

Estate Planning

with BMO Guaranteed
Investment Funds

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BMO Guaranteed Investment Funds - Agenda

- Guarantee Options / Client Profiles
- 4 Case Studies
- *NEW*BMO Gif E-App

Wealth transfer advantages of segregated fund contracts

Unlock value



- **Guarantees** for risk-averse investors
- **Bypass probate**, including costly executor, accounting and legal fees¹
- **Speed**: Claims paid in days versus 6-12+ months for probate
- **Privacy**: Probate is a public process. A segregated fund death claim is **not**.
- **Creditor protection**²
- Managing risk for at-risk beneficiaries with the **annuity settlement option**

¹ May vary by province. Probate is not applicable in Quebec.

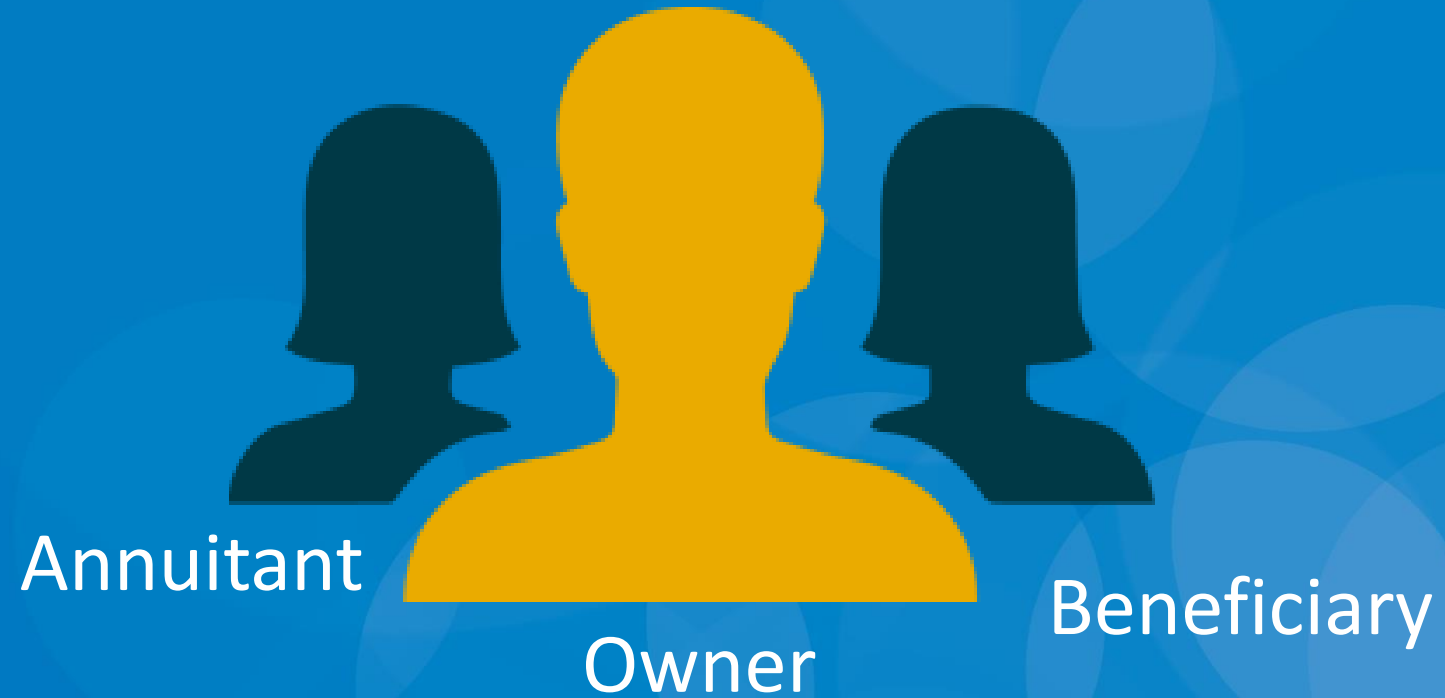
² Creditor protection may vary by province. It cannot be guaranteed. Consult a legal advisor.

Understanding the probate process

Lack of privacy	Estate, legal, accounting and executor fees	Delayed payouts	Lower estate value
<ul style="list-style-type: none">▪ Probate is a public process¹▪ Can increase the risk of a court challenge from family or creditors²	<ul style="list-style-type: none">▪ Coordinating and paying other specialists such as lawyers and accountants first▪ Payment to other specialists, probate taxes and unintended beneficiaries	<ul style="list-style-type: none">▪ Uncertainty of timing and magnitude of payout	<ul style="list-style-type: none">▪ Beneficiaries may inherit administrative responsibilities▪ Potential for smaller inheritance

Structure of a segregated fund contract

Parties to the contract



Parties to the contract cont'd



Policyholder or owner:

The owner and person that reports the tax.



