



INCOME SOLUTIONS | Savings and Retirement

# Gradual Inheritance Strategy

Gradually transfer an inheritance  
to your beneficiaries

When you pass away, the proceeds of your life insurance and/or savings accounts are traditionally paid to your beneficiary(ies) as a lump sum. Depending on your circumstances, you may prefer your beneficiary(ies) to receive their inheritance more gradually.

### This strategy may benefit you if:

- You are worried about how your spouse or children will manage the finances once you have passed away
- You are concerned about passing on a large lump sum death benefit to a beneficiary who is young or inexperienced at managing money
- You would prefer to have your beneficiary(ies) receive a controlled income stream, rather than a lump sum, to ensure that the money is not all spent at once
- You want to provide lifetime support for a financially dependent beneficiary

By using a Gradual Inheritance Strategy you can gradually transfer your death benefit proceeds to your beneficiary(ies).

When electing this option, you are requesting that the death benefit proceeds payable at your death are used to purchase an annuity for your beneficiary(ies). The annuity will pay out the death benefit in a series of guaranteed income payments, over a period of time of your choosing. This strategy utilizes the "Annuity Settlement Option", which is available on all Equitable Life policies.



Instead of a lump sum payment  
to your beneficiary...



...your beneficiary receives a series of  
guaranteed income payments, over a  
period of time of your choosing.

### How does it work?

Complete the **Annuity Settlement Option form # 455**, and indicate how the proceeds of your life insurance and/or savings accounts will be paid. Your decisions will include:

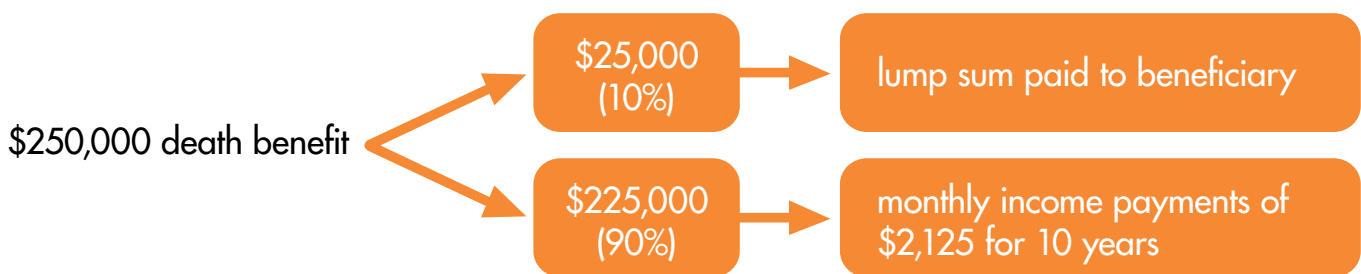
- Who your beneficiaries are (you can name one or multiple beneficiaries)
- What portion of the death benefit will be paid as income payments, and what portion (if any) will be paid as a lump sum
- If the income payments will last for the life of the beneficiary (life annuity), or for a certain number of years (term certain annuity)
- If a trustee will be assigned (not available in Quebec). Trustees are required for minor beneficiaries, but may also be used in other situations, such as when a beneficiary is an individual who has a developmental disability.

Upon your death, your beneficiary(ies) will receive guaranteed income, in the manner you have specified. The beneficiary cannot change the annuity option, or how the proceeds are paid. If at any time you wish to make changes or choose to remove the Annuity Settlement Option, simply provide us with new written instructions.

## Case Study:

Robert has a \$250,000 insurance policy with Equitable Life. He has named his daughter Carrie as the beneficiary, but is concerned that a large lump sum inheritance would be difficult for her to manage. He would prefer that Carrie receive a small lump sum amount at his death, and the rest of the death benefit be paid to her over a period of time.

After discussing the situation with his advisor, Robert decides to use the Annuity Settlement Option. He specifies that 10% of the death benefit will be paid to Carrie at his death, and the remaining 90% will be used to purchase a 10-year Term Certain annuity which will gradually pay the remaining death benefit plus interest, over a 10-year period after his death.



Payment amounts will vary. For illustration purposes only.

## Benefits over a formal trust

Another way of transferring an inheritance over time is to establish a formal trust to control the estate after death. The Annuity Settlement Option can achieve many of the same goals as a trust, with the following advantages:

- No cost to set up
- Simple to establish and has no ongoing management fees
- You can amend the amounts or beneficiary(ies) at any time without having to pay a lawyer to amend or redraft a trust agreement

The Annuity Settlement Option is a simple tool that allows you to have control over the way your death benefit proceeds are paid. It is available as an option on any of our life insurance or savings products. Other benefits include:

- The ability to privately distribute proceeds outside of your will
- Flexibility to provide instructions for multiple beneficiaries
- Predictable, guaranteed income payments made to your beneficiary(ies) for the period of time specified by you

If you are interested in the Annuity Settlement Option, we encourage you to speak to your advisor. They will help you to review and customize your options, and assist you in completing the **Annuity Settlement Option form # 455**.

## Works for me.®

Canadians have turned to Equitable Life since 1920 to protect what matters most. We work with your independent financial advisor to offer individual insurance and savings and retirement solutions that provide good value and meet your needs – now and in the future.

But we're not your typical financial services company. We have the knowledge, experience and ability to find solutions that work for you. We're friendly, caring and interested in helping. And we're owned by our participating policyholders, not shareholders. So we can focus on your interests and provide you with personalized service, security and wellbeing.



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