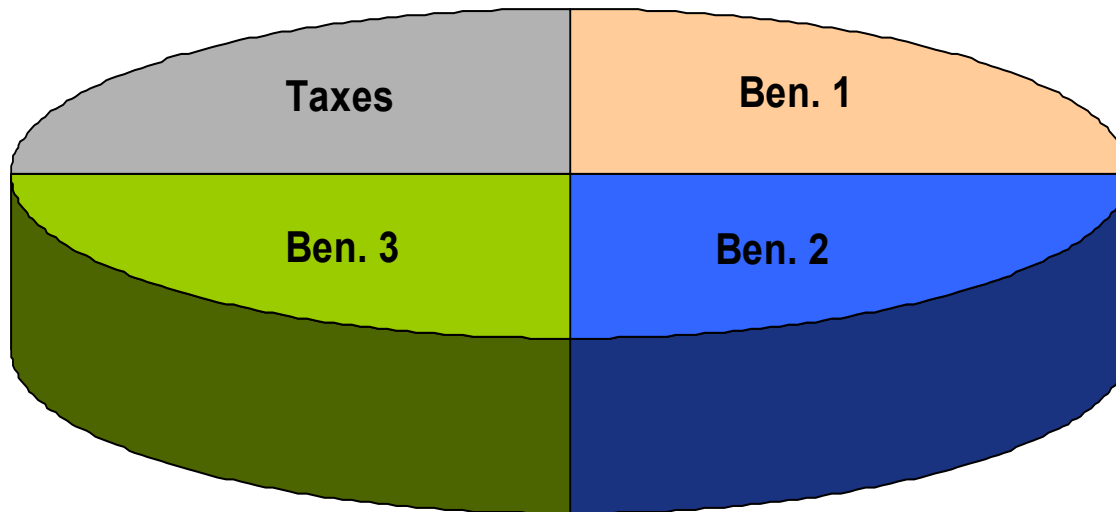


Here's the Problem



Life
Dimensions

In the real world



You can easily lose 50% of the value of RRSP's
and 25% of total estate value

Case Study

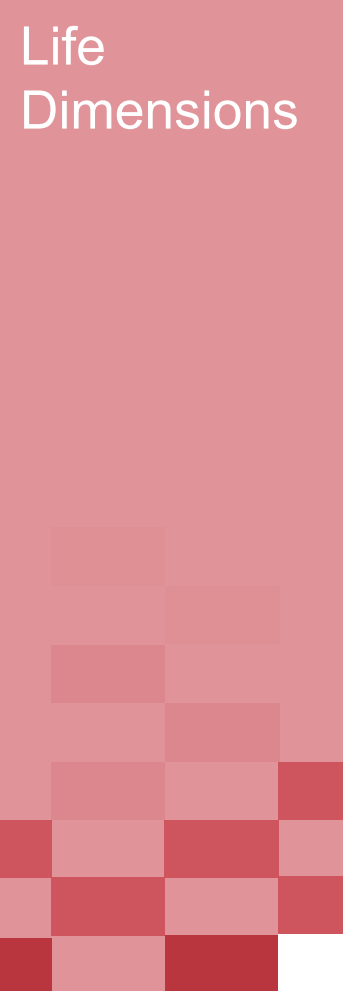


Life Dimensions

- William and Janice Smith 68 & 67 respectively
- William has been the President of a large manufacturing company for 15 years
- Janice worked as a nurse
- Built up a large estate over the years
- Will retire very comfortably
- Not concerned about Retirement Income
- Worried about tax problems at death



Let's see the Smith's assets



Life
Dimensions

Assets Today

- Residence \$300,000
- RRSP \$350,000
- GIC's \$250,000
- Non RRSP \$250,000 – ACB \$120,000
- Cottage \$350,000 – ACB \$120,000