Annuitant :

The person insured under the policy. If the annuitant dies, contract ends in the absent of a successor annuitant.



Beneficiary:

Party who receives death benefit upon the death of all annuitants.



Contingent or successor owner/policyholder:

Becomes policyholder upon death of policyholder and any additional (joint) policy holder.



Successor annuitant or successor planholder (TFSA):

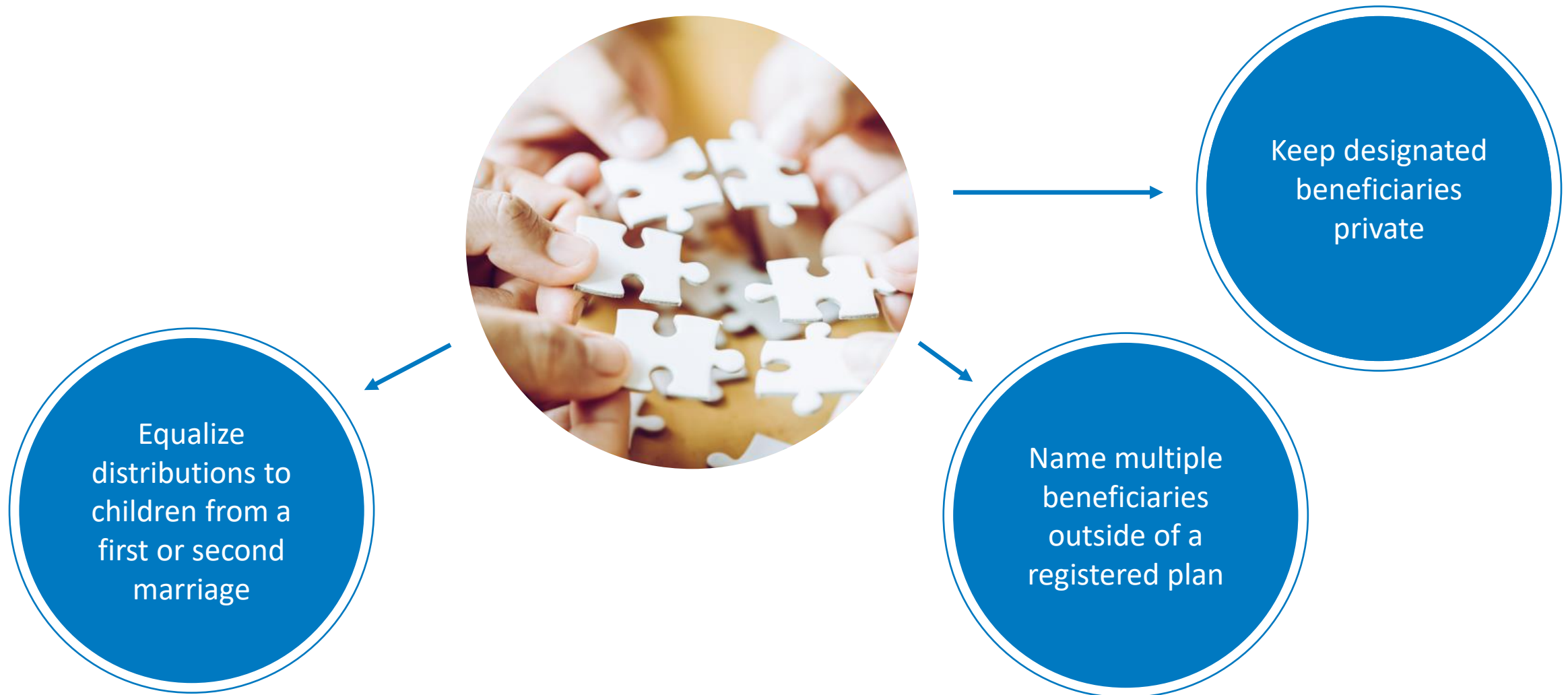
On death of annuitant, successor annuitant becomes the annuitant. Contract continues on death of original annuitant.

Parties to the contract: The Beneficiary



- Naming a beneficiary
- Who can't be the beneficiary
- Why the beneficiary designation is so important
- Revocable and irrevocable

Navigate complex family dynamics



Complex family dynamics cont'd



- Consider blended families, where one or both parents have children from a previous relationship
- While divorce rates in Canada are declining, there are also fewer Canadians getting married, and the creation of blended families or stepfamilies is evolving.¹
- Segregated funds can provide the opportunity to equalize distributions to children from a first or second marriage—designated beneficiaries are a private matter that will not be disclosed
- Plus: **annuity settlement option** provides greater control over who receives what and when

Complex family dynamics cont'd



- Terms are laid out in the original segregated fund contract
- Payout terms:
 - Term Certain Annuity (3yrs – 25yrs)
 - Life Annuity
- Payout frequency
 - Monthly
 - Quarterly
 - Semi-Annually
 - Annually

Advantages:

- ✓ Probate fee savings¹
- ✓ Heightened privacy discretion
- ✓ Potential creditor protection²
- ✓ Flexible option for gradual inheritance transfer

¹ May vary by province. Probate is not applicable in Quebec.

