Kevin has finally retired and is all set to begin enjoying life at a more relaxed pace following a long career in car sales. At age 60, he feels he still has plenty of time to work through his bucket-list.

Over the past 30 years, Kevin has maintained a close relationship with his financial advisor Dianne and has amassed an investment portfolio which is more than sufficient to support him through a multi-decade retirement.

Since he is no longer contributing to his portfolio and will soon move into the withdrawal phase, Kevin has asked Dianne for a meeting to discuss next steps. Dianne asks questions related to Kevin's expected expenses to help determine his retirement income requirements. They discuss other topics such as potential changes to Kevin's investment risk profile since he won't be able to make up losses from employment income now that he is retired. The answers to these questions allow her to determine the continued suitability of Kevin's portfolio allocations and to recommend changes as necessary.

Now that they have a handle on how much income Kevin will need, Dianne determines that Kevin likely won't spend everything and will still have a considerable pool of assets at death. She calculates the residual value of the estate to be approximately **$2,700,000** (consisting of capital and real assets). Kevin has no children of his own but is close to a niece and nephew and has a favorite charity that he would like to support in his will.

Dianne addresses the issue of the charitable donation first, which she says can be handled in a number of tax-efficient ways. They settle on making the registered charity a simple beneficiary of Kevin's estate. This will trigger a tax-deductible donation receipt which can be used to offset investment income in the year of death or the year immediately preceding.

Kevin has some concerns about the impact of probate and tax on his estate. Together, they calculate this according to figures available online at www.bclaws.ca .They determine the cost of probate will be approximately **$32,250.** Next, they calculate the value of capital gains taxation on the final disposition of Kevin's investments at death to be approximately **$565,000.** The estate tax and probate burdens can be partially offset by the charitable donation, however the remainder will take a big bite out of the benefit that Kevin intended to leave to his niece and nephew.

Dianne introduces a solution which involves the purchase of a whole life insurance policy with a death benefit equivalent to the estate tax/probate burden. Upon successful underwriting, Kevin would purchase a 20pay W/L policy with a face value of $600,000. He will pay the annual premiums for the next 20 years at which time the policy will become self-funding. On death, the policy will pay out the face value to Kevin's estate tax-free since it is an insurance policy. The estate can use the insurance pay-out to cover final taxation and probate expenses thereby leaving a greater benefit to Kevin's beneficiaries.