



# Canada Life Generations Core, I and II segregated funds to close for new policies

As of **March 17, 2017**, Canada Life™ will be streamlining our product offering by no longer accepting new applications for *Generations Core, I or II* segregated funds policies (on the old platform). After March 17, only sales of Canada Life segregated funds policies on the newer platform will be available.



By shifting all future sales of Canada Life segregated funds to our newer platform, we'll be able to focus on enhancements to our current products and supporting your business.

## Last day to process new *Generations Core, I or II* segregated funds policies

- Paper applications must be received by Canada Life head office in good order by 4 p.m. ET on March 17.
- Applications on your system must be fully entered by 4 p.m. ET on March 17.

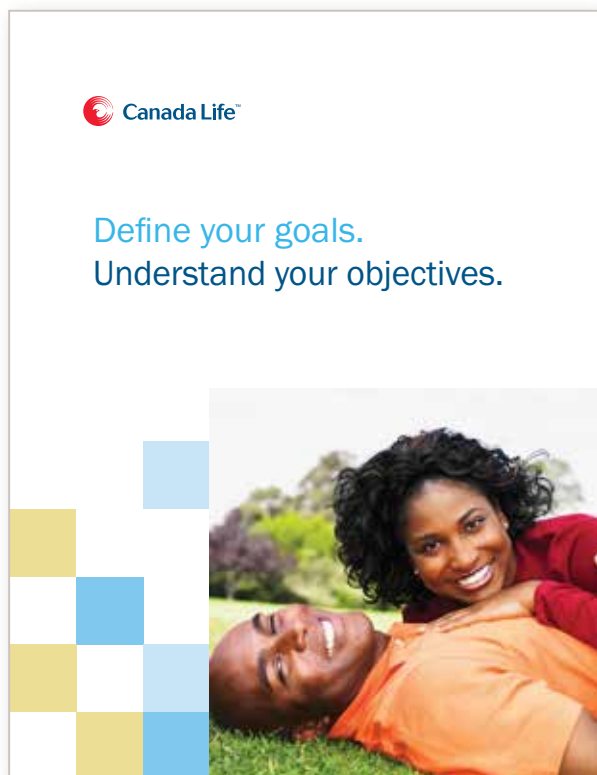
## Existing *Generations Core, I and II* segregated funds policies opened before March 18, 2017

- Processes for the management of existing *Generations Core, I and II* segregated funds policies remain the same at this time.
- Clients can still contribute lump-sum and pre-authorized chequing (PAC) deposits and access their policy information online via *VIPNet*.

## Canada Life *Generations* daily interest (DI) and guaranteed interest (GI) terms

- Canada Life *Generations* DI and GI terms will stay open for sales of new policies as per the current process.
- Assets held within *Generations* DI and GI terms in a policy that was issued before March 18, 2017 can be transferred into *Generations Core, I or II* segregated funds within the same policy at any time.
- A new, standalone application for Canada Life *Generations* DI and GI terms will be available before March 17.


 **FIND IT** For more information on this change, visit the *Segregated funds platform modernization* landing page on Canada Life RepNet™ under Products & tools > Investments > Marketing materials > Marketing catalogues.



## ■ Updated – Investor profile questionnaire

Updates have been made to the investor profile questionnaire (form 46-5562) that will allow you to save time and speed up the client experience. While the questions remain unchanged, two new stages were added to guide the client along the process. Should they meet specific criteria outlined in the questionnaire, they can now skip sections that are not relevant to their individual investment profile.

< **updated** Define your goals. Understand your objectives. (form 46-5562)


 **FIND IT** The updated questionnaire can be found on Canada Life RepNet™ under Products & tools > Investments > Marketing materials > Marketing catalogues > Canada Life Generations catalogues. New print copies will be available once the existing supply has been used.

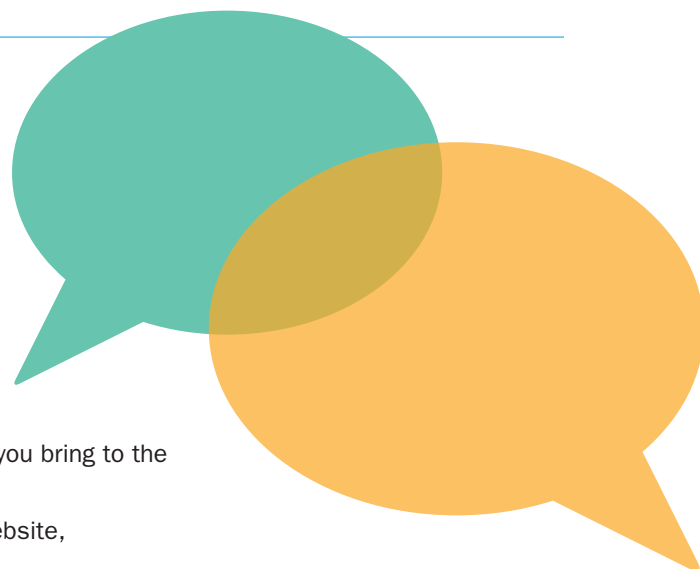
## ■ Explain the value of your advice with new tools

