

U.S. estate taxes aren't just for Americans

Canadian investors may become subject to U.S. estate taxes ranging from **18% up to 40%** when they purchase U.S. listed ETFs.

Canadian estates with U.S. assets that exceed \$60,000 may be required to:

- File a U.S. estate tax return
- Disclose worldwide assets if certain credits are claimed
- Pay U.S. estate taxes

CONSIDER THIS CANADIAN INVESTOR		
Assets		
Canadian Assets	Primary home	\$1,000,000
	Life insurance face value	\$1,000,000
	Canadian listed investments	\$2,800,000
American Assets	Vacation home	\$500,000
	U.S. listed investments	\$700,000
Total worldwide assets		\$6,000,000
Total American assets		\$1,200,000
Potential U.S. estate tax		\$425,800*
U.S. estate tax as % of American Assets		35%

*Via the Canada U.S. Tax Treaty, tax credits are available but require affirmative election and full disclosure of worldwide estate assets.

1. Who is impacted?

High net worth Canadians with:

- U.S. assets that exceed \$60,000
- U.S. assets may include real estate, tangible personal property in the U.S., U.S. listed investments, some debt securities
- Worldwide assets may include real estate, equities, ETFs, mutual funds, face value of life insurance policies, some debt securities

2. What is at risk?

- U.S. estate tax for Canadians starts from 18%
- Moves up to 40% for investors with U.S. assets exceeding \$1 million

3. How to protect your assets?

Ordinarily, Canadian listed ETFs are not considered U.S. assets for estate tax purposes, even if they invest in U.S. securities

3 The solution

BMO ETFs is the leading ETF provider to offer Canadian listed, U.S. dollar, U.S. investment options that provide the same exposure as U.S. listed ETFs, but are not subject to U.S. estate taxes.

Corporate Fixed Income	Ticker	Management Fee
BMO Mid-Term US IG Corporate Bond Index ETF (USD Units)	ZIC.U	0.25%
Broad Market U.S. Equity	Ticker	Management Fee
BMO Low Volatility US Equity ETF (USD Units)	ZLU.U	0.30%
BMO US Dividend ETF (USD Units)	ZDY.U	0.30%
BMO S&P 500 Index ETF (USD Units)	ZSP.U	0.10%



Exchange Traded Funds

Key considerations

Foreign income reporting – Form T1135

Form T1135 is a mandatory filing for any Canadian investor with certain foreign property such as U.S. listed ETFs.

Who is impacted?

Canadian resident investors that, at any time during the year, own certain foreign property with a total cost over \$100,000.



The solution

BMO ETFs are not considered foreign property, even if they invest in foreign securities. Thus, Canadian resident investors do not need to complete and file the T1135 form for BMO ETFs.

Currency considerations

BMO ETFs provides the full range of currency and hedging options so investors can execute their specific investment strategies. In addition to choice, investors benefit from minimal currency conversion costs as currencies are converted at institutional rates.

	Broad U.S. Market	U.S. Dividend	U.S. Low Volatility Equity	U.S. Corporate Fixed Income
USD Option	BMO S&P 500 USD traded ZSP.U	BMO US Dividend USD traded ZDY.U	BMO Low Volatility US Equity USD traded ZLU.U	BMO Mid-Term US IG Corporate Bond USD traded ZIC.U
Unhedged CAD Option	BMO S&P 500 unhedged ZSP	BMO US Dividend ETF unhedged ZDY	BMO Low Volatility US Equity unhedged ZLU	BMO Mid-Term US IG Corporate Bond unhedged ZIC
Hedged CAD Option	BMO S&P 500 hedged to CAD ZUE	BMO U.S. Dividend hedged to CAD ZUD		BMO Mid-Term US IG Corporate Bond hedged to CAD ZMU

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