***nb*Estate Planning Solutions**

Leave a Great Legacy

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*Nb*Navigator Solutions

- Cash Flow Plans
- Debt Reduction
- Debt Settlement
- Credit Repair Solutions
- Mortgage Solutions
- HELOC Solutions

- Life Insurance
- Critical Illness
- Disability
- Long Term Care Insurance
- Health & Dental
- Group Benefits

- Estate Preservation
- Succession Planning
- Charitable Giving
- Legacy Planning
- Tax Planning
- Executor Assistance

- Segregated Funds
- Exempt Market Funds
- Mutual Funds
- Modern Money Solution
- RDSPs, RESPs, TFSAs
- RRSPs, RRIFs, LIRAs, LIFs

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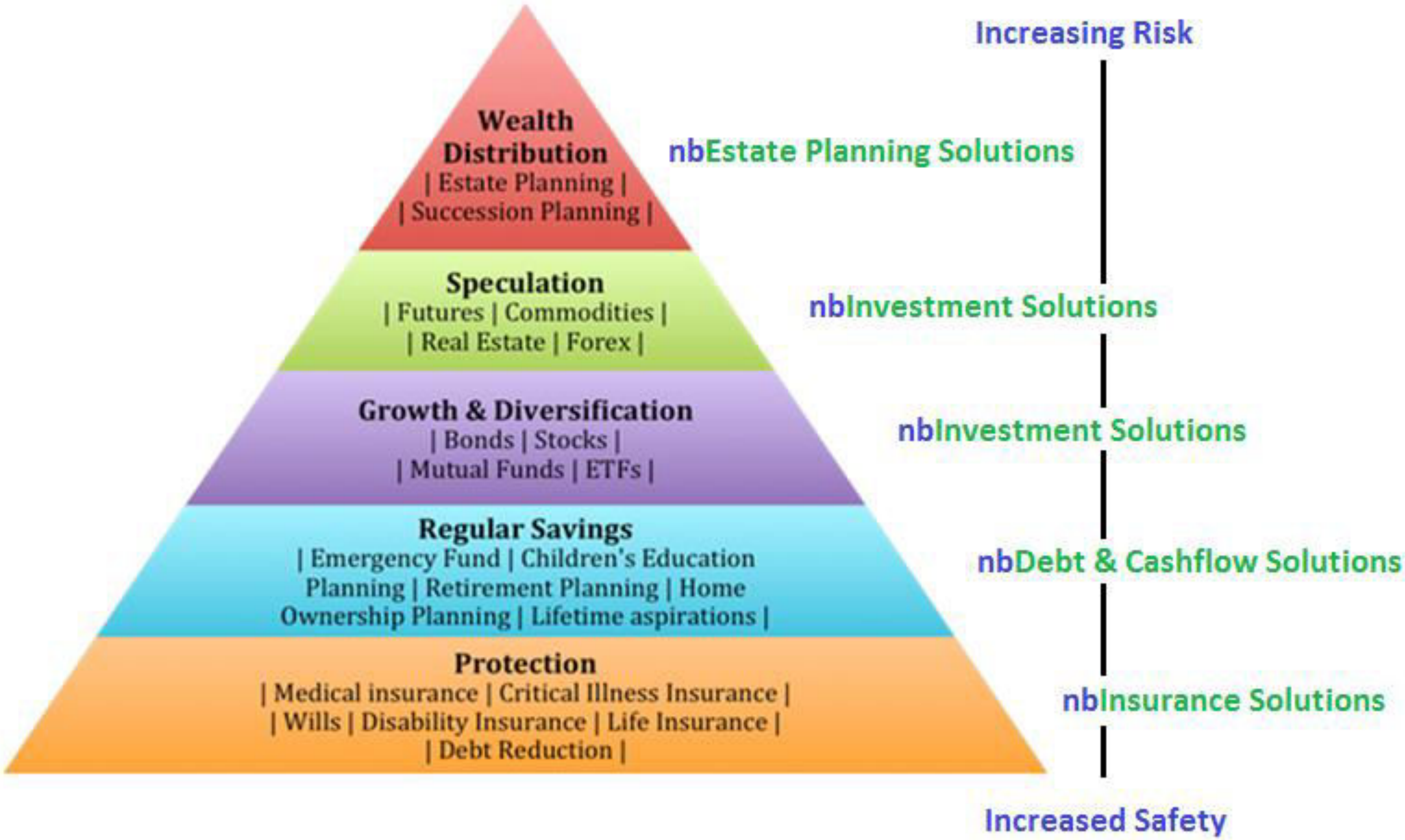
Financial Planning Pyramid



