

# SIMPLIFY **LEGACY** **PLANNING**

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Sun Life Insurance GIC Legacy Settlement Option

ADVISOR USE ONLY



# A complex family dynamic can make legacy planning difficult

What makes a family unique can also make it difficult to find estate-planning solutions that fit. Maybe the Client cares for a financially dependent heir, has a blended family with stepchildren, or wishes to leave their estate to those other than immediate family. Maybe the Client is worried about how their estate decisions could affect loved ones.

Often, people use wills to leave a legacy within a complex family dynamic. However, wills can be complicated, expensive, and difficult to create or change. Wills may also become a matter of public record.

An alternative is the Legacy Settlement Option available with the Sun Life Insurance GIC<sup>1</sup>. It's a convenient, less expensive, faster, and more private way for Clients to control what happens to their money upon their death.

## How the Legacy Settlement Option works

The Legacy Settlement Option provides customization for the distribution of the death benefit of the Insurance GIC. This option provides a lump sum payment, a steady stream of lifetime income, income for a specified time, or any combination of these options<sup>2</sup> to beneficiaries. This is useful if the Client wants to provide their beneficiaries with an income rather than a lump sum. The Legacy Settlement Option is fast and private. It makes sense in a number of situations where both traditional and complex family dynamics exist:



**Blended families with step children,**



**Minors and financially dependent heirs, and**



**Heirs with poor spending habits,**



**When wealth skips a generation.**



**Dependants with varying degrees of capability,**

### **Greater legacy control for Clients; better business retention for you**

Helping Clients identify where the Legacy Settlement Option makes sense is a great opportunity for you to build relationships with their family members and their beneficiaries. During estate settlements, beneficiaries may choose to deal with a different advisor, but in situations where you've helped Clients set up a Legacy Settlement Option ahead of time, the death benefit proceeds will move directly into an annuity. This can help support your long-term business goals. Going forward, you can work with the beneficiaries by suggesting other products that they might need, in addition to the annuity.

## Let's look at an example

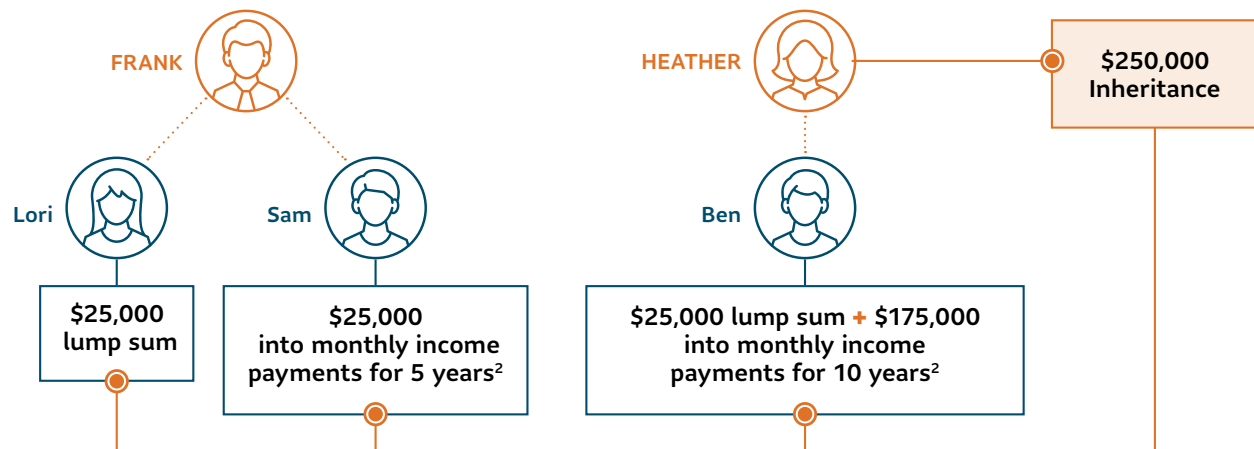
Meet Frank and Heather. Frank has two children, Lori and Sam, from a previous marriage. Heather also has a son named Ben. Prior to the marriage, Heather received a \$250,000 inheritance from her mother, which she invested in a non-registered Sun Life Insurance GIC. With the Legacy Settlement Option, Heather can decide exactly how she wants to leave the inheritance to her family.

Heather will leave Ben \$200,000, with \$25,000 up front and then monthly income payments for the remaining \$175,000 over the next 10 years. Lori will receive a \$25,000 lump sum payment. To address Sam's spending problems, he will receive \$25,000 over five years. Heather decides that any investment growth will be payable to her estate.

Note: For illustrative purposes only; Legacy Settlement Option disbursements must be established as percentages.

## Why Insurance GICs?

- Unlike other GICs, Insurance GICs allow named beneficiaries on registered and non-registered assets (including Quebec)
- The death benefit passes privately to beneficiaries – the amount and identity of heirs can't be accessed publicly
- Insurance GICs are eligible for the pension tax credit (those 65 and older can apply)
- Premium/deposit protection is provided by Assuris<sup>3</sup>
- Potential creditor protection – registered and non-registered investments could be exempt from creditors.
- Redeemable – With a Market Value Adjustment (MVA)<sup>4</sup>



For Heather, the Legacy Settlement Option is a convenient, less expensive, faster, and more private way to fulfill her legacy wishes.

To take advantage of the Legacy Settlement Option, help Clients complete form 5029 *Legacy settlement option – Insurance GIC* when completing the application or when adding the option to an existing policy. To claim the death benefit from an Insurance GIC, the beneficiary must complete and sign the form 5051 *Beneficiary claim statement for Insurance GICs and Trust GICs*.

## Simplify legacy planning

A complex family dynamic doesn't have to mean that legacy planning is difficult. It's possible to help Clients leave the legacy they want – efficiently and privately. Passing a Client's legacy on should be straightforward and hassle-free.

Talk with your Wealth Sales Team to learn more about the **Legacy Settlement Option** available with a Sun Life Insurance GIC.

For clarification on product information, email [supportwealth@sunlife.com](mailto:supportwealth@sunlife.com).

### ADVISOR USE ONLY

<sup>1</sup>An Insurance GIC is an Accumulation Annuity issued by Sun Life Assurance Company of Canada.

<sup>2</sup>Lifetime income or income for a specified time is made possible by an annuity. The annuity must be allowed under the Income Tax Act (Canada). For locked-in funds, the death benefit is paid according to applicable pension law.

<sup>3</sup>Assuris protects policyholders in the event their life insurance company becomes insolvent. For more information on coverage provided by Assuris, visit [assuris.ca](http://assuris.ca) or call 1-866-878-1225.

<sup>4</sup>An MVA could decrease the value of an investment to less than the original investment amount. Limits on withdrawals may apply for locked-in funds.

The case studies and examples presented are hypothetical in nature and are provided for illustrative purposes only. Case studies and examples include certain material factors or apply certain assumptions to draw conclusions believed to be appropriate in the circumstances but are not intended to represent an advisor's or investor's personal scenario. Prior to making any decisions or taking any action, an advisor should conduct a thorough examination of their client's circumstances before implementing any of the strategies discussed herein as there could be additional complexities outside the scope of materials discussed in this presentation.

Sun Life Assurance Company of Canada is the issuer of accumulation annuities (insurance GICs), payout annuities and individual variable annuity contracts (segregated fund contracts). Any amount that is allocated to a segregated fund is invested at the risk of the contract owner and may increase or decrease in value. Sun Life Financial Trust Inc. is the issuer of guaranteed investment certificates.

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