² Creditor protection may vary by province. It cannot be guaranteed. Consult a legal advisor.

BMO GIF Guarantee Options

BMO GIF 75/75 Contract

Feature	Benefit
Maturity Date	Age 100
Maturity Guarantee	75% of deposits at maturity date
Maturity Guarantee Resets	None
Death Guarantee	75% of deposits
Death Guarantee Resets	None
Prestige Class	Yes – Class A & F
Annuity Settlement Options	Yes

BMO GIF 75/100 Contract

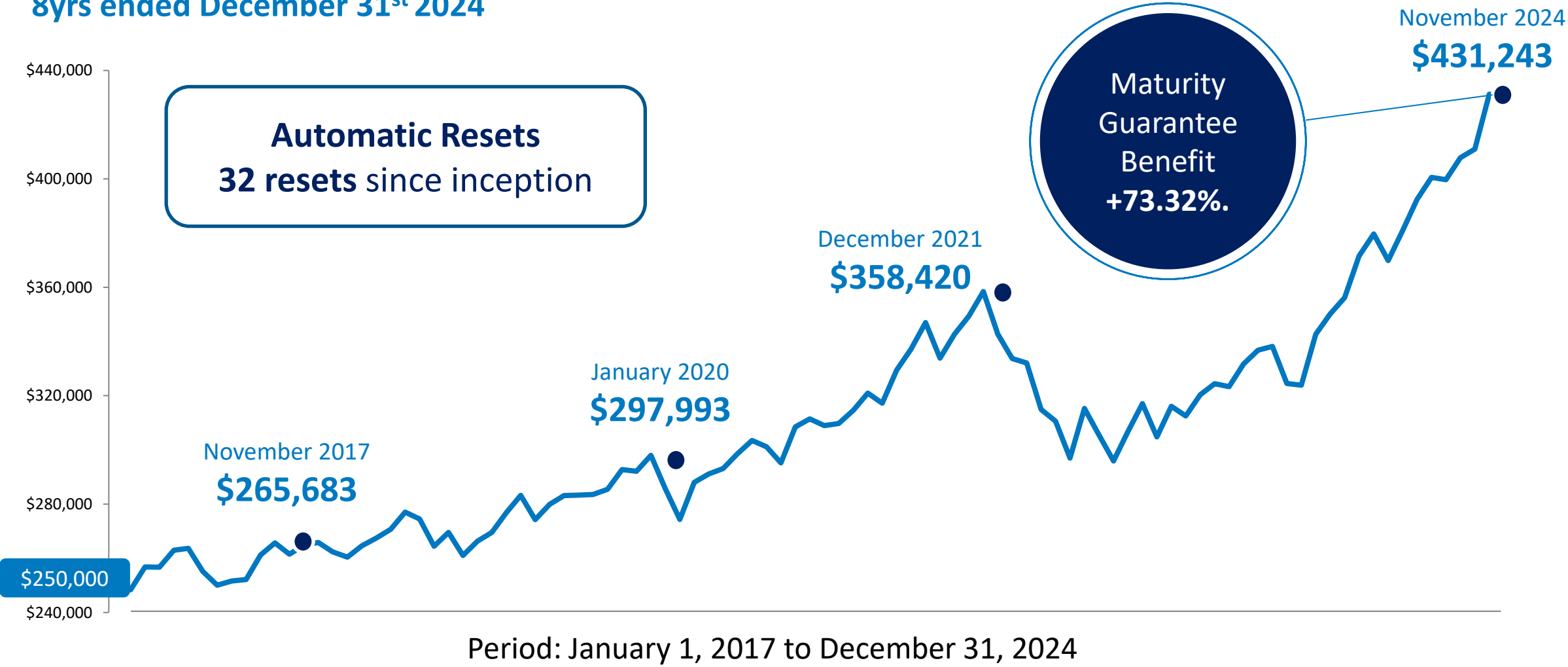
Feature	Benefit
Maturity Date	Age 100
Maturity Guarantee	75% of deposits at maturity date
Maturity Guarantee Resets	None
Death Guarantee	100% of deposits (made before age 80 OR age 85 for 75/100PLUS); 75% of deposits (made on or after age 80 OR age 85 for 75/100PLUS)
Death Guarantee Resets	<u>Standard:</u> Every 3 years up to and including the last policy anniversary before the Annuitant's 80 th birthday.
Prestige Class	Yes – Class A
Annuity Settlement Options	Yes

