

What's in a name?

Your guide to structuring and appointing parties to your segregated fund policy



BMO Guaranteed Investment Funds (GIFs) are investment funds wrapped in an insurance contract. One advantage of BMO GIFs is that the death benefit paid by the policy bypasses probate and is transferred directly to the beneficiary of your choice. Bypassing probate saves time and money, allowing for a quick, private and direct transfer of wealth to your beneficiaries. However, in order to avoid probate, a beneficiary must be named correctly.

<p>Policy Owner is the owner of the insurance contract. There can be individual owners or joint owners.</p>	<p>Beneficiary is the person(s) or entities entitled to receive the death benefit.</p>	<p>Annuitant is the person on whose life the maturity and death benefit are determined. A successor annuitant could be named in a non-registered contract.</p>
<p>Joint accounts can be held in two forms, either Tenancy in Common or with Rights of Survivorship. Tenancy in Common offers each owner a specific percentage of ownership in the policy. Joint with Rights of Survivorship provides each owner with an undivided interest in the contract.</p>	<p>A beneficiary designation can be revocable or irrevocable. Naming an irrevocable beneficiary is restrictive and is used to protect the rights of the beneficiary and possibly enhance creditor protection[*].</p>	<p>A policy may have multiple annuitants. Death Benefit is measured and paid out based on the life of the last surviving annuitant.</p>
<p>For policies owned jointly as Tenants in Common, if a policy owner dies before the annuitant, their interest in the policy is transferred to their estate at Fair Market Value, (FMV). Income tax on accrued income and any gains or losses would be payable in the deceased's terminal return and probate costs on the FMV would be payable by the estate.</p>	<p>Contingent Beneficiary becomes the beneficiary of the policy if the primary beneficiary of the policy passes on before the annuitant. Not appointing a contingent beneficiary would result in the beneficiaries estate being entitled to benefits, which would then be subject to probate.</p>	<p>The annuitant and policy holder have to be the same person in a registered account.</p>
<p>For policies owned jointly with Rights of Survivorship, the deceased policy holder's interest is passed on to the surviving policy holders. This transfer bypasses probate but triggers an immediate tax disposition. If the transfer is to a surviving spouse, a rollover applies to avoid immediate tax costs. In other cases income taxes would be payable on the deceased's accrued income for the year and any gains or losses triggered by the deemed disposition.</p>	<p>Designating a beneficiary who is disabled could lower the disability income supplement provided by their province. Many such benefits are income or wealth tested, and if insurance proceeds are included in those tests, the disability income supplements could be forfeited. If benefits are to be directed to a disabled person, consult with a lawyer for the best beneficiary structure to maximize their overall benefits.</p>	<p>Ask your advisor if BMO Guaranteed Investment Funds are suitable for your investment and estate planning needs.</p> <p>BMO Insurance shares the same values that have made our parent, BMO Financial Group, one of the most recognized and respected financial services organizations in Canada. These strong values, along with our culture and vision, continue to be key contributing factors to our past, present and future success.</p>
<p>A corporation may purchase an insurance contract. The corporation should designate itself as the beneficiary in order to avoid taxable benefit issues for the beneficiary in the tax year the death benefit is received.</p>	<p>Designating a beneficiary who is a minor is not advised as the benefits would be controlled by the public trustee for the province. It is preferable to designate a trusted adult, a trustee, or the guardian of the minor as a beneficiary instead of naming the minor directly.</p>	



We're here to help.™

Periodically assess the list of appointed beneficiaries (for revocable beneficiaries only) in your policy. Update this list as circumstances in your life change. Consult a lawyer if you are considering passing assets to an adult child through rights of survivorship. Rights of Survivorship are not available in Quebec. **Any amount that is allocated to a segregated fund is invested at the risk of the policy owner and may increase or decrease in value.**

^{*}Creditor Protection rules depend on legislation and vary by province. It cannot be guaranteed. Please consult a legal advisor for your specific situation. Probate fees may not apply in Quebec.

BMO Life Assurance Company is the sole issuer and guarantor of the BMO GIF individual variable insurance contract. This document provides general information. Please consult the Policy Provisions and Information Folder for details of BMO GIF.