ESTATE PROTECTION

Secure your client's legacy

FOR ADVISORS ONLY

The Great-West Life Assurance Company

Be at the centre of your client's intergenerational wealth transfer

Contents

OVERVIEW

This guide:

- Is a comprehensive resource on Estate Protection
- Can be used as a reference piece to help you prepare for client conversations

Be at the centre of your client's intergenerational wealth transfer

YOUR OPPORTUNITY WITH ESTATE PROTECTION

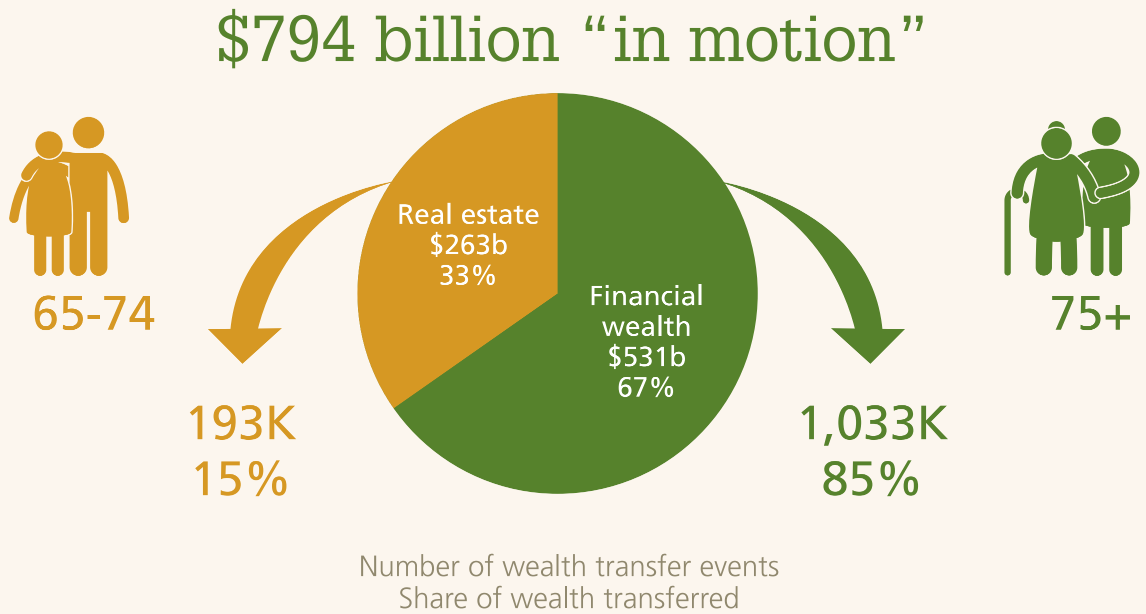
You've been a part of every stage of your client's financial plan – savings, growth, and retirement. With Estate Protection, you can continue to provide your value and expertise as you help your clients secure their legacy.

This population of retirees (age 80-90 years) represents a growing key target market for intergenerational wealth transfer. Consumers belonging to this generation:

- Tend to have more accumulated wealth than previous generations.
- Need solutions to structure their estate so it can be transferred to the next generation easily and in a tax-efficient way.
- May find today's financial opportunities and choices hard to understand and need advice and someone to trust.
- Value their hard-earned savings, which drives their need to protect wealth.
- Are looking to reduce estate fees.

According to Investor Economics, it is projected that between 2015 and 2024, 1.2 million intergenerational wealth transfer events will occur in Canada. The total wealth transfer is expected to reach $794 billion over the decade ending in 2024. This projected transfer will put a great deal of money in motion. Strong client relationships will help clients understand their options and see the value in consolidating their finances with you.

PROJECTED AVERAGE INTERGENERATIONAL INHERITANCE TRANSFERS



INVESTOR ECONOMICS

Source: Household Balance Sheet Report.

Wealth transfer is not just a concern of the affluent. Wealth transfers by mid-market and mass market households will account for **21 per cent** of the total financial wealth transferred and **80 per cent** of the transfer events.

This projected wealth transfer provides an excellent opportunity for clients in your business today and in the future. With transfers occurring to a spouse, charity, the government, children or grandchildren, there is a risk of losing client assets in the transfer process. There's an opportunity to strengthen your relationships with the beneficiary to help them make informed decisions.

