

Milestone Elements

SECOND QUARTER 2012 NEWSLETTER



For us at Milestone, March 31st has become a new celebratory date in the calendar. This date marks the completion of Canaccord's fiscal year and thus the cut off for those who qualify for the Leaders Council. The Leaders Council consists of independent advisors from across Canada that exceed the highest benchmarks for managing their practices. We are indeed proud to be part of this elite group and it also gives us the opportunity to share and learn industry best practices from other well respected investment advisors.

In a related component to the Leaders Council, Milestone has also been invited to join Canaccord's Advisors Council. We are humbled by this invitation as only three advisors from within the Leaders Council were shortlisted to participate in the Advisors Council. The goal of this group is to engage in an ongoing dialogue between advisors "in the field" and top management to help develop the strategic focus of Canaccord's Independent Wealth Management (IWM) group. This is a great opportunity for us to both give back and also be brought in on great ideas from across the country. Later this month I am off to Toronto for our Advisors Council meeting, then over to Ottawa spend time with another Canaccord advisor who has a best-in-class process for client estate planning.

Clearly, we would not be in a position to be part of these groups without the ongoing support and trust from our clients. We continue to receive outstanding referrals from our clients and are emboldened to work harder and more intelligently to bring you the best financial planning and portfolio management solutions we can. Thank you, from your Milestone team.



Insurance can be a valuable component of any comprehensive estate plan. Talk to us about whether these strategies make sense for you:

1. Insure the tax liability on your investments

Working together, we can project the taxes that will be due at death on your

investment accounts, including Registered Retirement Savings Plans and Registered Retirement Income Funds, capital gains on non-registered funds and purchase an appropriate life insurance policy to cover the anticipated tax bill – leaving your estate intact.

2. Insure the tax liability on your cottage

Your cottage may result in a significant tax liability for your beneficiaries. While your primary residence can be transferred to the next generation tax-free, it is often good to consider life insurance as a tax efficient strategy to cover the capital gains tax bill for any additional properties.

3. Move savings into an estate bond

An insured estate transfer, or estate bond, shifts money from accounts where growth is taxed into an exempt life insurance policy. Not only will your investment grow tax-deferred, your heirs won't pay any taxes on the proceeds and there will be a significant boost to the overall estate value that could be used to insure other estate liabilities.

4. Purchase an insured annuity

You can combine a prescribed life annuity contract, which provides a steady guaranteed tax efficient stream of income, with an exempt life insurance policy. The life insurance which is used for your principle protection and/or replacement pays a death benefit that can be equivalent to the cost of the annuity – ensuring your heirs receive a generous bequest. This strategy maximizes your after tax income while you are alive and allows for a probate free rollover to your heirs. If your beneficiary is a charity this strategy can provide even greater tax efficiency.

5. Consider a Cascade Plan

If you invest in a tax-advantaged life insurance policy that insures your adult child's life with your grandchild as the beneficiary, ownership of the policy can transfer to your adult child after your death without any tax liability on the policy's cash value growth. Your adult child can access that cash value or keep the policy intact and transfer it to your grandchild tax-free upon their death.

*Services provided through Canaccord Estate Planning Services Ltd.



Insurance that's flexible enough to offer protection and growth

Flexibility may not be the first thing that comes to mind when you think of insurance. Universal Life (UL) insurance*, however, offers a number of flexible, innovative strategies to meet the needs of a wide range of investors – from business owners to grandparents – along with plans that can be customized at the outset or changed later on to suit your needs.

How does UL work?

A Universal Life policy meets two important needs of investors – protection and growth. It provides insurance protection for lifelong peace of mind along with an investment account that grows tax-deferred as long as the policy remains in force.

Universal Life coverage offers a number of additional advantages, namely:

Tax-advantaged growth. Deposits that you make in excess of the required minimum premium are credited to the investment account. And investment income

earned within a universal life policy is tax exempt as long as it remains in the plan.

Tax-free benefits. Insurance proceeds are paid tax-free to your beneficiaries.

Diverse investment options. You can choose from a wide range of investments, including savings accounts, Guaranteed Investment Certificates (GICs) and equity indexes.

Creditor protection. Insurance proceeds can be protected from creditor claims.

Probate bypass. The proceeds of your policy are paid directly to your beneficiary, bypassing your estate and the delays and expenses surrounding probate.

Not a one-size-fits-all solution

The flexibility of Universal Life is one of its key benefits. Here are a few examples of how it can be used to meet a wide range of personal and business objectives:

A larger, tax-free legacy. Investing in a universal life insurance policy results in a larger estate than if you had invested in regular, taxable investments – your estate receives the proceeds of the investment account plus the death benefit tax-free.

Supplemental retirement income. The policy's cash value can be used as an additional source of income during retirement, since all or a portion can be accessed at anytime through direct taxable withdrawals or tax-free/tax efficient by utilizing a line of credit secured by the policy.

Protecting your business. If you're in a business partnership, and have a buy/sell agreement in place, each partner can take out a universal life insurance policy and be named beneficiary on the other partner's policy. In the event of one partner's death, the proceeds will give the surviving partner the necessary capital to buy out the business from the other's estate. As well, if your business relies on a key person and that person passes away, a universal life insurance policy can provide a lump sum amount to be used to hire a replacement. This is typically done using term insurance

but the flexibility afforded by the UL allows for multiple variations in planning concepts.

Tax-sheltering corporate investments. For companies with surplus income, a universal life policy can provide shelter from high tax rates on passive investments.

Contact us to discuss whether you – or your portfolio – could benefit from the flexibility offered by Universal Life insurance.

Should you consider Universal Life?

Universal Life insurance can be an attractive option for many investors – how do you determine if you're one of them? If one of the following descriptions accurately captures your goals, Universal Life could provide a solution:

Registered Retirement Savings Plan (RRSP) holders who have surplus income or assets, and have maximized contributions.

Parents or grandparents who want to maximize the legacy passed on to loved ones;

Investors seeking additional opportunities for tax-deferred growth;

Business owners or incorporated professionals looking to protect and enhance the value of their business; or

Business owners or incorporated professionals looking to reduce, defer or eliminate taxation on their passive investments

Individuals or business owners who are looking for supplemental tax-free or tax-efficient retirement income.

*Offered through Canaccord Estate Planning Services Ltd.



Milestone Renovation Update

For the month of June, we embark on our reception renovation project. The project encompasses new flooring, light fixtures, main desk, fireplace, HD TV display and revamped coffee station. We hope this provides for a warm and welcoming experience for everyone who walks through our doors. For your next meeting, why not drop by in person to come and see what we have done.

CANACCORD Wealth Management

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ASSET MANAGEMENT

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