

Wealth transfer

If you've ever thought about who will get your money (or things) when you die, this infographic is for you.¹



Where do we stand?

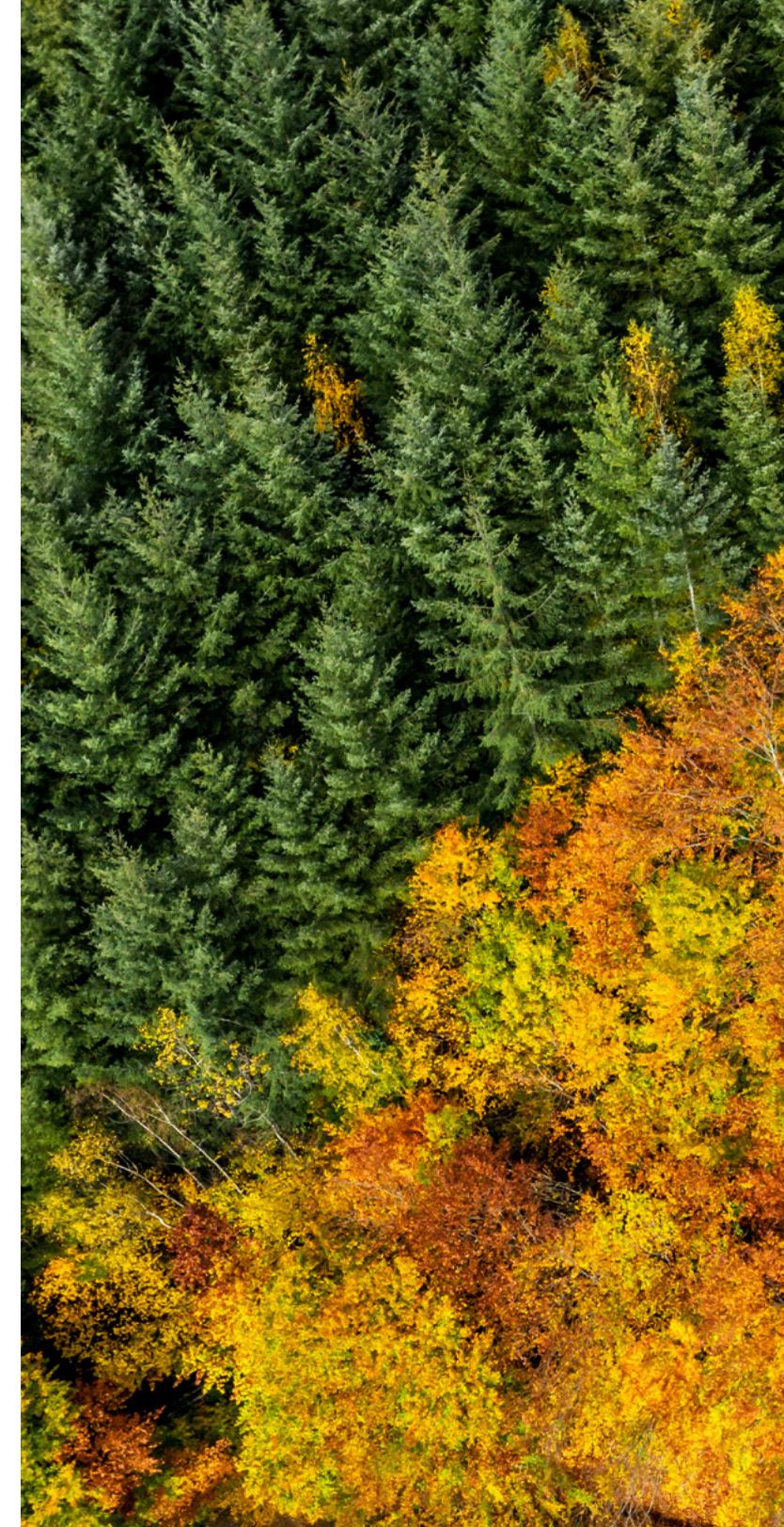
Canada is in the midst of a massive transfer of wealth. **More than \$1 trillion** is expected to move between generations from 2020 to 2030.²

Are we prepared?

Not really. Manulife research reveals that 46% of Canadians do not have any of the following:

- financial advisor
- written financial plan
- formal estate plan

The number who report having all three is only 13%.³ And of those who do have a will, more than half have not updated it in the last five years.⁴





The importance of preparation



What happens to the unprepared?

Their loved ones often get less and they get it more slowly.

Not surprisingly, Canadians who don't plan face a number of wealth-transfer hurdles. Their loved ones and intended beneficiaries may pay the price.



Who needs a will and estate plan?

Do you have things? You probably need an estate plan.