Connect the cost of investing to your value as an advisor with a new segregated funds video. Available online, the video can easily be posted to your website, emailed to clients or shared on social media. It's a simplified way to show the ongoing cost of investing in segregated funds. Help clients understand fees and showcase the value you bring to the relationship.

You'll also find other useful material on the Value of advice website, such as:

- Customizable marketing one-pagers
- Blogs to post
- Investment fee briefs

 **FIND IT** To access and share the segregated funds video and other Value of advice resources, visit [cl.value-of-advice.ca](http://cl.value-of-advice.ca).



# VALUE OF ADVICE

# Sharpen your critical illness insurance conversation skills

The newest *You have the power* module is here

We've updated *You have the power: the critical illness insurance advantage* with an objection-handling module to help you prepare for and maintain client conversations. Explore *Handling objections* to discover new scripts, statistics and strategies to help show clients how critical illness insurance can add value to their financial plan.

## Talk to clients who think they can cover critical illness costs

Scripts within this *Handling objections* section support conversations with clients who feel they don't need a critical illness insurance policy; if they became seriously ill, they think they can get by on their own resources.

Objections covered within this section:

- "I'll find a way"
- "I don't need this" (affluent clients)
- "Insurance money versus my own money" (affluent clients)

The following sneak preview of *Insurance money versus my own money*, a section within the new module, looks at how to approach affluent clients in a way that encourages them to recognize why using insurance money, rather than their own money, may be emotionally and financially beneficial in the event of a critical illness.

## Insurance money versus my own money

This script helps you show clients it can be far easier for a family member or friend to accept reimbursement for time off work or travel expenses associated with visiting and supporting them if the funds are coming from an insurance company and not the ailing client's savings.

The end result is the client's friends/family may be more available – this could reduce stress and increase the chances of recovery.

▶ **CLIENT SCRIPT:** "While you may have significant resources available to you, critical illness insurance provides advantages over using your own money for dealing with a critical illness.

Accepting money received as part of an insurance plan that is designed to help someone get through a major health scare is often far easier.

For example, if you're battling an illness and want to cover expenses for friends or family members who travel to be by your side, they're more likely to accept insurance funds than your personal money..."

The examples provided throughout *You have the power* are not meant to be prescriptive. Be creative and feel free to customize the examples to appeal to your clients' unique circumstances.

## Revisit previous sections to refresh your client approach

*You have the power* now contains a complete suite of critical illness insurance conversation ideas, from starting the conversation to navigating unique client needs and objections. Feel empowered to effectively address clients' insurance needs with a resource that explores creative and strategic approaches to demonstrating the value of critical illness insurance.



**FIND IT** Check out the newest module and rediscover the strategic approaches within *You have the power*. Visit Canada Life RepNet™ under Products & tools > Living benefits > Sales strategies > Critical illness.

# Welcome to the 2017 life insurance landscape



## Meet Evan

After 10 years in the construction industry, Evan is launching his own company and is focused on high-end custom-build and renovation projects. His first priority is to secure cost-effective life insurance protection. In the next five to 10 years, he plans to grow the business and add staff, equipment and potentially a showroom. Evan needs coverage that grows with him, as well as access to cash to help fund business growth.

## Which product could work for Evan?

Canada Life™ term life insurance meets Evan's needs for protection and affordability now while the business is small. As the business matures, converting his term policy to Wealth Achiever max 20 participating life insurance can be a good strategy to build cash value within the policy he might access later to help grow the business.

## The situation

Evan needs \$2 million of life insurance to protect his new company and secure a business loan. Once the business is profitable, he needs a product that can offer tax advantages and flexible access to cash.

## The solution

Starting with term life insurance gives Evan the protection he needs at the lowest cost compared to other life insurance products, so he can focus capital on growing the business. It provides a basic death benefit to secure a loan and protect his family if he dies unexpectedly. With a business growth protection rider, Evan can increase coverage without medical underwriting (increases subject to financial underwriting).