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Estate Planning Basics

- When a person passes away, their final '**estate**' must be dealt with on their behalf. There are also situations where a person may be incapacitated in a hospital bed or unable to take care of themselves for one reason or another requiring another person to take care of their affairs and make decisions on their behalf.

- In order to be fully prepared for any eventuality so that your family may be able to receive the proceeds of your estate, there are three key documents that everyone should be sure to have. We have professionals who we can refer you to for help through our **National Best Financial Network.**
- 1) Will 2) Enduring Power of Attorney
  3) Representation Agreement

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Will

A **Will** is the legal instrument that permits a person to make decisions on how his estate will be managed and distributed after his death.

If a person does not leave a will, or the will is declared invalid, the person will have died “intestate”, resulting in the distribution of the estate according to the laws of the province in which the person resided.

A will serves a variety of important purposes.

1) It enables a person to select his beneficiaries rather than allowing the provincial laws to choose the heirs.
2) A will allows a person to decide whom shall be the executor of his estate, distributing the property fairly to the beneficiaries while protecting their interests, rather than allowing a court to appoint a stranger to serve as the administrator.
3) Lastly, a will safeguards a person's right to select the legal guardian to raise his young children in the event of his death if they are still minors.

Power of Attorney

Many Canadians are concerned about how to manage their money, property, and finances as they age or as life changes . take place. They may worry about what will happen if they . become unable to deal with their own finances.

An **Enduring Power of Attorney** is a legal document that you sign to give another person the authority to manage your money and property on your behalf. (A Power of Attorney does not mean that you are giving away complete control of your affairs. As long as you are mentally capable, you can continue to make your own decisions about your finances.)

Unless you limit your attorney's authority, they can do almost everything on your behalf with your finances and property that you could do.

Among other requirements, you must be mentally capable <u>at the time you sign</u> any type of power of attorney for it to be valid. If you lose your mental capacity and do not have a valid power of attorney document in place, someone will need to get authority from the court to manage your money and property.

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Representation Agreement

- A **Representation Agreement** is a legal document for personal planning in British Columbia. A Representation Agreement is the only way to authorize someone to assist you or to act on your behalf for health care and personal care matters. This becomes key for someone lying in a hospital bed requiring immediate decisions after a heart attack or some similar emergency event.

- When paired with an **Enduring Power of Attorney** (Does not necessarily have to be the same person), you can rest assured that your personal affairs will be handled even in the moments where you are unable to do so.

Estate Planning Process

- There is no "estate tax" in Canada, but when a person dies there is a deemed disposal of any capital property (Real estate, investments, etc.), so any capital gains would be taxed at this time.

- If not properly planned for, the CRA will likely become the single largest beneficiary of your estate through the taxes.

- Depending on your situation, you may require the creation of a trust for family members or consideration of the unique circumstances of your particular business. This can be costly and time consuming.

- Life Insurance products offers a unique opportunity to have certain amounts of money avoid the final estate altogether as benefits will be paid directly to your beneficiaries immediately upon notification of death.

Terminal Tax Return & Probate

- Even after your death, there is one last tax return to file called your “terminal tax return”. In this, taxes will be paid on all taxable income earned before death as well a ‘deemed disposition’ of all capital assets. Even though there was not an actual sale of these assets, this can result in a capital gain or, in some circumstances, a capital loss which may require that taxes be paid.