Immediate Tax Liability: \$295,000



The Smith's Assets Tomorrow

Life
Dimensions

In 20 years

- Residence \$445,784 2% growth
- RRIF \$478,212 4% growth
- GIC \$371,487 4% growth
- Non RRSP \$567,874 5% growth
- Cottage \$766,893 4% growth

Tax Liability in 20 Years: \$554,595



Structure

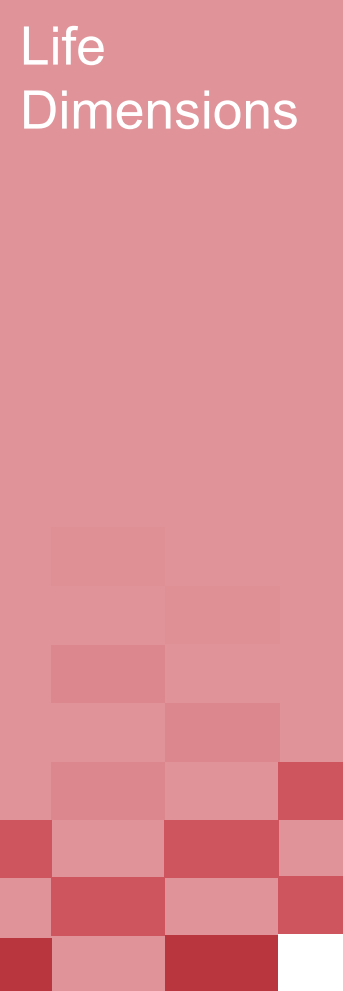


Life
Dimensions

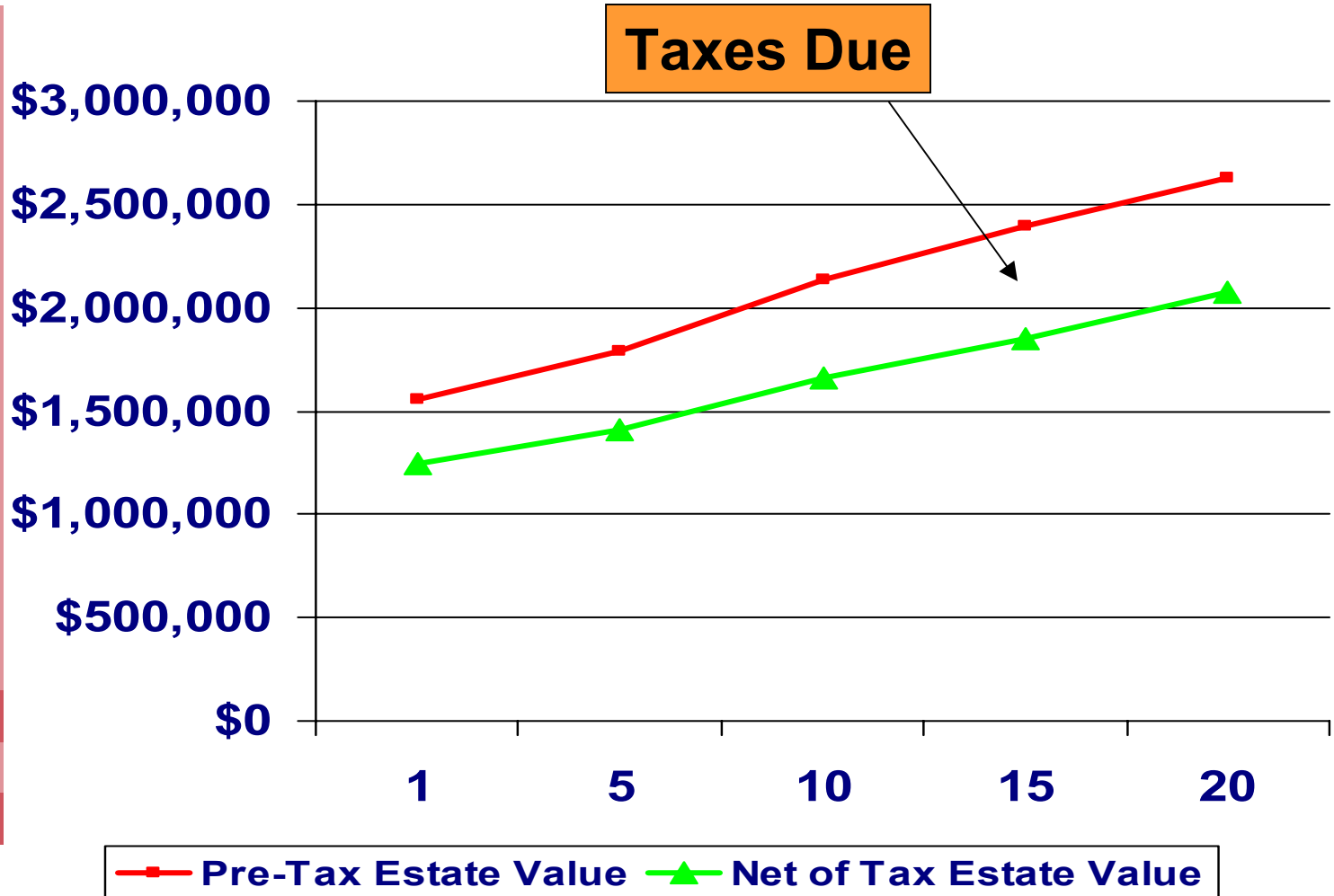
- Joint last to die, Face plus fund, Level COI
- Insurance = current tax liability = \$310,000
- Fund value grows to cover future tax liability
- \$16,461 for 10 years
- 6% rate of return



