



Your Segue into Segregated Funds

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Segregated funds have evolved considerably in recent years. All types of equity, fixed income and balanced mandates that once only existed as a mutual fund, now boast their equivalent within segregated funds. That is fantastic news since segregated funds have a long list of benefits for the investor. In fact, using a segregated fund as an investment vehicle opens the door to a host of features that offer protection throughout your life and beyond - most of these features are unique to insurance-based investment products and may not be available through traditional investments like a GIC or mutual fund.

One advantage of the segregated fund is that it offers the ability to guarantee up to 100% of the invested amount upon death or maturity. Not only that, but the account holder – that's you - can reset their guarantee amount periodically throughout the holding period. Here's an example: let's say you deposit \$100,000 into a segregated fund and that amount increases to \$105,000 after one year. You can then lock-in the value at \$105,000 and regardless of how the market fluctuates, your \$105,000 is guaranteed. Something to keep in mind is that, like maturity and death guarantees, the frequency of resets can vary between carriers so make sure to ask lots of questions.

a beneficiary to receive their portion of the inheritance when a will is probated – this is not the case with segregated funds; all assets go directly to your named beneficiary without delay.

Probate fees are not the only fee that can be avoided with a segregated fund. In some cases, a fund is purchased on a DSC (deferred sales charge) basis. That is, you are forced to pay a penalty if assets are redeemed early, even upon death. With a segregated fund, the DSC penalty is waived upon death of the annuitant.

And here's something interesting - did you know that your death is a matter of public record when a will is probated and anyone can gain access to your estate and beneficiary designations? Many people feel quite uneasy about this and consider this access a breach of privacy. By investing in a segregated fund, your beneficiary designation and percentages are always confidential.

There's more. Investments held through an insurance carrier can offer you unique protection from creditors. Throughout your life, your investment is protected in the event of bankruptcy or lawsuit, provided your beneficiary is an immediate family member. Upon death, your investment is paid directly to your beneficiaries, entirely bypassing the estate and any creditors who may have a claim to the estate. Long live the seg fund!

To find out more about the value of segregated funds, read [Growing and Protecting Your Retirement Savings](#), including a short video about investments.

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