BMO GIF 100/100 Contract

Feature	Benefit
Maturity Date	Client Chosen: (15-25 yrs.)
Maturity Guarantee	100% of deposits (made at least 15 yrs. from maturity date); 75% of deposits (made less than 15 yrs. from maturity date)
Maturity Guarantee Resets	Automatic monthly resets until 10 yrs. before maturity date
Death Guarantee	100% of deposits (made before age 80); 75% of deposits (made on or after age 80)
Death Guarantee Resets	<u>Optional:</u> Every 3 years up to and including the last policy anniversary before the Annuitant's 80 th birthday.
Prestige Class	Yes – Class A
Annuity Settlement Options	Yes

BMO US Balanced Growth GIF: Prestige Class

8yrs ended December 31st 2024



We're ready to do business with you ...

Chargeback 2

3% FYC
(Advisor
Chargeback)

Chargeback 5

5% FYC
(Advisor
Chargeback)

Front-End
Load

F-Class

(Nominee and Client
Name)

Rewarding you with the BMO GIF Advisor Loyalty Program



Guaranteed Investment Funds

To qualify, you must reach a minimum of \$1 million of BMO GIF net new deposits (deposits less redemptions).

The level of net new deposits you reach during the calendar year determines your Bonus Factor. The factor is multiplied by your BMO GIF average assets under management during the calendar year.

Net new deposits level	Bonus factor
\$1 million	4 bps (0.0004)
\$2 million	5 bps (0.0005)
\$3 million	6 bps (0.0006)

Deposits into the Money Market Fund are included when calculating your net new deposits but are excluded from your eligible assets under management.

Your bonus factor gets multiplied by your average assets under management.

Your BMO GIF average under management will be calculated using assets under management values in March 31, June 30, September 30, and December 31.

GIF loyalty bonus in action

In 2024, Tanya achieves more than \$3 million of net new deposits. She therefore qualifies for the MGA Advisor Loyalty Program. Her BMO GIF average assets under management for the calendar year are 47 million. Her loyalty bonus is calculated as follows:

- = 6 bps [bonus factor] x \$7 million [average assets under management]
- Tanya receives a bonus of \$4,200.

Prestige class pricing: **Automatic!**

\$250,000+ in
assets

Average expected
annual savings in MER:

$\frac{75}{75}$ 26 bps

$\frac{75}{100}$ 25 bps

$\frac{100}{100}$ 40 bps

Total savings*:

\$13,000

\$12,500

\$20,000

The BMO Insurance advantage



- **Guarantees:** Unlike many insurers we have proudly offered our flagship 100/100 product since 2013 and our 75/75 and 75/100 products since 2016 uninterrupted despite challenging market conditions. We guarantee up to 100% of the investment on maturity or at death.¹
- **Automatic resets:** With BMO GIF 100/100, higher market returns are automatically locked-in on a monthly basis for maturity guarantees. GIF 75/100 and GIF 100/100 offer automatic death benefit guarantee resets, locking-in market value growth every three years² and increasing the death guarantee amount.
- **Investment choices and ETFs:** A variety of mutual fund and ETF-based investment portfolios, including both active and passive management, low volatility, and globally diversified options. All portfolios are managed by BMO Global Asset Management.
- **High-net-worth pricing:** Clients depositing \$250,000 or more will automatically receive an MER discount – no additional paperwork required.
- **Competitive pricing:** In 2023, BMO lowered GIF 75/75 fees by as much as 40 bps.

Case studies

Scenario 1: Gifting with control

Scenario 2: Income and legacy plan

Scenario 3: Preserve and transfer assets

Scenario 4: Elderly clients (over 90)



Scenario 1

Gifting with control

Charles (58) and Janet (56) have significant non-registered liquid assets. Have one son, Adam (25)

Wish to gift early inheritance to Adam while maintaining control of assets

Would like to lower future taxes on growth of investments to Adam's tax rate while avoiding significant tax in final tax year



For Charles and Janet, the
irrevocable beneficiary
designation is key

Irrevocable beneficiary

Irrevocable beneficiary

Charles

Janet

Gift cash
inheritance to
Adam

Adam

Owner/annuitant
Taxed on future gains
Access controlled by parents

The BMO Solution: BMO GIF



- Wealth transfer to child while living could help avoid probate¹ and higher tax rate upon death
- Future gains on segregated funds taxed at child's lower tax rate
- If child is under 18, an informal trust (with named trustee) can be set up, until the child turns 18²
- Parents maintain control until they pass away and new beneficiaries can then be named

¹ Probate is not applicable in Quebec.

² Informal trusts end once the minor beneficiary reaches the age of majority under applicable legislation in each province. Age of majority is 18 in Alberta, Manitoba, Ontario, Prince Edward Island, Quebec, and Saskatchewan, and 19 in all other provinces and territories.



