



KID-START CHILDREN'S PARTICIPATING WHOLE LIFE INSURANCE WEALTH TRANSFER STRATEGY

For clients who want to help their grandchildren get started in life, and have the means to help provide a sound financial footing for their grandchildren's first steps toward financial security

How can Participating Whole Life Insurance benefit your client's grandchildren?

If you have clients who are at that stage in their life where they are enjoying financial security, and want to help their grandchildren get an early start on the way to a financially secure future, purchasing a Participating Whole Life Insurance policy on their grandchild's life may be the right approach because it can provide:



Access to Cash. Cash Values accumulate in the policy over time and can be accessed through a policy loan or by surrendering all or part of the policy and, unlike an RESP, each grandchild can use the cash value from their participating whole life insurance policy for something other than post secondary education, like starting a business, buying a home, etc.

Low cost coverage guaranteed for life. Eligibility for life insurance, and the premiums for the policy, depend on the health of the life insured. Buying a Participating Whole Life Insurance policy for a grandchild when he/she is young and healthy compared to them buying it as an adult means they can have life insurance coverage for life at favourable rates.

How this strategy works

Participating whole life insurance is a transferable asset with tax advantages.



1. Grandparent purchases an Empire Life Participating Whole Life Insurance policy on the life of their grandchild.



2. Grandparent transfers ownership to the grandchild at age of majority or later, at the sole discretion of the grandparent.



3. Grandchild becomes the owner of the policy and continues to be the life insured under the policy.

Client benefits

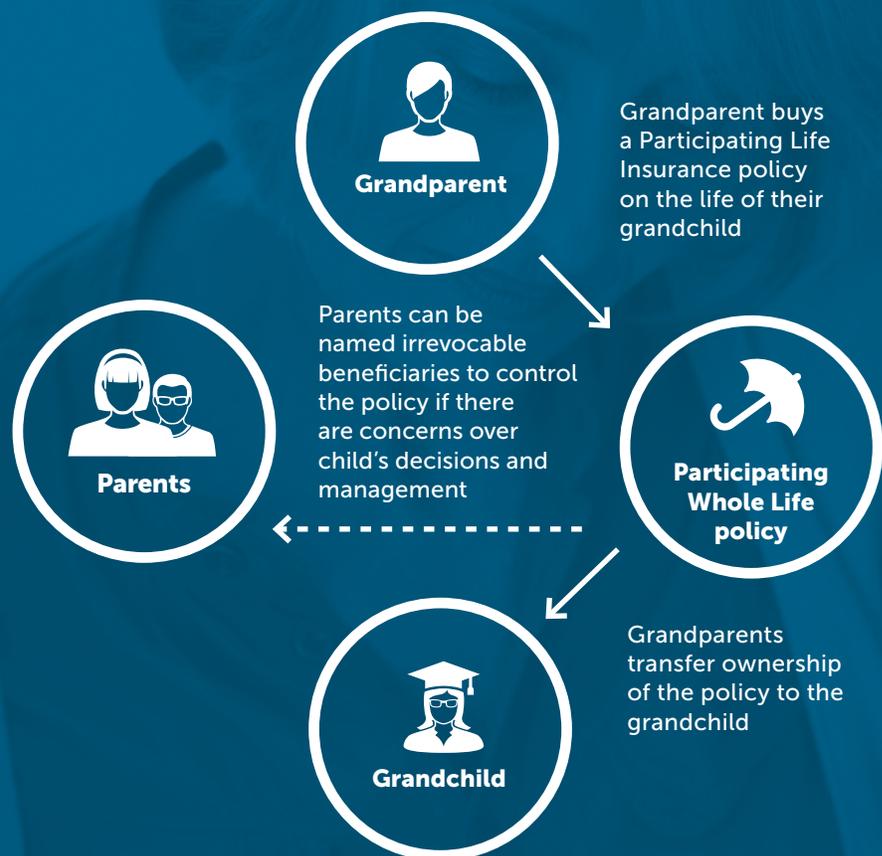
- Transfer of the policy is done on tax-deferred basis which means that no negative tax consequences will result at time of transfer
- Any cash value that is withdrawn by the adult grandchild as the new owner, if taxable, is taxed in the hands of the grandchild
- Can provide low cost, permanent life insurance for the grandchild
- Using a guaranteed limited 8-Pay, 10-Pay or 20-Pay premium payment option allows the coverage to be fully paid for in just 8, 10 or 20 years with no worries about ongoing premium commitments

Advisor benefits

- Can provide your clients with a solution for intergenerational wealth transfer
- Great planning strategy for clients with surplus cash
- Great concept to use with our Annuity-Funded Life Insurance Strategy
- Opens market opportunities for older/younger ages
- Provides opportunity for advisor to forge relationships between generations and retain assets

A wealth transfer strategy!

Grandparents purchasing a Participating Whole Life Insurance policy on their grandchildren and transferring ownership of the policy to them after they reach the age of majority is an easy, tax efficient way to transfer wealth to future generations.



Benefits of this strategy

- Transfer of policy done on tax-deferred basis. No taxes will become payable at time of transfer from the grandparent to the grandchild
- As premiums are based on issue age, purchasing a Participating Whole Life Insurance policy when the grandchild is a minor can provide low cost permanent life insurance for their life.
- As owner of the policy after transfer from the grandparent, the grandchild can access the accumulated funds, through a policy loan or by surrendering all or part of the policy, to help pay for their education expenses, start a business or buy their first home—whatever they decide.
- Participating Whole Life Insurance policies offer a “limited payment” option. This allows the policy to be fully paid for in as few as 8, 10 or 20 years. After the coverage is fully paid for, the grandchild can enjoy permanent life insurance coverage without having to pay policy premiums.
- After ownership is transferred to the major grandchild, any cash value withdrawn from the policy, if taxable, is taxed in the hands of the grandchild.
- By selecting a dividend option on the policy that uses annual dividends to purchase additional life insurance, the coverage amount on the grandchild's policy will increase each year dividends are declared without the grandchild having to provide additional medical evidence. Clients can also add a Guaranteed Insurability Benefit that will guarantee the grandchild can purchase additional life insurance protection at specified life events without evidence of insurability.

The Empire Life Insurance Company

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