

# Estate Planning

Using segregated funds to protect the value of your estate



## Product features and benefits

Your estate is the sum of your lifetime of hard work, smart investing and sensible financial planning. It is your greatest legacy to your loved ones. Estate planning allows you to protect the wealth you've accumulated over a lifetime while helping you to better manage your family's financial future. Segregated funds offer the combination of growth potential and principal protection. Incorporating segregated funds in your estate planning can benefit you in two ways:

**Capital preservation:** The death benefit feature preserves your capital for your named beneficiaries. It guarantees that your beneficiaries will receive a specific percentage of the value of your investment upon the death of the person whose life is insured under the contract (known as the annuitant<sup>1</sup>), even if

the market value of your investment goes down. It's a feature you won't find in any mutual fund or traditional stock or bond portfolio, and it's your reassurance that the inheritance you want to leave for your loved ones will be there for them.

**Bypassing probate:** Enables your segregated fund assets to bypass probate (the process by which a court formally approves a will as the valid and last testament of the deceased person), thereby minimizing the costs of probate.

### Avoiding the costs of probate

Probate is often a lengthy, costly and public process. So not only will your beneficiaries end up with less money, but your financial and personal information will also become available to the public.

Since the money held within a segregated fund bypasses probate, proceeds are paid directly and quickly to your named beneficiaries, saving your beneficiaries the time and costs involved in the probate process. And unlike assets distributed in a will, segregated fund contracts are not public documents, so the disposition of the assets stays private.

The following table illustrates the estate planning advantages of segregated funds compared to mutual funds.

	Segregated Fund Contract	Mutual Fund Account
Original deposit	\$100,000	\$100,000
Market value at time of death*	\$89,000	\$90,000
Deferred sales charge (4.5%)	Waived**	\$4,500
Probate and executor/accountant/legal fees	None	\$4,750 + accounting fees
Death benefit top-up	\$11,000	None
Amount paid to beneficiaries	\$100,000	\$81,048
Time before beneficiaries receive this amount	Weeks	Months

For illustration purposes only. Costs are estimated for a segregated fund portfolio of \$100,000 in Ontario, where the annuitant<sup>1</sup> passes away within one year of the deposit.  
 \* Segregated fund fees are higher than mutual fund fees as they include a management fee and an insurance fee component.  
 \*\* RBC Insurance waives the sales charge options at death.

As you can see in this example the financial benefits can be significant. Segregated funds provide several advantages over mutual funds: the deferred sales charges are waived; there is an \$11,000 death benefit top-up; your clients' named beneficiaries can receive over \$18,000 more with a segregated fund than with a mutual fund; and, most importantly, they can receive their funds in a matter of weeks, when they need them most. Estate planning benefits may vary by province.

## Simplicity. Strength. Trust.

There is confidence in knowing that your assets are well invested and well protected. RBC® Guaranteed Investment Funds are a powerful investment solution to help you meet your needs.

To learn more on how RBC GIF can be an effective estate planning solution to protect your financial future and the futures of your loved ones, speak with your advisor today.



RBC Insurance

<sup>1</sup> Annuitant refers to the person on whose life the guarantees and annuity payments are based. Contractholder refers to the owner of the contract and may be different from the annuitant for non-registered contracts.

This summary has been prepared to help you make the most of investment opportunities available through RBC Guaranteed Investment Funds. Other summaries include: The Benefits of Segregated Funds, Creditor Protection, Consumer Protection and Taxation. Please contact your advisor to obtain copies.

**Any amount that is allocated to a segregated fund is invested at the risk of the contractholder and may increase or decrease in value.**

RBC Guaranteed Investment Funds are individual variable annuity contracts and are referred to as segregated funds. RBC Life Insurance Company is the sole issuer and guarantor of the guarantee provisions contained in these contracts. The underlying mutual funds and portfolios available in these contracts are managed by RBC Global Asset Management Inc. Details of the applicable Contract are contained in the RBC GIF Information Folder and Contract at [www.rbcinsurance.com/segregatedfunds](http://www.rbcinsurance.com/segregatedfunds).