Giving more to your family and less to the government

When looking at estate strategies, the goal is to ensure that your intentions are executed in the most efficient way. But what about making sure you keep as much of your wealth within your family as possible? Taxes can make a significant difference to the amount that your family may ultimately receive.

Here's the problem …

Like many Canadians, your financial plans may include an element of savings that you never plan to spend. You have invested some money that you intend to pass on to those you care about most. The problem is this strategy's success is largely based on the investment's rate of return. And, unfortunately, the higher the return, the more tax you pay. This means your estate may end up smaller than you're anticipating.

What are your options?

You can continue to pay tax on the income earned from your savings or you can invest the funds using a financial planning strategy known for maximizing your estate.

This attractive alternative to taxable investments offers:

- a large, immediate estate value
- tax-sheltered growth of cash values
- a tax-free maturity value at death
- reduced estate settlement costs, if you've named a beneficiary
- potential for creditor protection, if you've made an appropriate beneficiary designation
- liquidity, if you require it.

The Estate Maximizing Solution …

The estate maximizer moves savings from a tax-exposed investment to an exempt life insurance policy. This is achieved using a permanent life insurance which provides immediate protection and an investment that accumulates on a tax-deferred basis. When you die, your heirs receive the proceeds tax-free. When you take advantage of the estate maximizer strategy, you not only increase the size of your estate, you reduce the amount of taxes you pay.

A 70 year old couple with $150,000 in a GIC might consider the benefits of this strategy. Instead of getting interest from a GIC, they might use these funds to invest in the estate maximizer strategy. How much could they benefit?

The investment of $150,000 could provide a tax-free, probate-free benefit to their children or favourite charities of over $400,000!

It might be worth considering if your goal is to make sure you pass on as much of your wealth as possible to those people or charities you care about most.

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