

Probate is the legal process that certifies a will so that assets can be transferred to heirs. It can be time-consuming and expensive, as most provincial governments charge a probate fee<sup>1</sup>.

Owning a deferred annuity contract, like Standard Life's Ideal Term Funds, or an individual variable insurance contract, like Ideal Segregated Funds, can help reduce the fees charged to your estate by passing amounts directly to your designated beneficiaries, outside of the estate and the probate process<sup>1</sup>. Beneficiaries also receive their inheritance money faster.

Bypassing the probate process may also result in bypassing accounting, legal and executor fees, keeping even more money for your beneficiaries.

<sup>1</sup> Not applicable in Québec, as notarial wills do not need to be probated by the court and, for holograph wills and wills made in presence of witnesses, probate fees are minimal.

<sup>2</sup> Standard Life Mutual Funds Ltd. does not charge any deferred sales charges for surrender on death of the holder of an individual account.

<sup>3</sup> Registered mutual funds can bypass probate. Not applicable in Québec.

### Probate Fees

- ▶ Fees charged by the provinces for confirming a will is valid and the executor has the authority to act, referred to as "Letters of Probate" (essentially a tax on your estate).
- ▶ There is no limit on fees (except for Alberta, Nunavut, the Northwest Territories and the Yukon).
- ▶ Fees could be as high as 1.553% of your estate.

### Deferred Sales Charges (DSCs) at Death

Unlike most mutual funds<sup>2</sup>, generally no charges are applied to segregated fund contracts at the time of death.

### Executor (or Estate Trustee or Liquidator) Fees

- ▶ In most jurisdictions, executors usually charge a fee of up to 5% on average of the value of the assets transferred under the will.
- ▶ Executors are responsible for locating the will, arranging the funeral, ascertaining names and addresses of beneficiaries and next of kin, finding the assets and liabilities, and tax return preparation.

### Legal Advisor Fees

Lawyers or notaries will often charge a percentage of the assets included in the estate. These fees could range from 3% - 6% of the estate, depending on the complexity of the estate. Lawyers and notaries review the last will and testament and outline how assets are to be distributed. They also provide advice on interpretation issues in the will, advise on the terms of any trusts created under the will, assist with preparing, serving and filing the probate application and prepare, serve and file the application for passing of accounts, where required.

### Accounting Fees

- ▶ For larger and more complicated estates, an accountant may be required to file the final tax returns and ensure the orderly transition of assets.
- ▶ Fees usually range from 2% - 5% of the total estate assets, and will vary depending on the nature of the assets held.

Unlike GICs and most mutual funds<sup>3</sup>, segregated fund and term fund contracts with a named beneficiary do not form part of the estate and death benefits go directly to beneficiaries. They are not subject to any executor, estate trustee/liquidator or legal fees. Accounting fees will be significantly lower (and should generally only relate to the preparation of tax returns).

**Remember... you must name a beneficiary (other than the estate) on your segregated fund and term fund contracts to ensure these assets go directly to the beneficiary and avoid fees and delays.**

## Take a look at how owning segregated and term fund contracts can increase your legacy

The example below compares a \$100,000 investment fund and a \$100,000 guaranteed investment over 10 years. The result shows a \$33,064.61 benefit to the estate using segregated fund and term fund contracts.

### Assumptions:

Non-registered assets. All values are estimates and for illustration purposes only. For every province except Québec, assets are assumed not to be jointly owned with rights of survivorship as this method also allows for probate bypass. For the province of Québec, the legal notion of joint ownership with rights of survivorship does not apply.

Example is based on probate fees in Ontario in effect March 2013.

Estate Taxes on Investments													
Province : Ontario		Life Expectancy : 10 years											
Investment Fund Amount : \$100,000.00		Guaranteed Fund Amount : \$100,000.00											
Additional Management Fee : 0.50 %													
	Mutual Fund		Segregated Fund										
Investment Fund Amount :	\$100,000.00		\$100,000.00										
Life Expectancy :	10 years		10 years										
Rate of Return :	7.00 %		6.50 %										
Additional Management Fee :	N / A		0.50 %										
Fund Value :	\$196,715.14		\$187,713.75										
DSC Charges at 3.00 % :	\$5,901.45		N / A										
<b>Fund Value at Death :</b>	<b>\$190,813.68</b>	<b>A</b>	<b>\$187,713.75</b>										
	GIC		Term Fund										
Guaranteed Fund Amount :	\$100,000.00		\$100,000.00										
Life Expectancy :	10 years		10 years										
Rate of Return :	2.50 %		2.50 %										
<b>Fund Value at Death :</b>	<b>\$128,008.45</b>	<b>B</b>	<b>\$128,008.45</b>										
<b>Total Fund Value at Death :</b>	<b>\$318,822.13</b>	<b>A+B</b>	<b>\$315,722.20</b>										
<b>Total Fees :</b>	<b>\$36,164.54</b>		<b>N / A</b>										
Net Fund Value at Death :	\$282,657.59		\$315,722.20										
<b>Savings :</b>			<b>\$33,064.61</b>										
<b>Total Fees</b>	<table border="0"> <tr> <td>Probate Fees :</td> <td>\$4,282.33</td> </tr> <tr> <td>Legal Fees at 3.00 % :</td> <td>\$9,564.66</td> </tr> <tr> <td>Accounting Fees at 2.00 % :</td> <td>\$6,376.44</td> </tr> <tr> <td>Estate Executor /Liquidator Fees at 5.00 % :</td> <td>\$15,941.11</td> </tr> <tr> <td><b>Total Fees :</b></td> <td><b>\$36,164.54</b></td> </tr> </table>			Probate Fees :	\$4,282.33	Legal Fees at 3.00 % :	\$9,564.66	Accounting Fees at 2.00 % :	\$6,376.44	Estate Executor /Liquidator Fees at 5.00 % :	\$15,941.11	<b>Total Fees :</b>	<b>\$36,164.54</b>
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Your advisor has tools to help you estimate the potential impact on your estate. Ask about the estate planning advantages of owning segregated fund and term fund contracts in your portfolio.

This information is subject to change. Consult a legal advisor for specific information.

Ideal Segregated Funds and Ideal Term Funds are offered under Standard Life's savings and retirement income plans, which are insurance products.

A description of the key features of Standard Life's Ideal Segregated Funds is contained in the Information Folder and Contract. Subject to any applicable death and maturity guarantee, any part of the premium or other amount allocated to an Ideal Segregated Fund is invested at the risk of the contractholder and may increase or decrease in value according to fluctuations in the market value of the assets of the Ideal Segregated Fund.

Commissions, trailing commissions, management fees and expenses may all be associated with mutual fund investments. Please read the simplified prospectus before investing. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated.

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The Standard Life Assurance Company of Canada March 2013

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