Estate Value Projections



Life
Dimensions

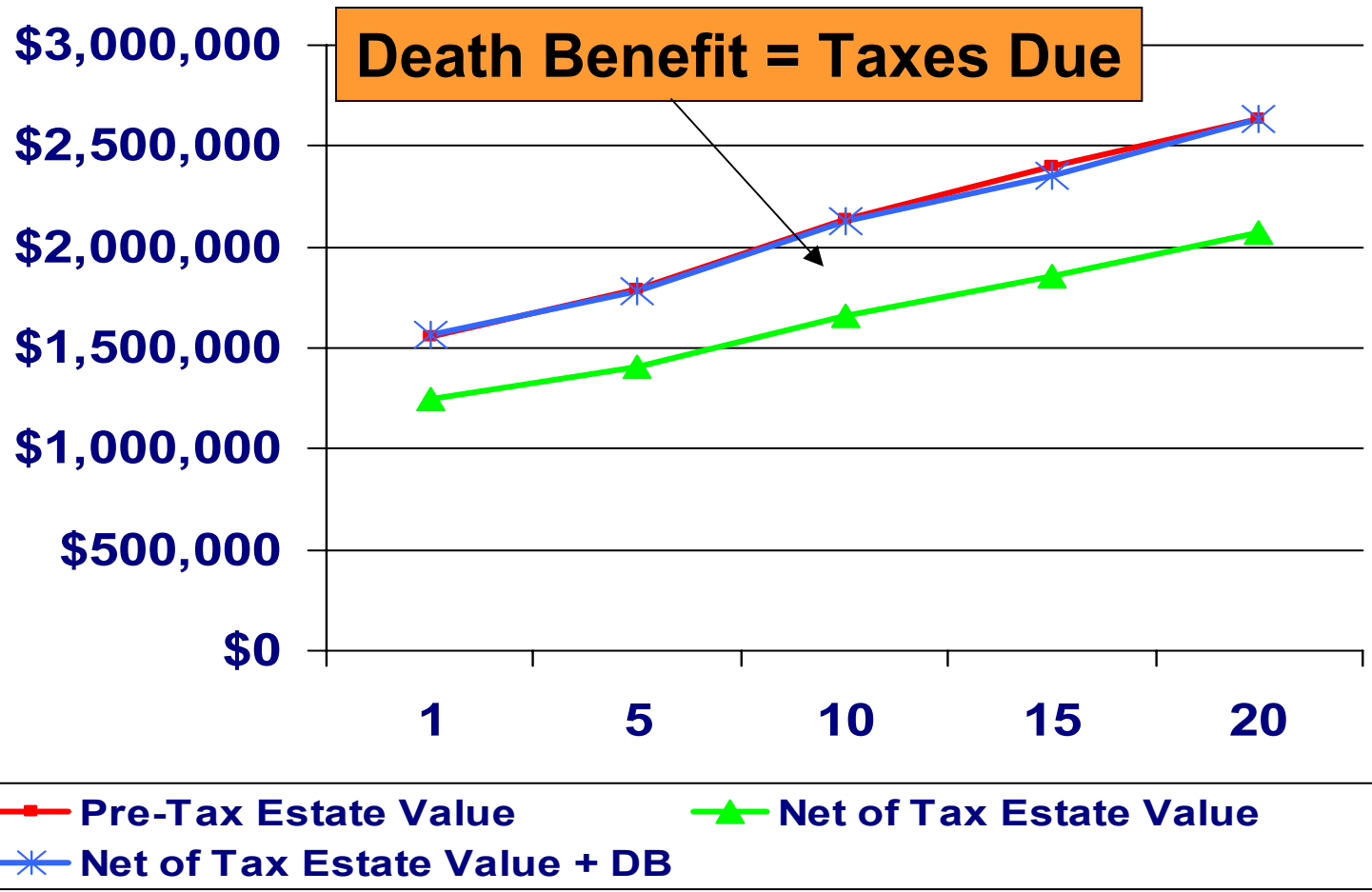




Insurance Effect



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What about the other options

Life
Dimensions

- Do nothing
- Self Insure
- Borrow Money



Do Nothing

Life Dimensions

- Easiest solution
- Burden is entirely on estate
- Estate may be forced to sell assets

Cost = \$554,595



What about self insuring right now

Life Dimensions

- Better than doing nothing
- Very sensitive to interest rates
- Still Costly
- Assuming a 6% rate of return after taxes

Cost = \$349,490



Borrow

Life
Dimensions

- Definitely not cost efficient
- Assuming 6% loan rate
- Repay loan over 10 years