Important note: Alternative to trusts

Common objectives for trusts

Reduce estate tax liability

Protect property in your estate

Avoid probate fees¹

Privacy

But with trusts,
you have ...

Legal fees

Accounting fees

Deemed disposition



Scenario 2

Let's meet Bob (80) and Margot (80)

Second marriage

Both have children from previous marriages

Bob has significant wealth and wants to ensure Margot is cared for but ...

- He wants most of the assets passed on to his children (Anna, Ben)
- He wants to prevent Margot from changing beneficiaries



For Bob,
an income plan and a
legacy plan under
control are key

Bob

\$2.5 M

Non-registered
assets in 75/75
with a SWP

Margot*

*Margot is unable to change the
beneficiary designation without
permission from the beneficiaries

Anna

50% share
irrevocable
beneficiary

Ben

50% share
irrevocable
beneficiary

Craig

Unable to
access funds



Scenario 3

Let's meet George (54) and Claire (50), both on their second marriage

Looking to preserve/transfer their assets to their four children

- George: two children (Derek, Matt)
- Claire: two children (Polly, Tom)

Complex family dynamics from their first marriages

For George and Claire,
Annuity Settlement
Option is key



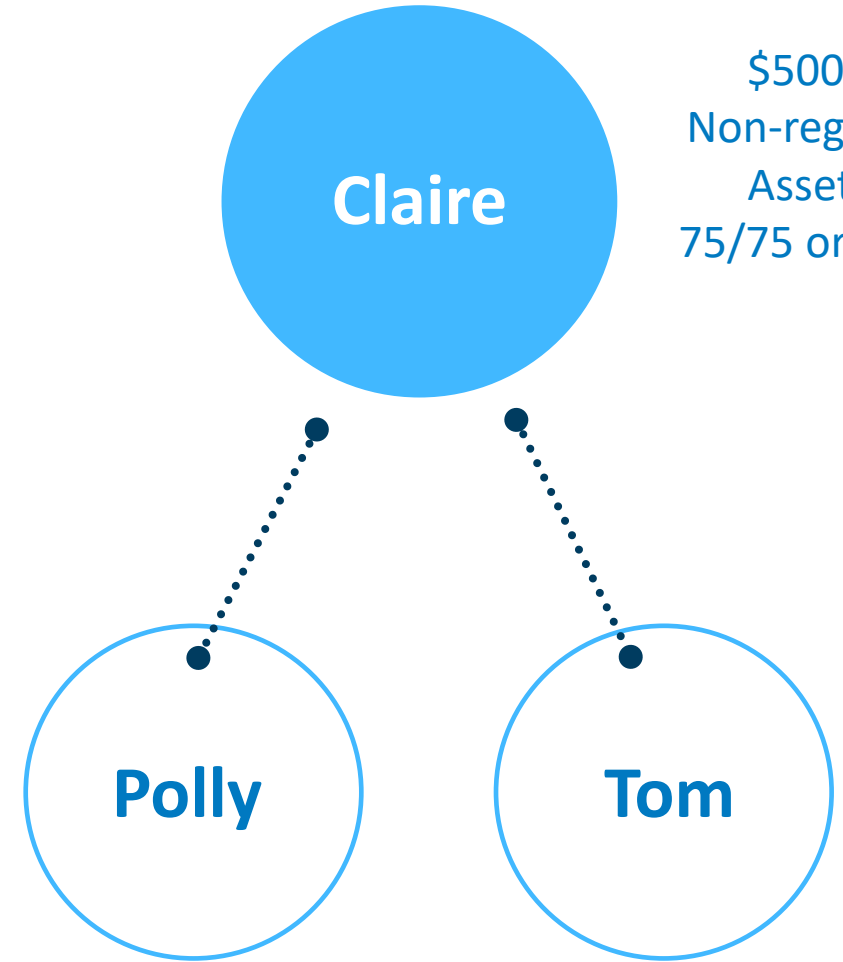
\$500,000
Non-registered
Assets in
75/75 or
75/100



50% 5-Year
Term Certain
50%
Lump Sum



100%
10-Year Term Certain



\$500,000
Non-registered
Assets in
75/75 or 75/100

90%
3-Year Term Certain

100%
Lump Sum

10% Lump Sum

Common objectives for trusts

Reduce estate tax liability

Protect property in your estate

Avoid probate fees¹

Privacy

But with trusts,
you have ...

Legal fees

Accounting fees

Deemed disposition

We have a much simpler solution!