Factors you need to consider

- Members of the client's next generation may have their own advisor or they may not invest the inheritance at all, so it might be a good idea to engage with them early on.
- Members of the next generation are looking at debt reduction, cash flow and money advice.
- The client's next generation may not be investing the money right away but could prove valuable as long-term relationships.

Connect with and support your senior clients

Seniors can represent the biggest segment of your client base and the amount of assets you have within your business.

THERE ARE SOME FACTORS TO CONSIDER WHEN WORKING WITH CLIENTS OVER THE AGE OF 80:

1. **Keep accurate records:** decisions made by you and each of your clients about investments may be questioned later, so it's important to keep records of the conversations you have and the recommendations you make. Create written summaries and ask your clients to sign off on these summaries, or send a follow-up email to the client documenting what you discussed.

2. **Mental capacity** is a sensitive issue and advanced age does not automatically mean diminished capacity. Focus on ability and not age when making decisions.

3. You should ask clients to provide an emergency or **alternative contact on file,** such as a trusted family member or other individuals you can contact if concerns arise.

4. The Investment Funds Institute of Canada has issued **a checklist** to help advisors protect aging clients from financial abuse. **You can find the checklist here.**

Meet George and Carol; high school sweethearts.

They've been married for close to 60 years. They still live in the same house because they want to be near their two kids and grandkids – family is important to them. John, their youngest child is ambitious, there's nothing tying him down. Julie, their oldest, has a family with two kids of her own.

George, a go-getter throughout his working years, takes care of the finances. While George takes the lead on decision-making, Carol has always wanted to be involved. They've worked hard to earn their money and are diligent with saving for the future – their family.

THE GOAL:

George and Carol want to work with their advisor to put together a plan that ensures they can make decisions now for passing on their legacy. Their kids and grandkids will get most of the money they've set aside. With a plan in place, they can leave certain amounts specified for each child. George and Carol feel John, who doesn't have a family, and Julie, who does have a family, need different amounts.

SOME CHALLENGES:

- The couple needs guidance on the best approach to leaving a legacy.
- George and Carol are looking for a plan to help set up the legacy in advance so the surviving spouse doesn't have to make decisions on his or her own.
- George and Carol want to maintain control over their finances and want to decide how much money is given to each child and how it's paid out.
- George and Carol worry that market ups and downs and all the costs involved in settling an estate could eat into the inheritance they leave behind.

THE SOLUTION YOU CAN RECOMMEND – A GREAT-WEST LIFE ESTATE PROTECTION POLICY:

By recommending the Estate Protection funds policy, you can provide George and Carol a sense of control, certainty and relief.

KEY CHOICES CAN BE SET UP UPFRONT:

- **Ability to have a joint annuitant**
  - As joint annuitants, George and Carol can set up their non-registered account with joint ownership. This way, the decisions they make today will hold through until after both of them die. They don't need to worry about making changes down the road after the first person dies, when they may or may not be capable of signing off on their intentions.
  - It can be a simple and less expensive process when compared with setting up a trust or amending their will.
- **Beneficiary** – George and Carol can make decisions now regarding the best way to divide their money among their kids. Those instructions will be carried out when the last person dies. Also, this information can be kept private and won't be visible to their family members.
- **Settlement options** – how the money will be paid out when the last annuitant dies.
  - George and Carol can decide now how their money is to be paid out to John and Julie, their beneficiaries, whether it's a lump sum or scheduled payouts over time -- monthly income for life, monthly income over a set period of years, or a combination of all three options.
- As George and Carol are conservative in nature, they want to be able to **protect the money they've set aside** for the family, the 100 per cent death benefit guarantee* feature means that George and Carol will meet their goal of preserving their capital and can be confident that the amount of their original investment will be passed on to John and Julie, their named beneficiaries.
- Also, if the market dips and the couple's portfolio value is reduced, the 100 per cent death benefit guarantee provides George and Carol the assurance that their minimum will be passed on. They also have the option to **protect their investments** by selecting funds that can lower the impact of market volatility on their investments, such as the conservative allocation fund.

