BECAUSE THE THINGS WE CHERISH MOST ARE FOR KEEPS

Asset Protection Plan Strategy

Providing for taxes through life insurance.

Most of us want the same thing: once our retirement is well taken care of, we want our children to benefit from what's left behind. That could be a beloved family cottage. However, without proper planning, often it could be a hefty tax bill. But you can prepare for taxes and protect what you value with the asset protection plan strategy.

John and Mary have invested well, with assets of just over $1,000,000. But they didn't realize their estate could grow to over $4.2 million by the time they reach 85 – well-earned wealth they want their children to share.

Meet John and Mary

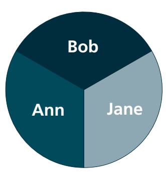
They're both 55 with three children, a tidy nest egg for retirement and a cottage that's the heart of their family.

The challenge

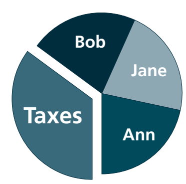
Taxes could consume a substantial portion of their estate – much more than you may think.

Depending on your province of residence, registered assets are taxed from 39% to 48%. Capital gains on assets such as your cottage are taxed from 20% to 24%. Shouldn't those assets go to your heirs?

What John & Mary want



What could happen



But what if the cash in your estate isn't enough to pay the taxes? Without proper planning, your children may have to raise the money by selling the family cottage or other assets from your estate – or take out a loan, with the accompanying interest charges.

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The solution

Let your life insurance pay your taxes through an asset protection plan strategy.

The asset protection plan strategy uses a universal life insurance policy to help pay your tax bill – protecting your estate and the assets that are so important to your family. Here's how:

- **It's insurance.** A part of your annual payment will go towards the premium which will immediately and permanently increase your estate's worth by providing a death benefit. That money can help offset your tax bill.
- **It's an investment.** The other part of your payment is invested any way you choose, where it grows tax-deferred.

In short,
a) Your policy will grow to meet your tax responsibilities
b) Your family receives the policy's full value – tax-free
c) Your family uses the insurance proceeds to pay the taxes on your estate

That means your family's assets can stay in the family.

The result

A $981 monthly payment could save up to $1,000,000.

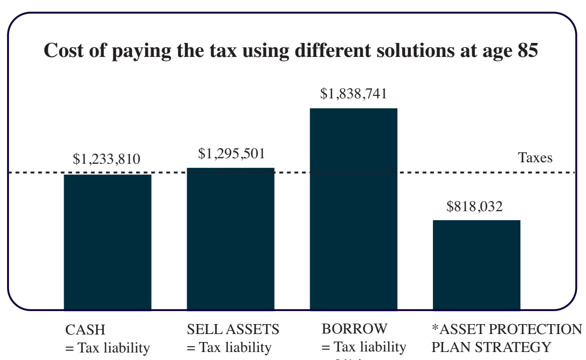
Suppose that now, at age 55, John and Mary buy a $750,000 universal life policy. By contributing $981 a month, the policy benefit will grow to about $1,235,769 by the time they reach 85. Enough to pay the projected taxes and keep the cottage in the family.

The asset protection plan strategy means real savings.

Compare the cost of paying John and Mary's estate taxes at age 85.

As you can see, the asset protection plan strategy is the most cost-effective way to ensure that the things important to your family remain in the family.

* These illustrated values are based on a Sun*Universal*Life policy issued by Sun Life Assurance Company of Canada and are not guaranteed. Actual results will vary. Premiums have been accumulated using a 7% gross rate of return to include the time value of money while policy values are based on a 5% rate of return. Assumes the taxable portion of realized capital gains is 50%.



Call your TD Waterhouse advisor today to see if the asset protection plan strategy could work for you.

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