BMO GIF $\frac{75}{75}$ + Annuity Settlement Option

- A simple way to quickly and privately transfer wealth
- No expenses associated with trusts
- Low costs ETFs



Scenario 4

Over 90

94 years old

Wishes to pass investment assets to her child(ren)

Age exempts her from segregated funds

For Agnes, Elderly solutions is key

Owner: Agnes

- Retains control of the assets
- Receives the tax bill

Annuitant: Child

- No access to the assets

Successor Owner: Child

- Bypasses probate when Agnes passes
- Child inherits contract tax free

Beneficiary: Agnes

- Should child pass first, money reverts back to Agnes

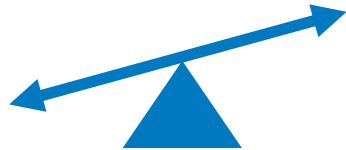
Each child needs own contract



The Estate Wedge Strategy



The Tipping Point



Pre-retirees, professionals and business owners

Focus on:

- Debt management
- Wealth creation



Recently retired clients (60-75)

Focus on:

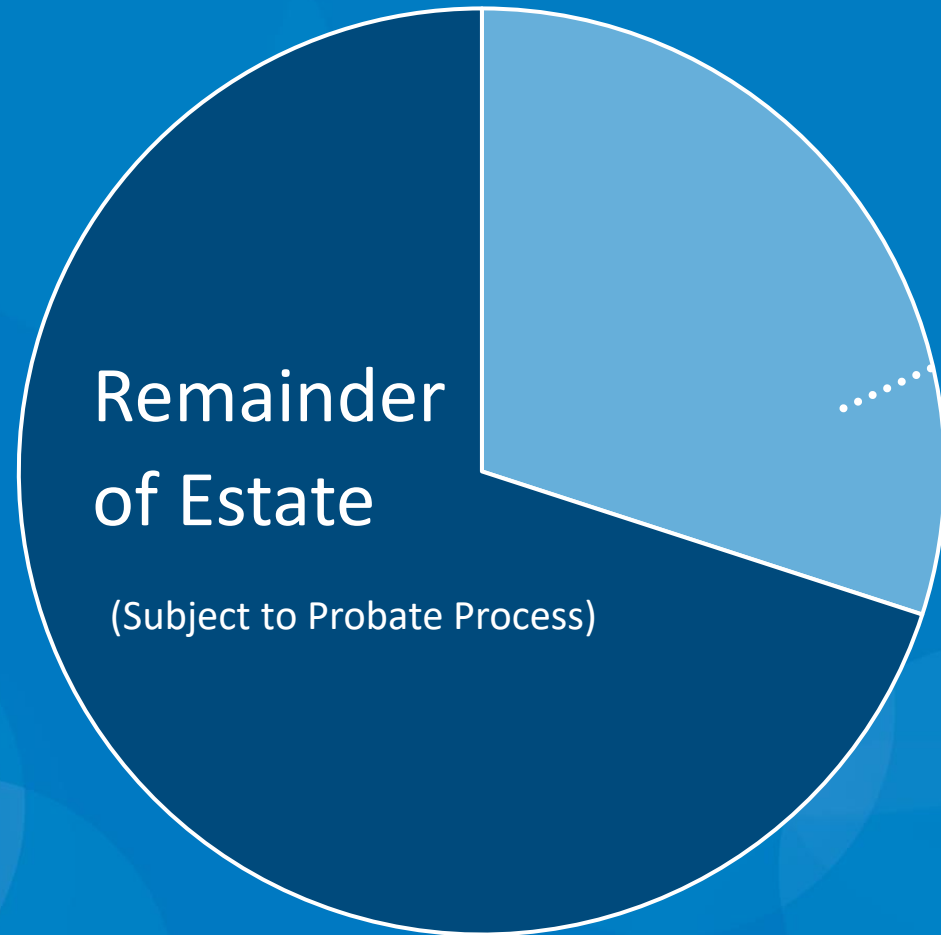
- Retirement income
 - Wealth preservation
- “Estate Wedge” is introduced



Later stage retirees (75+)

Focus on:

- Wealth transfer (quick, private, cost effective)



• Estate Wedge

- Typically, 20-50% of a non-registered investment portfolio to hold outside of the estate
- Assets in the Estate Wedge remain liquid and within investor control

Did you know?

One in four Canadians
age 85+ have
Alzheimer's disease?¹

Solution:

Estate wedge and working with POAs

- Don't let mental incapacity get in the way of helping your clients achieve their estate planning goals
- GIFs allow you to be proactive

¹ Source: [Risk factors for dementia | Alzheimer Society of Canada](#)

**Elevate your
business with
eApp**



Accessible through WealthLink, you can now complete, sign, and submit BMO GIF applications for your clients in a fast and fully digital end-to-end experience.

Built with usability and compliance in mind, the tool reduces errors, improves turnaround times and enhances the advisor and client journey.