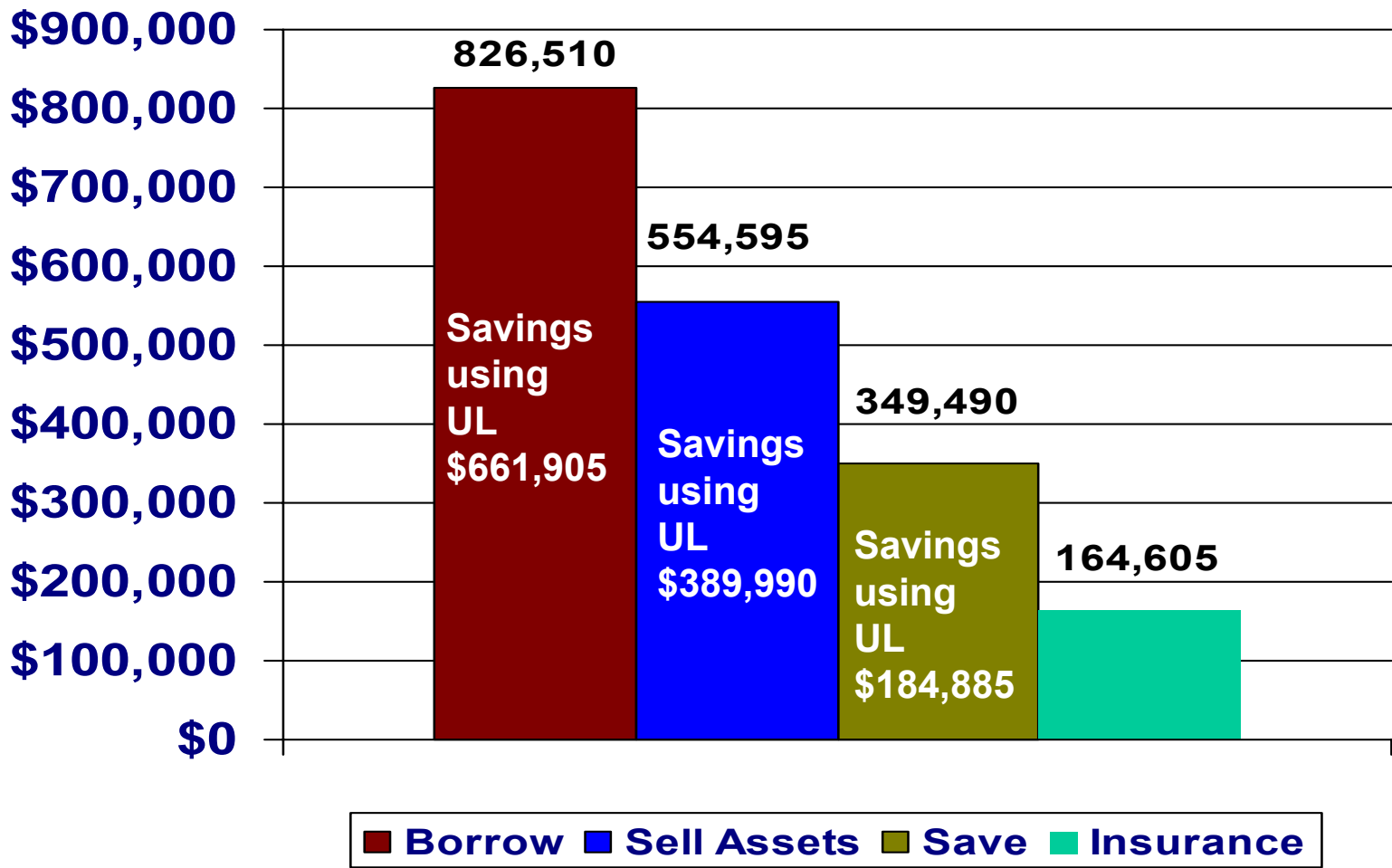
Cost = \$826,510



What's the cost



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Personal Tax Strategy for Canadians *

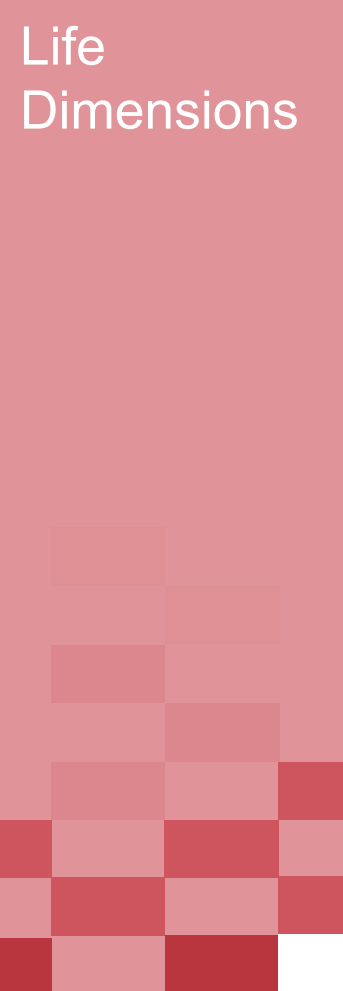
Life
Dimensions

“Choosing the appropriate insurance program may satisfy a variety of objectives. The most important one is to provide a replacement of income *and the funds necessary to cover the payment of income taxes and other debts and expenses arising on death.*”

* Price Waterhouse



Estate Preserver



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Dimensions



An Estate Preservation Program

Information contained in this document is for illustrative purposes and is subject to change without notice. Refer to an up-to-date policy illustration for this plan for a current statement of benefits.