* Guarantees are less a proportional reduction for withdrawals, including taxes, short-term trading fees and any other applicable charges. In addition to the 100 per cent death benefit guarantee for premiums applied to the policy prior to age 91, estate protection policies provide a maturity benefit guarantee, which is 75 per cent of your premiums applied to the policy prior to age 91. The youngest annuitant must be at least age 80 and no more than age 90 at the time the policy is issued.

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Meet Joan, a retired teacher who just turned 88.

Joan lost her husband several years ago but keeps herself busy between her volunteering, her gardening and visiting her grandchildren and new great granddaughter. Joan feels comfortable with her lifestyle; she recently sold her home and moved into a retirement home that offers lots of social programs and is situated close to her daughter and grandchildren. Joan has a great pension plan through the teacher's board that covers most of her monthly expenses and allows her to participate in some of her community's planned dinners and day trips to local theatres.

THE GOAL:

Joan would like to share with her grandchildren and great granddaughter the wealth she recently accumulated from selling her house. She had set up trusts for her grandchildren when her husband was still alive and would like to share the proceeds of her current wealth with her new great granddaughter.

SOME CHALLENGES:

- This is the first time Joan is making investment decisions on her own.
- Joan received a significant amount of cash from the sale of her house and wants to ensure it is handled in a tax-efficient manner.
- Joan knows that family and money can be a difficult conversation, so she would like to keep the amount she shares private.

THE SOLUTION YOU CAN RECOMMEND – A GREAT-WEST LIFE ESTATE PROTECTION POLICY:

By recommending the Estate Protection fund policy, you can provide Joan a sense of control, certainty and relief.

KEY CHOICES CAN BE SET UP UPFRONT:

- **Beneficiary** – who the money goes to when the client dies.
- **Settlement options** – how the money will be paid out when the client dies.
- **100 per cent death benefit** – chosen beneficiaries receive 100 per cent of the money that Joan sets aside*.
- **75 per cent maturity guarantee** – if an annuitant is still alive when the lifespan of the policy has come to an end, where there is a named beneficiary, Joan's family is still able to receive most of the money she has set aside for them*.
- **Estate bypass** – settlement doesn't flow through Joan's estate, potentially saving costs such as legal, estate administration and probate fees, and taxes.
- **Selection of investments** – from the Great-West Life Estate Protection series of funds that can allow you to lower the impact of market volatility on Joan's investments.

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ESTATE PROTECTION

Secure your client's legacy

A Great-West Life Estate Protection funds policy allows you to help your 80-90-year-old clients leave a meaningful legacy for those who matter the most to them. As a segregated funds policy, it has protection features and is a way to secure and grow their investments.

The Great-West Life Estate Protection policy has three key areas of focus.

1 PROTECTING YOUR CLIENT'S MONEY

- 100 per cent death benefit – When your clients die, 100 per cent of their investment is protected to pass on to their beneficiaries.*
- 75 per cent maturity guarantee – While still living, this feature preserves most of the money a client puts in for his/her family.*

2 EFFICIENT PAYOUT OF YOUR CLIENT'S MONEY

- The client chooses who receives the money.
- The money immediately goes directly to the individual(s) selected to receive the money after the last annuitant's death.
- Clients set up how they want each individual to receive the money and how often.
- Potential cost savings on legal and estate administration expenses, probate fees and taxes.

3 GROWTH OPPORTUNITIES FOR YOUR CLIENT'S MONEY

- Clients choose from a selection of funds that allows them to participate in the markets.

WHO IS ESTATE PROTECTION SUITED FOR?

Clients who:

☐ Are between 80-90 years in age

☐ Are looking for capital preservation

☐ Want to make it easy for their family to settle their estate

☐ Are looking for some growth opportunities for their money

☐ Want 100 per cent of their original investment to go to the people who matter most

☐ Want to leave money directly to their family/charity of choice and potentially save on the various costs that are part of settling an estate

☐ Value privacy

What are your clients concerned about?

A Great-West Life Estate Protection policy can help ease the many concerns your clients may have about leaving a legacy.