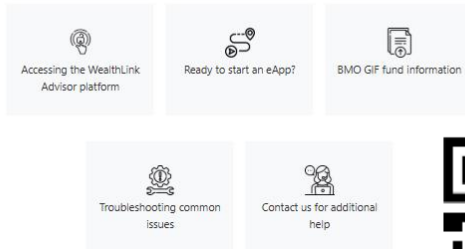
Getting started with eApp

User guide

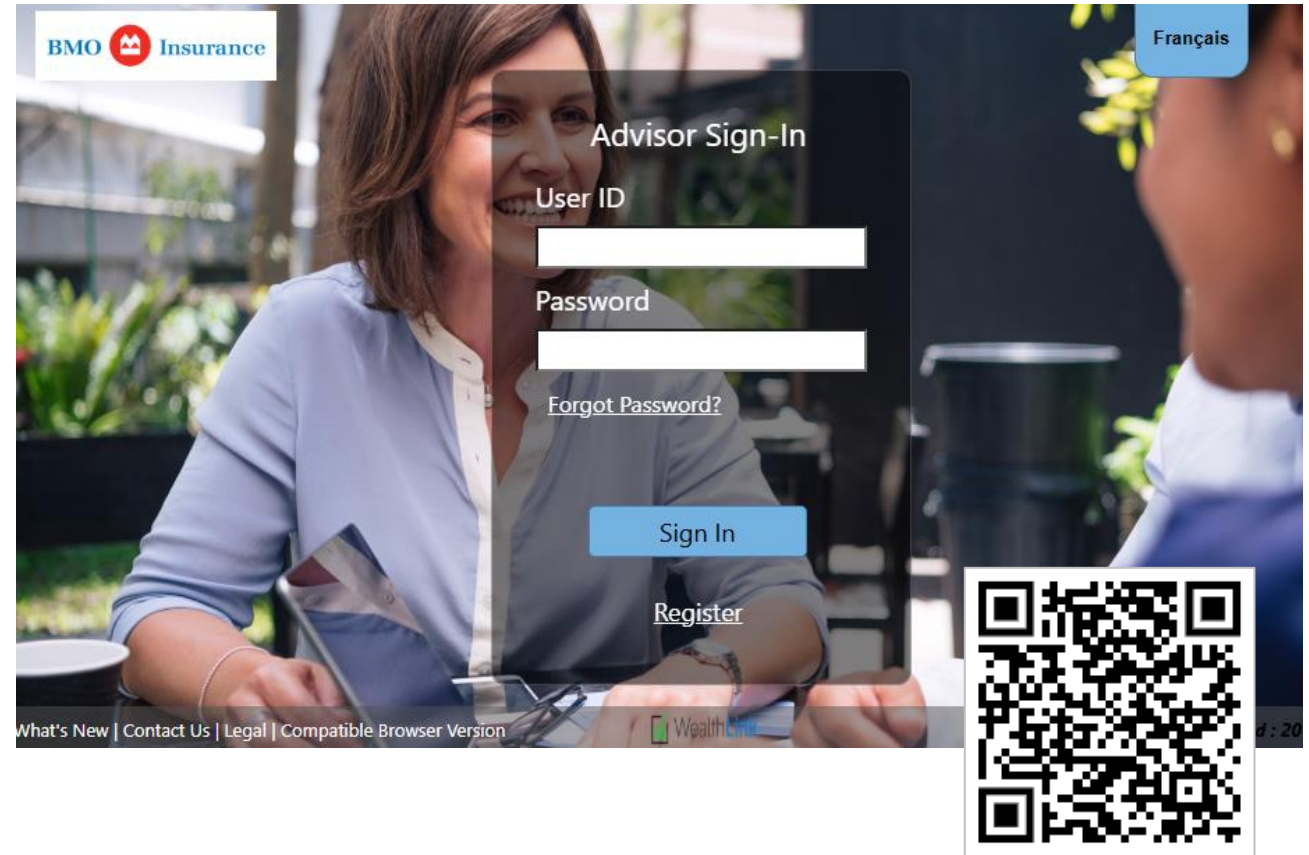


BMO Insurance Electronic User Guide

Welcome to the Wealthlink Advisor User Guide. This Document Guide is designed to provide you with clear, step-by-step instructions on:



