



Do you have dreams
about the future of
your family cottage?

With some planning, you can make
sure that it stays in the family.

BMO  Insurance

We're here to help.™



**Did you
know...**

...that when you die, your assets can be transferred tax-free to your spouse? However, once he/she dies and your assets are ready to be passed on to your children or other heirs, your estate could be faced with a big tax bill that will reduce the value of your estate – possibly forcing the liquidation of the same assets that you had earmarked for your loved ones.

The increasing value of your cottage can mean a growing tax liability. At death, 50% of the increase in value of the property will be taxed.

Unlike your principal residence which is exempt from tax on the increase in its value, your cottage could trigger a significant capital gains tax if transferred into the names of your heirs. Take a look at some of the following examples:

Today...

	Current Market Value	Original Cost	Capital Gain	Tax Payable ¹
Cottage 1	\$200,000	\$50,000	\$150,000	\$33,750
Cottage 2	\$500,000	\$100,000	\$400,000	\$90,000
Cottage 3	\$750,000	\$200,000	\$550,000	\$123,750

In 20 years...

	Projected Market Value	Original Cost	Capital Gain	Tax Payable ¹
Cottage 1	\$361,222	\$50,000	\$311,222	\$70,025
Cottage 2	\$903,056	\$100,000	\$803,056	\$180,688
Cottage 3	\$1,354,583	\$200,000	\$1,154,583	\$259,781

...And if the value of your cottage continues to increase, so will your tax liability.

Without proper planning, the family cottage could leave a financial burden for your children and other heirs. The cottage may have to be sold.



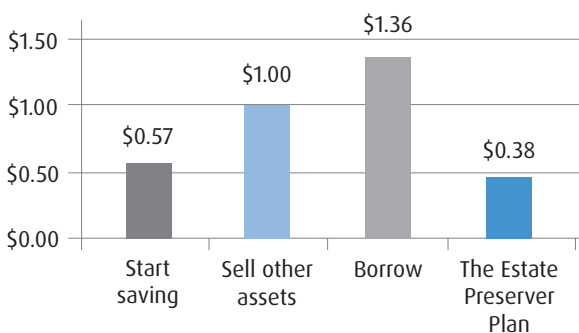


What can you do to find the money to pay the tax?

It's important to weigh the options and decide what's right for you. Here are some alternatives to think about:

- ask your family to start saving for the future tax bill
- borrow from a bank to pay for the tax
- sell other assets from your estate
- the Estate Preserver Plan from BMO® Insurance

Cost per \$1,000 of future capital gains tax²



The first three options are expensive and may not be in line with what you want to happen with your estate.

On the other hand, the Estate Preserver Plan uses life insurance as a cost effective solution to cover the taxes due on your estate. Your beneficiaries can use the lump-sum, tax-free cash proceeds from the insurance policy to offset the tax bill that's due – allowing you to keep the cottage in the family and preserve your estate.

With the Estate Preserver Plan from BMO Insurance:

- You can pick the amount and type of life insurance that makes the most sense for you;
- Depending on the type of insurance, you may also be able to customize premiums to fit with your personal financial goals; and
- You can choose to invest your money in a broad range of investment accounts, which offers tax-deferred growth on investment returns for amounts above the cost of insurance.

Plus, with BMO Insurance, you get affordable and competitive insurance that's backed by the financial strength of BMO Financial Group, one of Canada's most recognized brands.

Our insurance business has a solid history and reputation for being a trusted insurance provider for thousands of Canadians, including their families and businesses. BMO Insurance is confident that we are able to meet the financial obligations we make to all our policyholders.

Our commitment to you

BMO Life Assurance Company, a part of BMO Financial Group, appreciates the opportunity to help you meet your financial needs. We are committed to respecting and protecting your privacy and confidentiality of the personal information you have entrusted to us. It is important for you to understand what information we will collect, how we will use it, and who may see it.



To view our full privacy policy, please visit the privacy section at bmoinsurance.com

¹ Assuming a 45% personal tax rate

² Based on a Male 55 and Female 50 Nonsmoker Joint Last to Die Life Dimensions (Low Fees) Level Cost of Insurance policy (version 33.0) earning a 4% rate of return; savings earning an annual rate of 4%; annual loan interest of 6% and a 45% personal tax rate. Annual Premiums of \$5,694 for 20 years.

The information in this publication is intended as a summary of our products and/or services. Please consult the appropriate policy contract for details on the terms, conditions, benefits, guarantees, exclusions and limitations. The actual policy issued governs. Each policyholder's financial circumstances are unique and they must obtain and rely upon independent tax, accounting, legal and other advice concerning the structure of their insurance, as they deem appropriate for their particular circumstances. BMO Life Assurance Company does not provide any such advice to the policyholder or to the insurance advisor.



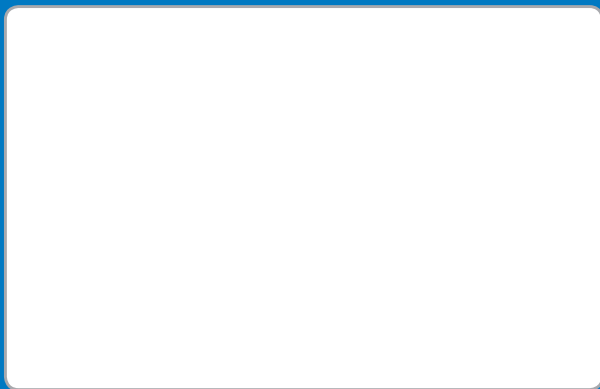
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For more information about BMO Insurance or our products, please consult your insurance advisor or contact us at 1-877-742-5244.



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