



LEGACY BUILDER

Marketing
Reference
Guide

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Insurance & Investments
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The strategies utilize the strengths of participating life insurance

Legacy Builder Solutions

Many financial plans identify a capital base or surplus cash flow, which is not needed, but rather, is intended to be passed on as a legacy to family or a favourite cause. The Legacy Builder strategies, whether structured as a Personal Legacy Builder or a Corporate Legacy Builder allows individuals to optimize the use of any excess capital or cash flow not required for the current generation to provide a much larger benefit for heirs and favourite causes.

The strategies utilize the strengths of permanent participating life insurance, including the immediate creation of a large, tax-free, estate benefit and tax-sheltered accumulation of cash values within the guidelines of an exempt policy as defined

under the Income Tax Act of Canada and associated regulations.

Empire Life's sales illustration system the AddCalc sales concept software can support the Legacy Builder strategies utilizing any of Empire Life's permanent participating life insurance products. The strategy software positions and compares life insurance as an asset class against alternative investments.

The Tax Retirement & Estate Planning Team members are prepared to work with Advisors on cases, producing the various scenarios requested and ensuring that the process between submission and commission is as smooth and efficient as possible. Speak with your Account Executive for more information.

Marketing Strategy and Implementation Tactics

How does it work?

Conventional investments are taxed each year and/or create a large tax bill upon the death of the owner. Income earned can disqualify elders in particular from the full benefit of many government tax credits and benefits. These assets are also difficult to pass on to heirs without probate and associated valuation and transfer costs. The Legacy Builder Strategies use excess capital or income to purchase a permanent participating life insurance policy which can help create an immediate and larger after-tax legacy compared to other investments.

Funding options

Premium payments can be made on a monthly or annual basis, for either 8 years, 10 years, 20 years or for the life of the owner. Optional lump sum deposits may be accommodated as well. Actual premiums and results vary with the age, sex, health and tax bracket of the individual. Each individual's legacy plan has unique objectives and equally unique cash flow considerations. These strategies have been set up to handle a variety of funding options.

The Legacy Builder Strategies are supported by AddCalc. In AddCalc, the strategies are referred to as:

1

Personal Legacy Builder

Designed to optimize the value of that portion of the estate which people don't intend to spend. It is set up to provide a basic tax-free investment earmarked for future generations.

2

Estate Maximizer

For the older client with surplus pension income, this concept provides a tax effective program to increase and optimize bequests.

3

Charitable Insurance

For those with surplus income and a desire to make a significant gift to a charity on their death while receiving either: tax credits on the annual contributions to a tax sheltered life insurance policy or tax credits on the sum insured on their passing.

4

Income Shelter

To finance a future will bequest from current savings, this concept will tax shelter earnings and provide superior inheritance values.

5

RRIF Estate Maximizer

For those with surplus retirement income and a wish to transfer the value of some capital in registered investments 'tax-free' to beneficiaries on death.

6

Corporate Legacy Builder

Giving business owners an opportunity to grow passive assets and/or surplus profits within an insurance policy on a tax-sheltered basis. This strategy is designed to provide a business with funds that can be paid tax-free to shareholders or their estates when a business owner or key person dies.

The strategies are based on our understanding of current laws and regulations affecting the tax treatment of life insurance policies in Canada and may change at any time.

Personal Legacy Builder Strategies

The Legacy Builder Strategies may create a larger net estate value than traditional outside investments. This may be augmented by any cash accumulation within the product solution, which during the lifetime of the owner grows on a tax-sheltered basis based on current legislation. It can later become part of the tax-free death benefit. Properly structured, the legacy builder benefit may also escape probate and associated estate settlement expenses. Growth in an outside investment is not tax-sheltered and income including realized capital gains resulting from such investment will result in taxation every year. At death, assets typically must pass through probate and may be subject to administration, valuation, and professional fees.

Why set up a Personal Legacy?

For qualified individuals, the legacy builder strategies offer:

- an immediate increase in the value of your legacy at death
- tax-sheltered growth of extra deposits based on current legislation
- a tax-free benefit at death
- reduced time and costs for estate settlement if a beneficiary(s) is named
- possible creditor protection for the individual and beneficiary(s).