At year nine, Evan's business is profitable and growing. He converts his term policy to Wealth Achiever max 20 participating life insurance. This product provides opportunities to create a larger death benefit and build early cash value. In the event of his death, payments could be made tax-free to shareholders through the capital dividend account (CDA) credit.

## Putting profits to work

Converting to a permanent life insurance product has advantages. Evan can use the corporate estate transfer strategy to redirect profits into his policy where they can grow tax-free within limits while cash

COVERAGE THAT GROWS: CONTINUED FROM PAGE 4

value remains in the policy. Once sufficient value has grown, the corporation can withdraw cash, essentially borrowing from itself instead of the bank.

### Building wealth faster

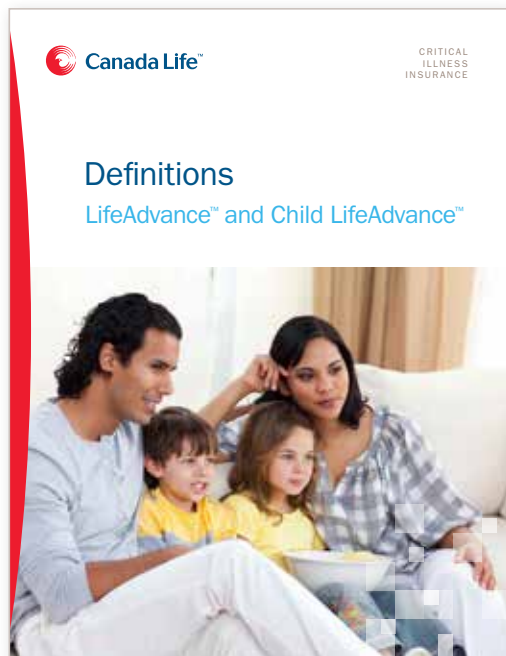
Evan can build wealth even faster by using the additional deposit option (ADO). This feature allows Evan to pay more than the basic premium so he can accumulate more death benefit and cash value in the policy. He can also make additional deposits after the guaranteed 20-pay period.

ADO is a great solution for businesses with cash flow fluctuations. Evan can skip ADO payments for up to a total of two years or 24 consecutive months if he needs cash for other expenses.

By starting with basic term life insurance, with the option to convert to a permanent product, Evan has both his short- and long-term priorities covered.

 **FIND IT** Visit [cl.Life17.ca](http://cl.Life17.ca) for the *Convert term life insurance for long-term planning* sales tool.


## INDIVIDUAL INSURANCE | REMINDERS AND UPDATES



### ■ New – Critical illness insurance LifeAdvance and Child LifeAdvance definitions brochure

The new critical illness insurance *LifeAdvance™* and *Child LifeAdvance™* definitions brochure (form 46-10666) combines adult and child critical illness definitions. Updates include the critical illness product enhancements and definition changes made in November 2015. You can use this as a reference guide with your clients to highlight the definitions of the critical illness conditions covered within the LifeAdvance and Child LifeAdvance policy.

< new *LifeAdvance™* and *Child LifeAdvance™* definitions (form 46-10666)


 **FIND IT** The brochure can be found on Canada Life RepNet™ under Products & tools > Living benefits > Marketing materials > Critical illness > Client material catalogue, and can be ordered from supply.

### ■ Third quarter total participating account investment report now available



Now updated to Sept. 30, 2016

The Sept. 30, 2016, total participating account report is now available electronically.

 **FIND IT** Visit RepNet under Products & tools > Life insurance > Participating life > Financial reporting > Participating account investment reports.

[ NEWSBRIEFS ]



Prairie and Ontario regional marketing centres, along with the offices listed to the right, are closed for Family Day on **Monday, Feb. 20, 2017.**

The British Columbia regional marketing centre is closed for Family Day on **Monday, Feb. 13, 2017.**