- There is a provision for a tax-free rollover of the assets if they are transferred to a surviving spouse.
- PROBATE - In general, the probate process involves collecting the decedent's assets, liquidating liabilities, paying necessary taxes, and distributing property to heirs. Additionally at this time, your estate may be subject to probate fees, executor fees, trustee fees, accounting fees, and consulting fees to name a few, which can add up over time.

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Government Benefits on Death

- When an Old Age Security (OAS) and Canada Pension Plan (CPP) beneficiary dies, their benefits must be cancelled. Benefits are payable for the month in which the death occurs; benefits received after that will have to be repaid.
- Although you may also be eligible for additional benefits:
- Allowance for the Survivor
  Provides a monthly non-taxable benefit to low-income widowed spouses who are not yet eligible for the Old Age Security pension.
- Death benefit
  Provides a one-time payment to (or on behalf of) the estate of a deceased Canada Pension Plan contributor.
- Survivor's pension
  Offers a monthly pension paid to the survivors of a deceased Canada Pension Plan contributor.
- Children's benefit
  A monthly benefit for dependent children (under age 18 or between 18 and 25 and attending school) of a deceased Canada Pension Plan contributor.

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Benefits of a TFSA

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  Successor Holder - A successor holder will become the new holder of the TFSA immediately upon the death of the original holder. The TFSA continues to exist and BOTH its value at the date of the original holder's death AND any income earned after that date continue to be sheltered from tax under the new successor holder (The situation is different with *only* a designated beneficiary)

- **Designated Beneficiaries -** Designated beneficiaries may include a survivor who has not been named as a successor holder. A designated beneficiary will not have to pay tax on payments made out of the TFSA, as long as the total payments don't exceed the fair market value (FMV) of all the property held in the TFSA at the time of the holder's death.

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Benefits of Seg Funds

- **Death Benefit Guarantees**
- Segregated fund policies provide a principal guarantee in the event of death. This death benefit guarantee is usually either 75% or 100% of the premiums paid (or policy value if you've locked in market gains with policy resets) less proportional amount of redemptions, depending on the product selected.

- **Named Beneficiary**
- You can choose one or more beneficiaries. (ie Family, friends, or charities). In the event of death, the proceeds are paid directly to the beneficiaries designated in the contract. This avoids public proceedings, such as probate and the settlement of an estate. By not having to deal with the estate, the settlement is most often simpler and less expensive and paid in as quickly as two weeks.

Benefits of Life Insurance

- Life Insurance policies do the following:
  - A private relationship between the owner and the insurance company.
  - Pay a death benefit tax-free to the listed beneficiaries thus bypassing your estate and probate.
  - Death Benefits can be paid in as little as two weeks from the notification of death.
  - A unilateral legal contract from the point of issue.
    - Once the insurance company issues a policy and as long as you pay your premiums as required, the death benefit will be paid out.
    - This is why life insurance may require a medical test and blood samples. They are doing their risk assessment up front and need to be sure of the price that they quote.

Benefits of Whole Life Insurance

- Term insurance and most group insurance (Which is really term insurance) will have the premiums increase at a pre-set schedule according to your term
  - Most term insurance policies will not renew past age 85.
- Whole Life Insurance is a type of permanent insurance that will have premiums that will never increase over the life of the contract and is designed to be in effect for your whole life.
  - As the insurance is permanent, the death benefit becomes guaranteed as long as you pay your premiums.
- Paying into a policy that has a guaranteed death benefit creates unique estate planning opportunities for wealth transfer between generations.
  - Money paid into a Whole Life insurance policy goes towards funding a tax-free death benefit that will be paid directly to your beneficiaries. All amounts once printed on your annual statement become fully vested and guaranteed.

“Cascading Life Insurance” Concept

- **Cascading Life Insurance Concept** is a concept that allows a parent or grandparent to buy a life insurance policy on the life of their child or grandchild but retain control until they feel that their child will be responsible enough to maintain it (This transfer can even be done after your lifetime automatically built into the policy). This can be an amazing way to leave a legacy.