The illustration figures can be driven by specifying an initial estate (or death) benefit or a deposit amount. Empire Life's participating life products may be used to provide an optimal product solution compared to conventional methods of building a legacy. The account management and Tax Retirement & Estate Planning teams can assist with support for the Legacy Builder Strategy.





Target Market

Target clients may not be interested in leaving a large estate to others, but certainly are attracted to the notion of leaving a mark, being remembered, making a difference, not being forgotten – feelings that resonate well with the term leaving and building a legacy.

These strategies are designed primarily for people:

- interested in significantly enhancing the net worth of their estate to provide a meaningful legacy for future generations or favourite causes
- age 50 plus
- with above average income
- in the upper tax brackets
- with adequate assets and cash flow they can completely fund the program while maintaining an ongoing, comfortable lifestyle for themselves.

The Legacy Builder Strategies are designed to position the value of permanent life insurance as an effective, estate planning tool. The strategies illustrate how permanent life insurance offers an opportunity for clients to increase the net worth of their estate significantly and do so with policy guarantees and a worry-free approach that may not be available with other alternatives. Key advantages of this asset class include the tax-free estate benefit, tax-sheltered accumulation, funding flexibility, and simple, hassle-free administration. An important consideration of these strategies is that beyond the attractive financial advantages it offers to clients, it positions benefits in terms that clients can relate to in a positive, simple manner.



Product Support

The Legacy Builder strategies can be linked to and supported by Empire Life's permanent participating life insurance products. All of our participating life insurance products provide coverage to age 100 at which time they become paid-up, remaining in force until death, provided no cash has been removed, nor changes made by the policy owner.

That said, Advisors and clients should consider various factors in the selection of a specific product. The premium amount, the duration of premium payments, the desire for a maintenance-free solution, the source of the cash flow or assets to be used, any desire for tax-sheltered growth, the desire for a growing legacy vs. a set amount and the amount and degree of guarantees preferred will all play a role in determining the optimal product solution.



Taxation

Current legislation permits a number of things that make both the strategy and the use of insurance-based product solutions attractive and possible.

Death benefits originating from a personally owned life insurance policy are generally not subject to income tax.

The Income Tax Act of Canada permits the cash value of an exempt life insurance policy to accumulate on a tax-deferred basis. (Sections 12.2 and 148 ITA)

Empire Life's permanent, participating life insurance plans, Optimax Wealth and EstateMax, take optimal advantage of the tax sheltering available under the Income Tax Act..

Conventional alternatives like term deposits and bonds, do not offer the advantage of tax-sheltered growth. This means that returns are lowered by the tax imposed on growth and less money is available for reinvestment.



Marketing Support Materials

Legacy Builder Marketing Reference Guide

This document is used as an overview of the Legacy Builder Strategies outlining the variations of this personal financial planning strategy.

Personal Legacy Strategy Brochure

This brochure can be printed off and shared with existing or prospective clients. It summarizes how the strategy works, why it is worth considering, how it can be funded and for whom it is designed in the marketplace.

Personal Legacy Builder Strategy Fact Finder

This four-page worksheet can guide Advisors and clients through a systematized process aimed to arrive at identifying and quantifying the need and desire for a Legacy Builder strategy using an insurance-based product solution.

Life Expectancy tables

The Tax Retirement and Estate Planning team can provide customized, general life expectancy tables as a tool to help determine the age of mortality of a client to be used optionally as a target or measure for a specific estate value. A selection of the more commonly used tables is included in a kit.

Sample Prospect Letter for Legacy Builder

This one-page letter is perfect for introducing current and prospective clients with the benefits of the Legacy Builder strategy and a simple means to introduce yourself and helps show them the value your services provide.

The Empire Life Insurance Company

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The Empire Life Insurance Company (Empire Life) is a proud Canadian company that has been in business since 1923. We offer individual and group life and health insurance, investment and retirement products, including mutual funds through our wholly-owned subsidiary Empire Life Investments Inc.

Our mission is to make it simple, fast and easy for Canadians to get the products and services they need to build wealth, generate income, and achieve financial security.

Follow us on social media @EmpireLife or visit empire.ca for more information, including current ratings and financial results.

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