The goal of your estate plan is to preserve and protect your wealth (or other things), and make sure it's distributed the way you want it to be as effectively, quickly, and tax-efficiently as possible.

“People who review their will after a period of time are often very surprised by who is included and excluded. This is a big deal.”

John Natale, Head of Tax Retirement & Estate Planning Services, Manulife Investment Management

Challenges

If you die without a will:

Provincial courts make decisions on your behalf. They decide:

- who'll administer your estate
- who'll take care of any minor children
- who your assets will be distributed to

You've lost the opportunity to make sure assets go to the people you want in the manner you want.

Cost

- It may take longer and cost more to distribute your estate, leaving less for the people the money is intended for.
- You lose the opportunity to do any tax planning.
- Your intended beneficiaries may face an added "opportunity cost": they can't make investment decisions while the money is going through the (sometimes lengthy) process of the courts deciding what will happen.

What's holding us back?

Fear of the unknown? The "I'll get to it soon," thought process? Reluctance to talk about money? If so, you're not alone. Research shows that nearly one in four Canadians feel that money is a taboo topic.⁵

The good news? Canadians who have an advisor are less likely to report feeling awkward about inheritance conversations.⁶ Ask your advisor for help.



A better way

First and foremost: make sure you have a will!

A will is the foundation of an estate plan. By creating a will, you can avoid unnecessary costs, delays, and the undesirable results of intestacy (i.e., dying without a will), while gaining the ability to choose the executor of your estate and the guardians of your children.

When you consider that most wills can be prepared for a few hundred dollars, and think about the potential consequences of not having one, it's clear that everyone should have a will.

Having a will is only one element of your estate plan. There are additional steps you can take to help make sure wealth moves quickly and efficiently to the people it's intended for.

Solutions

More wealth transfer solutions (AKA segregated fund contracts)

What are segregated fund contracts?

Segregated fund contracts combine the growth potential of mutual funds with the benefit of insurance protection.



Like mutual funds ...

- invest in a diversified portfolio
- professionally managed
- wide range to choose from



Plus:

Estate planning benefits to help protect and transfer your wealth

Wills vs segregated fund contracts

A will specifies what happens to your wealth. You can also use segregated fund contracts as a wealth transfer tool. Having a segregated fund contract does not replace a will. Having a segregated fund contract specifies what happens to a certain portion of your wealth in a way that bypasses the estate process—it can be relatively fast and cost efficient.

With a will

Time required to settle an estate:

- 6 – 12 months in most cases but may take years

- Probate,⁷ accounting, legal, and administration fees

Probate process is public⁸

- Financial details can be exposed
- Public nature has potential to provoke conflict among loved one.

- Wills can be contested or challenged
- Estates can be challenged by creditors
- Challenges can delay and diminish wealth transfer

With a segregated fund contract

- Death benefit (the money) usually paid to beneficiary within two weeks of receiving documentation of the death

- Bypass probate, accounting, legal, and administration fees

- Preserve confidentially by bypassing probate⁸

- Generally the death benefit is protected from estate creditors and will challenges. There can be exceptions to this, so it's important you talk with a legal advisor to make sure your estate and loved ones' inheritance is protected.

Protecting your estate after you're gone

When thinking about leaving an inheritance, it's not uncommon for people to worry about the intended recipients spending the money unwisely or too quickly. If you don't want beneficiaries to receive their inheritance all at once, there is a way to use the proceeds of a seg fund to make sure they get the money over a period of time that you specify. There's no cost for this strategy, which is called the *annuity settlement option*. Your advisor can help put this in place – quickly and easily.



Tax-efficiency

Less money to the government, more for loved ones.



Family harmony

No fighting over who gets what.



Speed

No lengthy court delays.



Control

Be confident that your wealth will benefit the people you choose.

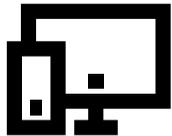


Peace of mind

Know that those who depend on you will have the financial support they need.



The best time to start is now



Start your estate-planning conversations now.

For more information, please contact your advisor or visit **[manulifeim.ca](https://www.manulifeim.ca)**

¹ If you're wondering about whether or not you're going to inherit anything, you should read up on this too!

² Investor Economics Household Balance Sheet Report—Canada, 2021.

³ Manulife State of Estate Planning Survey, 2021

⁴ Canadians and their Money: Key Findings from the 2019 Canadian Financial Capability Survey, Government of Canada

⁵ The discomfort Index, Financial Planning Standards Board, 2020.

⁶ Manulife Investment Management, wills & estate planning research, Ipsos, December 2021.

⁷ The probate process and fees do not apply in Quebec. There is a verification process for non-notarial wills but not for notarial wills.

⁸ In Saskatchewan, jointly held-property and insurance policies with a named beneficiary are included on the application for probate despite the fact that these assets do not flow through the estate and are not subject to probate

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