WealthLink



Access via WealthLink

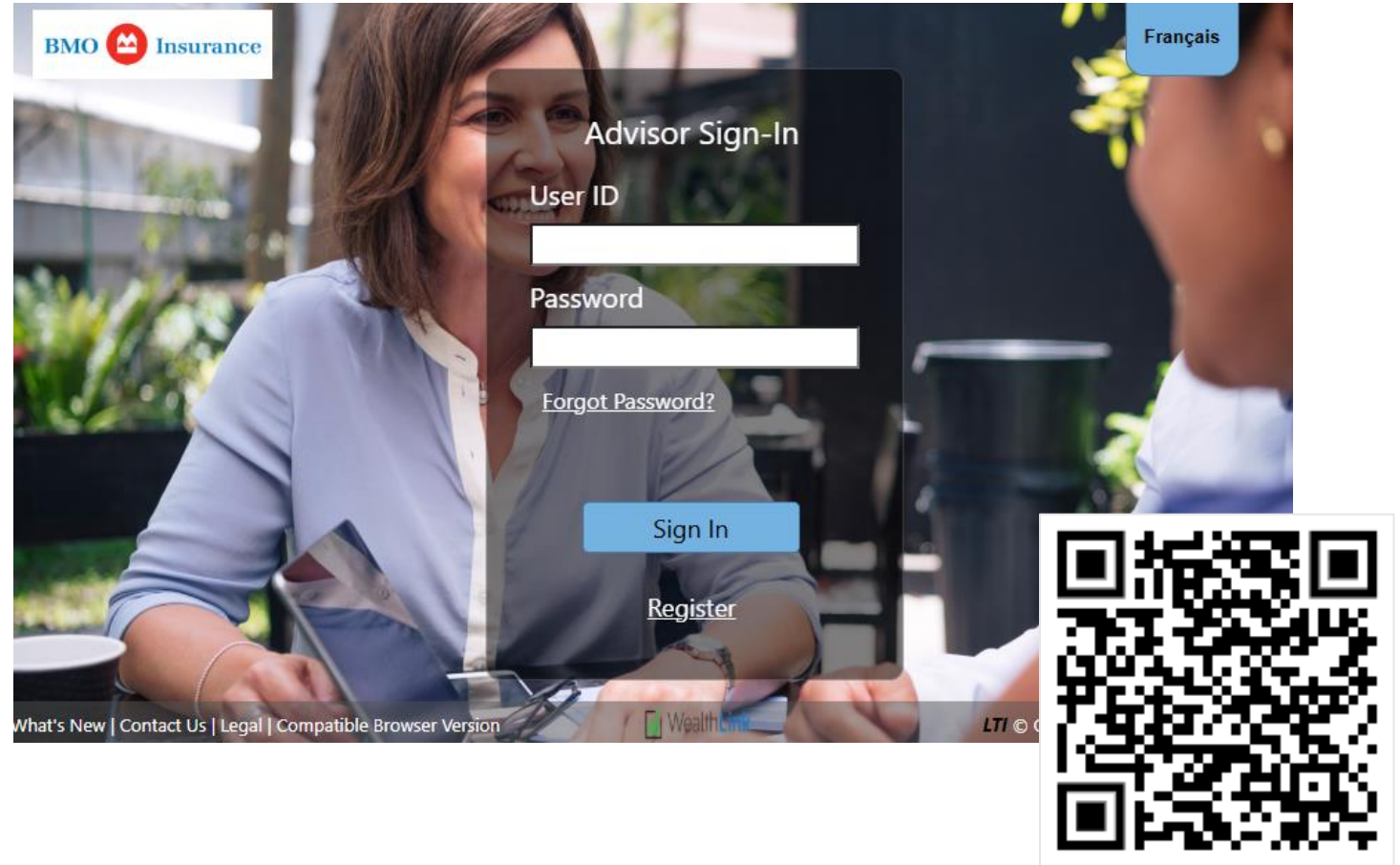
Already a BMO GIF WealthLink user?

Access the tool through [WealthLink](#)

Need access to WealthLink?

Contact the BMO Insurance Digital Support Team:

- Insurance.DST@bmo.com
- 1-855-208-3675



eApp advantages

Intuitive

The eApp guides you step-by-step through account information capture, flagging any missing or inconsistent details in real time. That means fewer resubmissions, fewer processing delays, and fewer NIGOs.

Fast

Designed to shorten turnaround times and deliver a smoother client experience and potentially experience faster issuing.

Mobile

Built to work on any electronic device.

Secure & compliant

Leveraging the trusted BMO digital ecosystem, the tool helps ensure applications are fully completed, accurate, and audit ready.

BMO Gif E-APP User Guide

BMO GIF eApplication User Guide

Welcome to the BMO GIF eApplication User Guide. This document is designed to provide you with clear, step-by-step instructions on:



Accessing the WealthLink
Advisor platform



Ready to start an eApp?



BMO GIF fund information



Troubleshooting common
issues



Contact us for additional
help

My Digital Briefcase

My Briefcase

Explore our innovative products, easy-to-use tools and helpful strategies to help financially secure your client's future.



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BMO Guaranteed Investment Funds (GIFs)

Income Annuities

Life & Critical Illness Insurance

The Blue Bulletin

GIF eApplication

Product Information

Client Material

Point-of-Sale Material

Client Videos

Applications
& Administration

Fact Finders & Planning
Documents



We're here to
support you

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