Manulife
Insurance

Tax, Retirement & Estate Planning Services

WEALTH TRANSFER STRATEGY – PERFORMAX GOLD

Wealth Transfer Strategy

Because family is what it's all about …

HERE'S THE PROBLEM

You have reached a level of financial success that has allowed you to accumulate more wealth than you'll need in your lifetime. You would like to transfer a portion of this wealth to your heirs without having to pay a lot of tax.

AN OPTION TO CONSIDER – THE WEALTH TRANSFER STRATEGY

Many people accumulate money to leave to their children or grandchildren by investing in an RESP, a TFSA or some other taxable investment. These investments may have contribution limits, be subject to tax or may not provide the level of flexibility you are looking for. The **Wealth Transfer Strategy** uses a permanent life insurance policy as a tax effective way to transfer wealth to your children or grandchildren and provide you with control of this wealth until it is transferred.

THIS FINANCIAL PLANNING STRATEGY OFFERS:

- life insurance protection on the life of your child or grandchild
- tax-sheltered growth of cash value
- a tax-free death benefit at death
- the ability to transfer ownership of the policy to your child or grandchild in the future on a tax-free rollover basis
- after transfer, your child or grandchild can access the cash value as required
- if the cash value is accessed by way of policy withdrawals, any tax owing is taxable to your child or grandchild, not you

HOW THE WEALTH TRANSFER STRATEGY WORKS

As a parent or grandparent with excess wealth, you purchase a permanent life insurance policy on the life of your child or grandchild. You are the owner of the policy and you pay premiums into the policy in excess of what is needed to pay for the insurance. This creates cash value. At some point in the future, you transfer the ownership of the policy to your child or grandchild. This transfer may qualify as a tax-free rollover under rules set out in the Income Tax Act and your child or grandchild becomes the new owner of the policy. As the new policy owner, he or she can now access the cash value to meet current or future cash needs, such as paying for post-secondary education or purchasing a new home.

The benefit of transferring the policy ownership is that as long as your child or grandchild is age 18 or older when they access the funds from the policy, if a policy gain arises, it will be income to your child or grandchild, not to you. Another benefit of the strategy is the new owner of the policy (your child or grandchild) can name a beneficiary important to them. The insurance policy is now an important part of their financial plan.

THE BEST SOLUTION

Here's an example of how the Wealth Transfer Strategy can provide an effective method of transferring wealth.

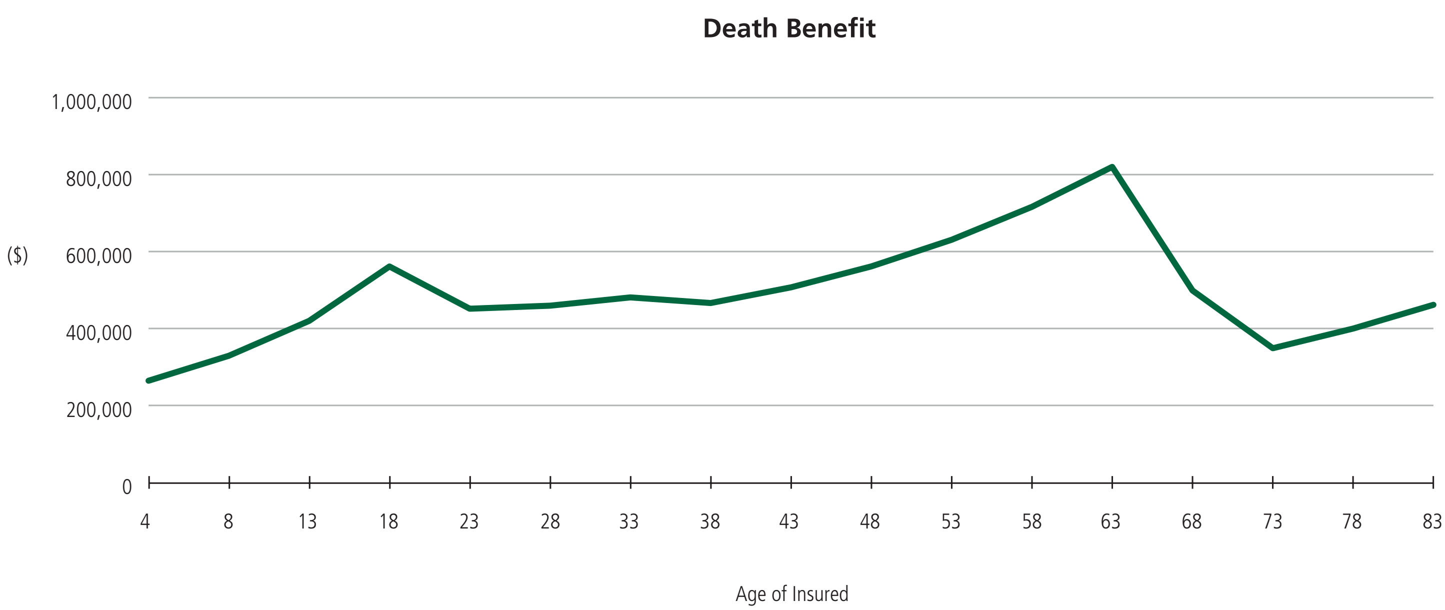
Policy owner	Grandparent
Life insured	Grandson, age 3
Product solution	Performax Gold, 5.5% Performance Credit rate
Initial death benefit	$250,000
Planned deposit period	15 years
Planned deposit amount	$5,500
Personal tax rate	30%

This example assumes the policy will be transferred to the grandchild when he reaches age 18. As the new policy owner, the grandson could consider withdrawing funds from the policy's cash value as follows:

Education funding (starting at age 19):	$5,000* annually for 4 years
Help to purchase new home (at age 35):	$10,000*
Retirement income benefit (starting at age 65):	$40,000* annually for 6 years

*Amounts showing reflect after tax amounts

As you can see, the death benefit has grown to over $420,000 by the grandson's age 77 (assumed life expectancy) even after the withdrawals for education, a home purchase and retirement income.



Contact your advisor to discuss this innovative financial planning tool.

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