

Estate Focus Checklist

An Estate Bond is a planning concept that uses permanent life insurance with cash values. The life insurance is used to tax-shelter investment growth and provides an immediate tax-free estate.

What makes the Estate Bond an effective financial strategy is how it takes advantage of the tax-preferred treatment of life insurance to provide a larger tax-free legacy for the people you care about, but it is not for everyone. Like any financial strategy, you need to weigh the pros and cons before committing to it.

Use the checklist below to help you assess if the Estate Bond is something you may want to invest in.

NAME:

DATE:

Analysis:

- | | | |
|--|---------------------------|--------------------------|
| 1. I have a comprehensive analysis illustrating my current financial situation. | <input type="radio"/> Yes | <input type="radio"/> No |
| 2. I am projected to have more assets/income than I will need for retirement. | <input type="radio"/> Yes | <input type="radio"/> No |
| 3. I want to leave a financial legacy to the people I care most about when I die. | <input type="radio"/> Yes | <input type="radio"/> No |
| 4. I am comfortable making an investment with limited liquidity for several years. | <input type="radio"/> Yes | <input type="radio"/> No |
| 5. I am between the ages of 50 and 75 and in average or better health. | <input type="radio"/> Yes | <input type="radio"/> No |

If you answered Yes to all the Analysis statements, proceed to Investing and Taxation. Even one No is an indication that the Estate Bond may not be right for you.

Investing and Taxation:

- | | | |
|---|---------------------------|--------------------------|
| 1. I have utilized all my past TFSA contribution room. | <input type="radio"/> Yes | <input type="radio"/> No |
| 2. I plan to contribute the maximum to my TFSA each year. | <input type="radio"/> Yes | <input type="radio"/> No |
| 3. I will have non-registered investments earning taxable interest. | <input type="radio"/> Yes | <input type="radio"/> No |
| 4. My pre-retirement marginal tax rate is projected to be greater than 40%. | <input type="radio"/> Yes | <input type="radio"/> No |
| 5. My marginal tax rate in retirement is projected to be greater than 30%. | <input type="radio"/> Yes | <input type="radio"/> No |
| 6. My average tax rate in retirement is projected to be greater than 15%. | <input type="radio"/> Yes | <input type="radio"/> No |

If you answered Yes to all the Investing and Taxation statements, the Estate Bond may be a good fit and further consideration and analysis is suggested. Even one No is an indication the Estate Bond may have limited advantages and you should proceed with caution.

Marginal tax rate is the rate of tax payable on your last dollar of taxable income.