




For your family



ESTATE PLANNING SOLUTIONS



An effective estate plan ensures an individual's personal property is managed effectively while they're alive and also that their wishes, such as distribution of assets and minimization of taxes, are carried out following their death.

This brochure will help family members after your death, and for that reason, we refer to *the deceased* throughout. We've included practical advice on who to contact, and information on the options available to your family for their life insurance benefits. Your partner or loved ones will face many decisions. We hope this brochure will make it easier for them to make these decisions and easier for you to talk to them about it.

Who to contact

Here's a list of the people and organizations to contact when a family member dies.

Executor

If the executor is not an immediate family member, he or she should be notified immediately, to begin settling the estate.

Banks, credit unions and trust companies

Contact each financial institution the deceased held an account with to confirm the amount on deposit. Check for any creditor life insurance that automatically pays an outstanding loan balance at death. A mortgage, personal loan or vehicle loan may carry this type of insurance. Do not pay off any debts until you know if creditor insurance was in place to cover the debt.

Please note: In Quebec, executors are known as liquidators. Therefore references to executors in this brochure include liquidators in Quebec. Also, in Quebec, some estate planning duties may be performed by either lawyers or notaries, with certain duties being more typically performed by notaries.

You shouldn't automatically pay off long-standing debts, for example a mortgage, which carry an interest rate much lower than current interest rates. It may be to your advantage to keep making mortgage payments and invest your life insurance benefits at a higher rate of interest. Any benefits you receive from your spouse's RRSPs, pension plans or deferred profit sharing plans are considered taxable income. You can keep this money taxdeferred by transferring it directly into your own registered plan.

Employer

Contact the employer to check on unpaid salary, commissions or bonuses, accrued vacation or sick pay, group life insurance or pension plan benefits owed to the deceased. If the deceased was retired, check with the organization providing the pension payments about the amount of any death benefit owed to beneficiaries (i.e., people who've been named in the policy to receive any death benefits).

Canada/Quebec Pension

Beneficiaries may be entitled to a lump-sum death benefit, a survivor's pension or children's benefits. A disability benefit may also be payable if the deceased was disabled for four months before death. If the deceased was receiving Canada/Quebec Pension Plan benefits, the cheques may be cashed up to and including the month of death. Any cheques after that must be returned.

Contact the Canada or Quebec Pension Plan Office nearest you and ask for the appropriate claim forms. You will need to provide the deceased's birth certificate, death certificate, and social insurance number. To claim a survivor's pension, you'll need your birth and marriage certificates. To claim children's benefits, you'll need their birth certificates.

Employment insurance

If the deceased was receiving employment insurance benefits at the time of death, the estate is eligible to receive benefits for the two weeks following their death. Contact your local employment insurance office (listed under Human Resources Development Canada in the telephone directory).

Veterans Affairs Canada

Veterans may be eligible for additional benefits. To find out more, contact the veteran's affairs office nearest you.

Union or business associations

If the deceased was a member of a union, club, business or fraternal association, check to find out if he or she had any group life insurance or other benefits.

Life insurance companies

Contact insurance companies that have issued life insurance policies on the deceased. They will need proof of death — a death certificate, coroner or medical examiner's report or in some provinces, a funeral director's statement.

You'll also need to complete a claim form that includes basic information about the deceased, such as the date and place of birth and social insurance number, as well as information about the beneficiaries.

Once the insurance company has all the information it needs, it will review the claim and once approved, pay the proceeds according to the terms of the contract.

Your life insurance benefits

Here are some things you should know about your life insurance benefits:

- The policy amount, according to the terms of the insurance policy, is paid to the beneficiaries tax-free.
- The claim amount will earn interest from the date of death until it is paid to you. This interest is taxable.

There are several ways you can receive this money — in a lump sum or as a series of regular payments either over your lifetime or for a period you select.



Thinking about your needs

The benefits from a life insurance policy can be significant, but this money may need to last a lifetime. You'll want to be sure you have enough money to support yourself and your family now and for the future, taking into consideration cost of living increases.

Take time to carefully think about your needs, and to make choices about your benefits that will best ensure your financial security over the long term.

- Do you have a young family to support? If so, your income needs may be heaviest over the next 10 to 20 years because of daycare, education and living expenses — until the children are on their own.
- If you have no dependents, is your income sufficient to meet your needs? Do you need only periodic amounts for major expenses such as a new car or repairs to your home? Or do you need a regular guaranteed income?
- Do you wish to use the money to relocate, start a new business or continue your education?
- Are you concerned about providing for your children's post-secondary school education?
- Will the life insurance benefits serve as your retirement fund?
- Do you wish to give all or a portion of the insurance benefits to your children/grandchildren, or your favourite charity?

Once you've thought about your goals, you'll be better prepared to make important decisions about how you want to receive the life insurance benefits.

Providing an income

Whether your family depends on two incomes or lives exclusively on one, you'll probably need an income to meet ongoing expenses. Most life insurance companies offer beneficiaries a range of options for the money they receive from a life insurance policy.

1. Take the policy proceeds in cash or transfer them directly to an investment account.

You can take your insurance proceeds in cash to invest as you wish. You can invest this money in long or short-term guaranteed investments or an investment fund. Your advisor can help you decide on the best portfolio mix for your investments with the Canada Life Asset Allocation Software, CLAAS. Based on your risk tolerance and the time horizon for your investments, CLAAS will select the most appropriate investment mix for you.

2. Receive an income for life

If you choose a life income annuity, you'll receive regular payments for your lifetime, with a guarantee to pay for a specified number of years; i.e. five, 10, 15 or 20 years. If you die before the end of this period, payments will continue to your beneficiaries.

3. Guarantee income for a specified period

With a term certain annuity, you'll receive regular payments for a period of time you choose, from one to 50 years. This kind of annuity is often used to provide an income bridge to retirement. A term certain annuity gives you the greatest income for the fixed period. All proceeds are fully paid out at the end of the period you choose. This option is attractive if, for example, you need a larger income while children are young, or until your pension begins.

Once you set your goals, you'll be in a better position to make these decisions. Your financial advisor can help.



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For more information on Canada Life and its products visit www.canadalife.com or talk to your financial advisor.

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