- As the owner of the Whole Life insurance policy, you can decide how and when you want to share your wealth. One of the chief advantages of this concept is that unlike investments that can lose a significant part of their wealth at the point of transfer to the next generation, the values within a Whole Life insurance Policy grow tax-free and also can be passed between generations tax-free under today's tax laws making it a very effective wealth transfer tool for families.

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“Gradual Inheritance” Concept

- The Gradual Inheritance Concept offers a simple and flexible way to protect your estate. This practical option can automatically transfer the death benefit of your insurance investment directly into an annuity for your beneficiary, instead of having it paid as a lump sum. The annuity will provide your beneficiary with gradual income payments or even an income stream for life, as specified by you.

Benefits of the Gradual Inheritance Concept

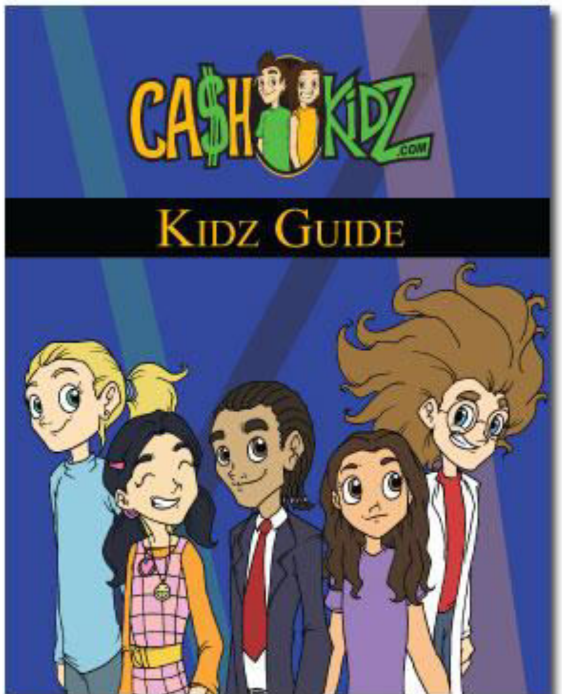
- Allows you to control how the inheritance is allocated to your beneficiaries (Particularly beneficial for Dependents)
- No need to set up a formal trust
- No fees - the death benefit would not form part of the estate and would therefore bypass probate and estate fees

Role of Education & Financial Literacy

- The report of the Task Force on Financial Literacy defines financial literacy as "…having the knowledge, skills and confidence to make responsible financial decisions." The greater and more widespread the existence of financial literacy, the greater and more widespread the existence of 'responsible financial decisions'.
- Start the conversation about money and the family values around money early. Help people to understand money so that they can be better stewards of it. Without the knowledge and skills to know what to do with money, no amount of money will protect someone from losing it all.
- Unfortunately, history tends to indicate that just by simply giving someone a large gift of money, it may not benefit their lives in the ways that we might intend. Sadly, look at the countless cases of athletes and actors or lottery winners that come into large sums of money quickly only to fritter it away at a pace that in some cases can be quite astonishing.

"Cash Kidz" Program

Even better, they will **LOVE** the experience and have **FUN** with it! With a **SIMPLE To USE** program and great graphics, your kids will **LEARN** to:



- **DISCOVER** the world around them and the many ways they can explore it to grow their interests.
- Give to **CHARITY** in a way that honors their beliefs, school or other passions they have.
- Have **FUN** with their money by using a small amount of it to buy the things they want so they never feel deprived.
- Plan for the **FUTURE** by showing them how to build wealth through such avenues as buying silver, gold, investments, or stocks!
- Create a **TREASURE** fund to save for special items, such as a new bike, camera or other items they want to have.
- And, MUCH, much more...

Your children will learn, in a practical way, how to save, give, discover their world, have fun, and build long-term wealth.

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