## HOLIDAY HOURS – FAMILY DAY

OFFICE	CLOSED
Individual Insurance	<ul style="list-style-type: none"> <li>Client Service Centres in London and Regina</li> <li>Individual Insurance New Business in Toronto</li> <li>Individual Insurance Claims in London</li> <li>Individual Insurance Client Service and New Business in Regina</li> <li>Individual Insurance Client Service, New Business and Claims in Winnipeg</li> </ul>
Contracts and Compensation	<ul style="list-style-type: none"> <li>Toronto office</li> </ul>
Individual Wealth Management	<ul style="list-style-type: none"> <li>Client Service Centre in London</li> <li>Wealth Management Administration in London</li> <li>Toronto Stock Exchange (TSX) and FundSERV</li> <li>The holiday will not be a trade or settlement date. Operations will resume the following business day.</li> </ul>
Processing business through FundSERV	<ul style="list-style-type: none"> <li>Canada Life segregated funds policies can be entered on FundSERV on the holiday and will be processed through FundSERV with a trade date of the next business day. For more information, call your regional marketing consultant.</li> </ul>
Service Desk	<ul style="list-style-type: none"> <li>Service Desk will be open with reduced hours of 6:30 a.m. to 3:30 p.m. CT during each holiday. Regular hours (7 a.m. to 6 p.m. CT) will resume the following business day.</li> </ul>

**WE'RE HERE TO HELP.**

**FOR MORE INFORMATION, CONTACT YOUR MGA, BRANCH OFFICE OR REGIONAL MARKETING CENTRE.**

Please direct all comments and inquiries to: [Daniela\\_Albert@canadalife.com](mailto:Daniela_Albert@canadalife.com)

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In Quebec, advisor refers to a financial security advisor for individual insurance and segregated funds policies and to an advisor in group insurance/annuity plans for group products.

**Repline:** 1-888-724-3680

**Lifeco Service Desk** (for RepNet tech support): 1-800-475-7001

**RepNet:** <https://repnet1.canadalife.com>

**Web:** [canadalife.com](http://canadalife.com)

**Eastern RMC:** 514-874-0868 | 1-800-361-0860

**British Columbia RMC:** 604-685-7364 | 1-800-663-0413

**Ontario RMC:** 416-552-3100 | 1-877-594-1100

**Prairie RMC:** 403-266-8912 | 1-888-578-8083

# Protect your estate from dependant's relief claims

Many provinces have dependant's relief legislation that gives courts broad powers to enforce your obligations to support a dependant after death. This article gives an overview of how a life insurance death benefit can affect and be affected by a dependant's relief claim, including how it may help preserve the intended distribution of your estate.

## Adequate provision for a dependant

For a dependant's relief claim to succeed, the person applying to the court must:

1. Qualify as a type of dependant under the legislation, and
2. Generally satisfy the court that the deceased did not adequately provide for their proper support and maintenance.

Those who qualify as a dependant under the legislation varies between provinces.

Dependant's relief legislation can affect your ability to choose how you want your estate distributed.

Ontario's definition is broad in scope and includes a deceased's spouse (married or common-law), parent, child or sibling to

whom the deceased was providing support or was under an obligation to provide support immediately before death. Under this definition, the act of supporting an adult child, for example, gives the adult child grounds to bring a dependant's relief application.

In contrast, other provinces have a narrower potential class of claimants.

British Columbia limits claims to those from spouses and children. Alberta allows claims from spouses and children as well, but limits claims from adult children unless they're either unable to earn a living as a result of a mental or physical disability or are under 22 years old and in school full time.

What's considered adequate provision depends on the circumstances. Courts can look at many factors including the dependant's needs, financial situation, their relationship with the deceased, competing draws on the estate from other dependants (including a surviving spouse), gifts made by the deceased before death, the size of the estate and, notably, assets that passed outside of the estate.

Referring to the size of one's estate when determining adequate provision, provinces like British Columbia and Ontario have legislation that refers to "adequate provision for the proper" support of dependants. Courts have said, "the words 'adequate' and 'proper' can mean two different things depending on the size of the estate. A small gift may be adequate, but not proper if the estate is large."<sup>1</sup>

*continued*

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514-874-0868 ext. 2290

## Dependant's relief claims and life insurance

### Courts consider assets that pass outside of the estate

Provincial insurance statutes typically state that an insurance payout made directly to a beneficiary doesn't form part of the policyowner's estate. Despite this rule, when courts decide if a dependant was adequately provided for by the deceased's estate, they still consider any insurance monies paid to the dependant. This is seen in the recent case of *Wong v. Cheung Estate*<sup>2</sup> where the deceased's will didn't leave anything to the surviving husband, but his dependant's relief claim was nevertheless restricted by virtue of receiving a life insurance payout.