Questions you can ask your clients	How can you address it?	Estate Protection solution
Would it give you comfort to know that all the money you invested is available to your beneficiaries when you die, no matter if markets are up or down*?	If your client is worried about market shifts, Estate Protection can help you give them a sense of security. Estate Protection can help protect the money clients set aside to pass on.	The Estate Protection fund shelf includes conservative and balanced asset allocation funds that can help reduce the effects of market volatility. Segregated funds policy guarantees: • 100% death benefit – chosen beneficiaries receive 100% of the money that the policyowner sets aside.* • 75% maturity guarantee – while a client is still alive and the lifespan of the policy has come to an end, the client's family is still able to receive most of the money the client has set aside for them.*
Is it important for you to clearly define who receives your money and how it's paid out?	Estate Protection lets your clients control who receives their money and how it's paid out. Because the client (policyowner) is able to select the individual(s) who receive the money and determine how it's paid out, the distribution of the money is already arranged upfront.	The client can decide the following upfront: 1. Beneficiary – who the money goes to when the last annuitant dies. 2. Settlement options – how the money is paid out when the last annuitant dies. 3. Selection of investments – from the Great-West Life Estate Protection series of funds.
Are you interested in saving some of the costs of settling an estate?	Estate Protection policy helps your clients leave a meaningful legacy so they can ensure their family or a cause they support gets the most out of the money they set aside.	A seamless way to pass on wealth outside the estate (estate bypass) – potentially saves the legal, taxes, executor and accounting fees that are otherwise part of leaving a legacy.
You may have heard it's complex and lengthy to settle an estate. Would you be interested in learning how you can make it easier and faster for your beneficiaries to receive the money you've left for them?	The process for settling an estate can be lengthy and complicated, but with Estate Protection, your clients can continue to provide for their family even after they're gone. The money doesn't flow through their estate, which could make it faster than other investment options.	A seamless way to pass on wealth outside the estate (estate bypass) – money set aside goes directly to the client's beneficiaries after the last annuitant's death.
How important is it to you that you keep your estate decisions and financial matters private*?	With Estate Protection, you can help your clients keep their financial matters private because the money doesn't flow through their estate. This helps you give your clients a sense of security for their legacy and family.**	A seamless way to pass on wealth outside the estate (estate bypass) – money left for the family will only go to the client's beneficiaries and the settlement details are not publicly available.

**In Saskatchewan, executors must disclose all known life insurance policies owned by the deceased, including segregated fund policies. They must list the insurance company, policy number, designated beneficiaries and the value at the date of death.

Product features

Issue age (based on annuitant)	80-90 years – on or before the youngest annuitant's 91st birthday.

Available policies

- Non-registered
- Tax-free savings account (TFSA)
- Registered retirement income fund (RRIF)
- Spousal RRIF
- Life income fund (LIF)**
- Restricted life income fund (RLIF)
- Prescribed RRIF (PRIF)
- Locked-in retirement income fund (LRIF)

**LIFs legislated in NL and NB are not eligible because of the earlier policy maturity dates.

Policyowner

Registered and TFSA policies:

- Policyowner and annuitant must be the same person.
- Minimum issue age is 80.

Non-registered policies:

- Single or joint policyowners are permitted.
- Annuitant may be different from the policyowner unless there are joint annuitants present (see Annuitant section).
- Minimum issue age is 16 except for Quebec where it is 18 (note that if there are joint annuitants on the policy, the minimum issue age is 80 for the policyowners as well because the joint annuitants must also be joint policyowners).

Annuitant

Registered and TFSA policies:

- Policyowner and annuitant must be the same.
- Option to elect a successor annuitant on a RRIF policy or successor holder on a TFSA policy (not available with nominee or intermediary).

Non-registered policies:

- Once named, an annuitant cannot be changed after the policy has been issued.
- Single or joint annuitants may be chosen at time of issue.
- Where only a single annuitant has been named, the policyowner may be different.
- Joint annuitants may only be added when the policy is established.
- For joint annuitants:
  - Available only to policyowners who are spouses or common-law partners.
  - The joint annuitant arrangement must be the same as the joint ownership arrangement (both must be the same spouses or common-law partners).
  - The youngest annuitant will be the primary annuitant.
  - The primary annuitant's age will determine the following and will not change if the younger annuitant dies first:
    - When the maturity guarantee comes into effect.
    - When the policy maturity date will occur.

