Manulife
Insurance

Estate Preservation ... a client profile

Estate Preservation is a financial planning tool designed to help your clients understand how much capital they need to fund the liabilities that will result from their death, including capital gains tax, RRIF tax, probate and other estate costs.

WHO IS IT FOR?

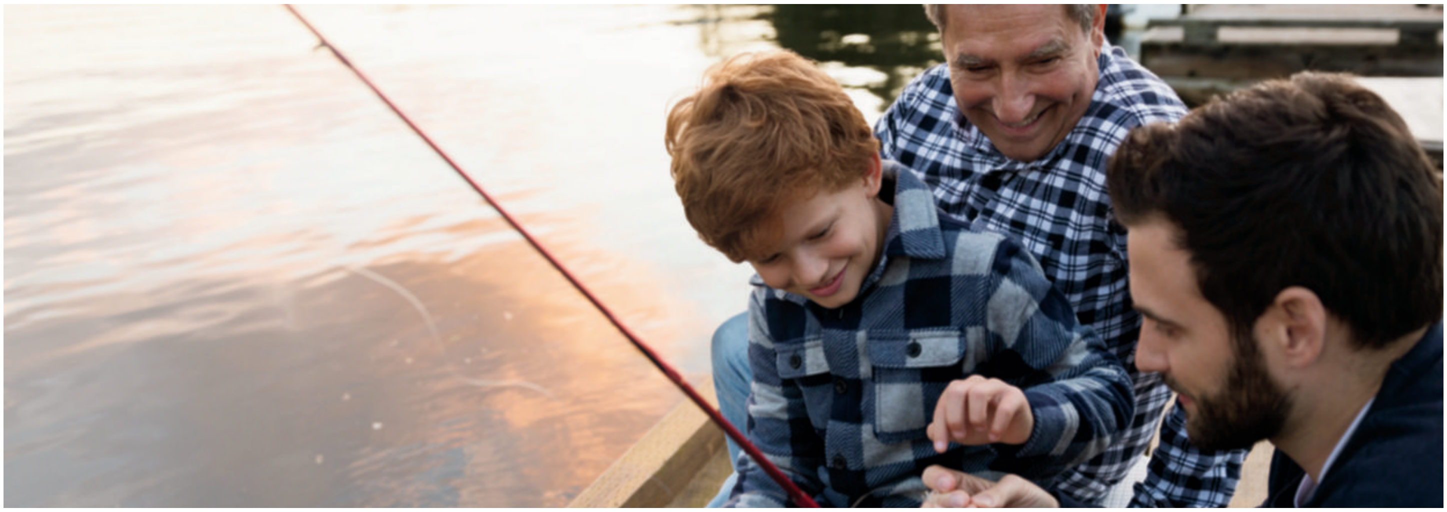
- Individual Canadian-resident taxpayers
- In good health
- Own capital property, which may include:
  - Family cottage
  - Shares of a family or private business
  - Public company shares
  - Farm property
  - Rental property
  - Mutual funds
  - Real estate
- Own RRSP/RRIF assets
- Leaving a legacy to family or charity at death is a high priority
- Receptive to long-term planning strategies
- Committed to holding their property until they die

HOW DOES IT WORK?

Estate Preservation captures the capital and registered assets your client owns today and projects the future value of those assets. It calculates the tax liability associated with the assets and adds other estate costs, including probate and charitable gifts, to determine the total funds required to cover the liability when your client dies. Finally, it compares the cost of life insurance to other methods of funding the liability, taking the time value of money into account.

WHY DOES IT WORK?

- Provides cost-effective funding today for an expected need for capital at death
- Prevents liquidation of estate assets to pay the tax and other liabilities
- Leaves legacy intact for loved ones or favourite charity.



An example

Your client is a male, age 50, non-smoker. He owns his own business, a cottage and registered funds. When he dies, he will be deemed to have disposed of all of his assets. Assuming he dies at his life expectancy of 84, the need for capital to cover liabilities connected with his death 34 years from now could look something like the example below.

Asset	Market Value ($)	Original Cost ($)	Growth Rate	Future Value (34yrs) ($)	Tax Payable* (34yrs) ($)
Cottage	150,000	75,000	2.00%	294,101	49,298
RRSP/RRIF	250,000	0	6.00%	1,785,789	789,863
Company Shares	1,000,000	1,000	8.00%	13,690,134	3,080,055
Totals	**1,400,000**			**15,770,024**	**3,919,216**

*Assumes 50% of capital gain is taxable, a personal tax rate of 45%, maximum RRSP contributions and RRIF minimum withdrawls at age 71.

The alternatives

1. Start saving today – interest-bearing investment @ 5%, five annual deposits
2. Borrow the funds – 6% loan rate, 5-year amortization period, semi-annual compounding
3. Liquidate some of the registered funds
4. InnoVision – YRT 100, Level death benefit. Premiums paid annually. Minimum guaranteed interest rate of 1.5%

A cost comparison...

The cost of funding the tax liability in 34 years using discounted cash flows at 3%.

Savings	$1,550,836	Lump Sum	$1,434,609
Bank Loan	$1,563,536	InnoVision	$903,443

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