In that case, the deceased left nothing in her will to her surviving husband. He made an application to have the will varied for not receiving adequate provision for proper support. Her estate totalled approximately \$1.4 million, which was left to her sister and four children from a previous marriage. The court determined that adequate provision for the surviving husband was 25 per cent of the estate, or approximately \$350,000. However, the court found the husband to be only entitled to approximately \$230,000 because he received \$89,000 as beneficiary of her life insurance policy and a further \$31,352 as beneficiary of her Guaranteed Investment Certificate (GIC).

### The special case of Ontario

Provincial insurance statutes also typically state that an insurance payout that's paid directly to a beneficiary isn't subject to the claims of the policyowner's creditors. This is the general rule, but in Ontario, dependant's relief legislation is a significant exception. Ontario's *Succession Law Reform Act* (SLRA) can deem certain assets that otherwise fall outside of the estate to be included back into the estate and be used to pay a dependant support order. One of these assets is a deceased's life insurance policy on their own life.

Section 72 of Ontario's SLRA lists certain transactions that can be deemed to be part of a deceased's estate for the purposes of determining its value and making adequate provision for a dependant. Paragraph 72(1)(f) states that one of these transactions is any amount payable under a life insurance policy that's both owned by and on the life of the deceased. This means a successful dependant's relief claim can result in a court redistributing an insurance death benefit to a dependant. Other listed transactions affecting beneficiary designations include: a death benefit paid under a group plan, amounts paid under an annuity contract (life or term) and certain amounts paid under other contracts or arrangements, including retirement and pension plans.

A good example of a dependant's relief claim under the SLRA is seen in the recent case of *Dagg v. Cameron*.<sup>3</sup> The deceased owned a life insurance policy on his life. His ex-wife and two children were the policy's beneficiaries. A court order required the ex-wife to be the irrevocable beneficiary of the policy. He subsequently had a child with a common-law spouse. Shortly before his death he changed the beneficiary designation to benefit both his ex-wife and the new common-law spouse. The ex-wife obtained a court order that the deceased change the beneficiary designation back to her.

After his death, the common-law spouse brought a dependant's relief claim. Even though the ex-wife had a court order stating that she was to be the beneficiary of the policy, the court still included the policy as part of the deceased's estate. As a result, the death benefit was available to pay the dependant support that was awarded by the court to the deceased's common-law spouse and newborn son.

## Protecting an estate from a dependant's relief claim

There are a few ways to help protect an estate from a dependant's relief claim.

### Adequately provide for your dependants with life insurance.

Purchase enough life insurance coverage to look after your dependants. This is the original purpose of life insurance. As noted, courts will look at insurance payouts received by a dependant in determining whether they were adequately provided for in the context of a dependant's relief claim.

**Probate the estate.** In most provinces, a dependant's relief claim must be applied for no later than six months from the granting of probate or administration.<sup>4</sup> For this reason, some estate lawyers recommend getting one's entire estate probated to protect it from dependant's relief claims.

**Manage family members' expectations.** If possible, manage your family members' expectations while you're alive, particularly if they're treated differently under your will, if you have a blended family – or both. Have a family meeting to discuss your estate plan and avoid leaving potential flashpoints as a surprise.

**Consider jointly-owned and jointly-paid-for policies.** For Ontario, there's support in case law that suggests that a jointly-owned and jointly-paid-for policy won't be looked at to pay a dependant support order.<sup>5</sup> That said, courts have also stated this arrangement would not likely survive judicial scrutiny if it was done to jeopardize a dependant's relief claim.<sup>6</sup>

## Conclusion

Dependant's relief legislation can affect your ability to choose how you want your estate distributed. In the case of Ontario, dependant's relief legislation can affect your policy's distribution if you don't provide for your dependants. Life insurance can be an effective way of helping to provide for your dependants, and can thereby reduce your estate's chances of being subject to a successful dependant's relief claim.

<sup>1</sup> *Clucas v. Royal Trust Corporation of Canada et al*, 1999 CanLII 5519 (BC SC), para 12.

<sup>2</sup> 2015 BCSC 1741.

<sup>3</sup> 2015 ONSC 2597; 2016 ONSC 1892 (Div. Ct.).

<sup>4</sup> After that date and depending on the province, a court may allow a claim to proceed against any undistributed assets in the estate. In Ontario, "probate" is called a certificate of appointment of estate trustee with a will and "administration" is called a certificate of appointment of estate trustee without a will.

<sup>5</sup> *Dagg*, supra note 3 at para 19.

<sup>6</sup> *Madore-Ogilvie (Litigation Guardian of) v Ogilvie Estate*, 2008 ONCA 39.

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