Product features

Load options	• Front-end load (FEL) (0% only)
Initial premium	• $10,000 (can be lump sum or PAC)
Death benefit guarantee	• 100% death benefit guarantee. • 100% of premiums allocated to the policy, proportionately reduced by any withdrawals. • The death benefit guarantee comes into effect on the death of the last annuitant (the primary or successor annuitant/holder).
Maturity guarantee	• 75% maturity guarantee on Dec. 28 of the year the primary annuitant turns 105. • 75% of premiums allocated to the policy, proportionately reduced by any withdrawals.
Policy maturity date and default options	• Dec. 28 of the year the youngest annuitant turns 105. • Default option: - Non-registered: 12-month term annuity with cash refund. - TFSA: 12-month term annuity with cash refund. - Registered: single-life annuity with a 10-year guarantee.
Settlement options	• Term annuity form (17-8218 required) • Single-life annuity form (17-8218 required)
Investment options	• Choice of 21 segregated funds within the Estate Protection series
HelloLife™ program	• Estate Protection policies are available within the HelloLife program.
Options not available	• Preferred series segregated funds. Assets within an Estate Protection policy are considered eligible assets that can be used to qualify for a separate preferred policy. • Maturity and death benefit guarantee reset options • Lifetime income benefit option

For more information, Click on the link: Estate Protection Q&A.

Estate Protection fund series

Estate Protection offers 21 segregated funds designed to help your clients aged 80 to 90 lower the impact of market volatility on their investments. Here are some of the features of this series:

- The Estate Protection fund series offers 100 per cent death benefit*, proportionately reduced by withdrawals.
- The Estate Protection fund series are based on the existing funds available within a 75/100 guarantee policy.
- Estate Protection is its own policy and has its own application, contract and information folder.
- MERs will be similar to the 75/100 guarantee policy.
- Funds available for Estate Protection policy are listed below.

CATEGORY	FUND	FUND CODE
Asset allocation funds	Conservative Portfolio (PSG)	GWL701
	Moderate Portfolio (PSG)	GWL702
	Balanced Portfolio (PSG)	GWL703
Income allocation funds	Conservative Income Portfolio (PSG)	GWL706
	Moderate Income Portfolio (PSG)	GWL707
	Balanced Income Portfolio (PSG)	GWL708
Cash and cash equivalent funds	Money Market (Portico)	GWL710
Fixed-income funds	Fixed-Income Portfolio (PSG)	GWL711
	Core Bond (Portico)	GWL715
	Core Plus Bond (Portico)	GWL716
	Mortgage (Portico)	GWL713
Balanced funds	Monthly Income (London Capital)	GWL787
	Income (Portico)	GWL717
	Income (Mackenzie)	GWL720
	Growth & Income (Mackenzie)	GWL721
	Diversified (GWLIM)	GWL718
	Equity/Bond (GWLIM)	GWL719
	Managed (Laketon)	GWL775
	Balanced (Beutel Goodman)	GWL725
	Balanced (Invesco)	GWL724
	Canadian Balanced (Mackenzie)	GWL722

ESTATE PROTECTION IN action

For more information, click on the below links:

- Your legacy matters – you choose how you want it to live on
- Pay more to keep more

Connecting with the client's circle of influence

Keep in mind that the estate planning discussion extends beyond your immediate client. It may be beneficial to encourage your clients to let you involve your client's immediate family. Being the advisor of choice allows you to include the entire family in the process of intergenerational wealth transfer. A recent Statistics Canada study focused on the 45-65 age-group and found that almost three in 10 parents with children at home are also caring for a senior. Here are some tips to help you have this crucial conversation:

1. Start the process by inviting your client to discuss his or her estate plan. During the conversation, talk about the importance of educating executors, (often the client's adult children) on basic financial concepts.

2. Ask the children whether their parents are planning to transfer money when they die. If so, can they do it more efficiently?

3. Emphasize the importance of talking to older parents about their long-term financial needs. Powers of attorney should be put in place so that if a parent faces health challenges, a trusted person is able to address health concerns and take care of the bills.

