



Is Antonio your client?

- 55 years old
- Male
- Non-smoker
- Divorced
- Ontario Resident
- 50% tax rate
- Existing \$500,000 RBC Term 20 policy approaching its first renewal and his insurance needs have recently changed
- Owns a beautiful cottage where he spends the summer with his family
- \$250,000 home equity line of credit (HELOC) on the cottage to be paid in 10 years
- The adjusted cost base of the cottage is \$200,000
- Market value has increased to \$800,000

If Antonio were to die, it would trigger a deemed disposition of the cottage and a tax liability of \$150,000.

$((\$800,000 \text{ less } \$200,000) \times 50\%) \times 50\% = \$150,000$

Antonio does not want his estate or children to be financially burdened with the need to pay capital gains tax .

You uncover his insurance needs:

1. A permanent need to finance death taxes today of \$150,000 will increase as the market value of the cottage increases.
2. A temporary need to cover his remaining HELOC balance of \$250,000 during a length of 10 years



Your recommendation:

- Take advantage of the partial conversion with carryover privilege on his existing Term policy
- This will allow Antonio to obtain the appropriate coverage now and in the future without submitting new evidence of insurability
- Advise Antonio to designate his estate as the beneficiary as it will be liable for the tax owing upon his death.

You prepare the attached illustration for Antonio:

- RBC Growth Insurance™ 20 Pay: \$150,000 coverage with paid-up additions dividend option
- maximum deposit option
- RBC YourTerm™ 10 rider: \$250,000 coverage

Why this works for Antonio:

- Carrying over and restarting the new term coverage provides temporary coverage at a more affordable premium.
- Antonio can obtain new business term rates without providing updated evidence of insurability.
- Permanent coverage of \$150,000 will help meet the potential tax liability
- Using the paid-up additions dividend option and additional deposit option means the death benefit will continue to increase.
- This will help pay the additional tax that may become payable due to the cottage's value increasing.
- Antonio can do this without submitting any evidence of insurability.

Contact your RBC Insurance Sales Consultant at 1-866-235-4332 to learn more.