Here's another piece you can share with your clients

EXECUTOR PIECE

What to look for when starting an estate plan

Help your clients family gather all relevant information.

- What **sources of income** they have, whether they still have a **mortgage** and what types of **insurance** they have. It's a good idea for the clients to **write down their banking information** and store it somewhere their family could have easy access to if necessary, such as a file folder or a lock box. Encourage the family members to check if the client(s) has/have a **will**, living will and **power of attorney documents.** If they haven't drafted these legal documents, they may wish to consider doing so to specify their final wishes and to appoint someone they trust to make health and financial decisions for them if they are unable to themselves. If your clients aren't comfortable talking to their family about this, suggest the option to meet with a lawyer, planner or other professionals. Most likely, **talking to professionals** will encourage your clients to share important financial information with their family members.

Checklist:

Sources of income
(shares, shares in a business, mutual funds, segregated fund policies, annuities, pensions, etc.)

Insurance policies

Banking information

Medical history

Will/power of attorney information

Mortgage

Debts (credit cards, etc.)

Personal obligations
(supporting a family member, etc.)

Ongoing expenditures
(charitable donations, memberships, etc.)

The estate planning process

Estate planning is an important part of protecting your client's assets, family, and legacy. It is about using financial strategies including investments and insurance to build and protect the wealth your clients have accumulated.

Estate planning is for anyone looking to leave their estate to their loved ones or causes they support. It is especially important if your client is worried about the value of the estate he or she has spent a lifetime building being reduced by taxes and other fees.

An estate plan is part of your client's overall financial security plan and offers several benefits during your clients' lifetime. The products your clients use to support his or her plan may also help them accumulate savings for retirement and take advantage of tax efficiencies. They may also help your clients maintain their lifestyle if they become ill or disabled for a lengthy period.

YOUR CLIENT'S GOALS FOR ESTATE PLANNING COULD INCLUDE:

- Preserving wealth
- Seeking tax and estate fee efficiencies
- Access to cash or funds to pay taxes and estate fees
- Supplementing income for retirement or supporting dependants
- Ensuring your client's wishes for the division of their estate are fulfilled
- Maintaining family harmony

For more information, click link:

- Estate Planning Guide (form 46-10122)
- Steps to bypass probate fees
- Joint ownership
- Segregated funds and beneficiary designations

How do I submit business?

QUICK AND EFFICIENT WAY TO PLACE ESTATE PROTECTION BUSINESS

What will clients receive?

Estate Protection is a Great-West Life segregated funds product.

Estate Protection has its own application.

Your clients will receive the following documents after they sign a contract:

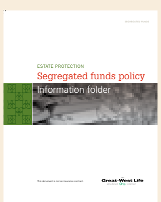
1. Welcome letter
2. Semi-annual statements
3. Confirmation statements (allocations, switches, withdrawals)

Your client will also be able to view their Estate Protection policies online with Investment Summary.

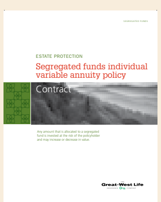
How can clients register?

Clients can now access their personal policies online through Investment Summary – a simple and secure website. Visit www.investments.quadrus.greatwestlife.com and follow the easy steps to register online. Your invitation code is J8T7. Corporate policyowners can contact the customer service centre at 1-800-665-5758 for instructions on how to get online access.

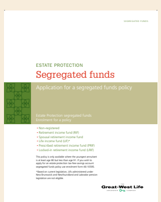
Unique point of sale material including its own application



Information folder
46-10592

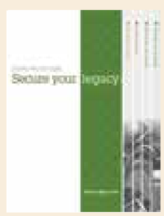


Contract
46-10593



Application
- Non registered/ Registered 46-10594
- TFSA 46-10595

Related sales and marketing material



Secure your legacy (client piece)
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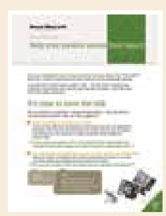
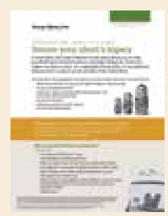


Help your parents secure their legacy (client piece)
99-6014

Quick process guide
46-10662



Product at a glance
46-10625

Information for advisors. This material is not intended for use with clients.