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## Seven steps to becoming a wealth creator

A *Wealth Creator* controls the financing function in their lives. They do this by controlling a pool of capital with which they can leverage to access capital if and when needed. To become a Wealth Creator, one first needs to rethink their thinking when it comes to money and how to finance major capital purchases.

Many people give up their capital to pay for items in order to avoid borrowing and paying interest. However, by giving up their capital they have permanently given up the ability to earn interest on that capital. An orchardist would never chop down their apple tree as they want their apple tree to produce fruit for them long into the future. Similarly, the Wealth Creator never chops down their financial tree, therefore earning interest on their capital in perpetuity.

Understanding that **we finance everything we buy, we either pay interest or we give up interest** is crucial to becoming a Wealth Creator. This brochure helps guide you through the Seven steps to rethink your thinking, identify the problem, understand the tool and mindset needed to become a Wealth Creator.

The benefit of these action steps is that through the process you will complete your due diligence. You might even decide by the end that this isn't right for you and that is ok. When you have completed these actions, you will be able to make that important decision with confidence.

### Here is a summary of all seven steps:

1. Read BYOB, our articles, and watch our videos.
2. Identify the most vexing problems in building wealth.
3. Update your net worth and tax liability projections.
4. Decide: Would you like to Increase, Flatten or Reduce (IFR) your current and future tax liability?
5. Identify the tool needed to become a Wealth Creator.
6. Determine the funding strategy.
7. Design your tax-exempt, Participating Whole Life Insurance Policy, and implement.

## 1 Step 1: Read BYOB, our articles, and watch our videos.

[Click here](#) or visit us at [www.kirkpatrickwealth.com](http://www.kirkpatrickwealth.com) to read our articles and watch our videos. After you have reviewed the above items, you should be able to answer the question in Step 2:

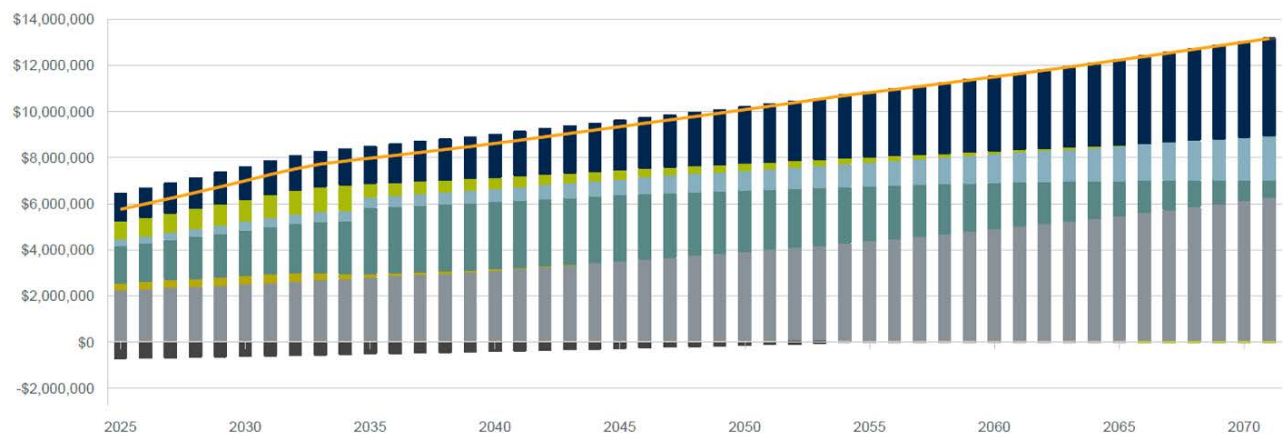
## 2 Step 2: Identify the most vexing problems in building wealth.

In the items you reviewed in Step 1 you will have come across a few problems that we are faced with in the wealth building process. It is key to understand and identify these problems because **unless you understand the problem, the solution won't matter to you**. Taxes eroding your family's wealth, negative returns interrupting the growth and compounding of your wealth, and the constant transfer of capital away from your family and business, are just some of the most vexing investment problems the Canadian investor faces.

## 3 Step 3: Update your net worth and tax liability projections.

We use a sophisticated planning tool called myGPS (Goals, Priorities & Solutions) which will help you see your current financial position and show the growth of your assets over time. Your myGPS plan will look similar to the image below:

Projected Net Worth - Graph



It is important to visualize where we are going financially speaking. The myGPS plan raises many discussion points such as, what do we want to do with this wealth? Do we want to give more to the next generation or charity? Do we want to give more now or later? What is the most tax efficient way to do so?

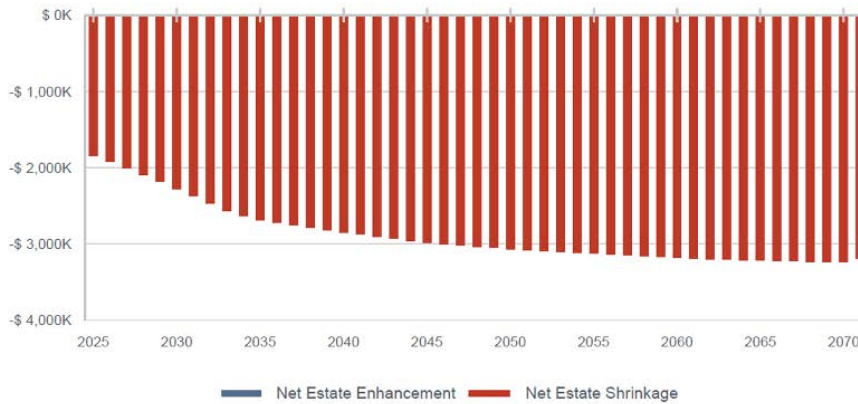


[Click here](#) or scan the QR code to set up a time to meet virtually with us in order to prepare your financial projections.

The year of death is the year that Canadians pay the most amount of tax. As you look at the increasing value of assets in the chart above, consider this: what other item is also increasing along with the assets? You guessed it, it is the future tax liability just slowly ticking its way upward like a ticking tax time bomb ready to go off when the above investor graduates from this earth. The myGPS output below helps us visualize the growing tax problem

### Combined Personal and Corporate Estate Impact Analysis

Combined Personal and Corporate Estate Impact Graph visualizes the projected estate tax liability on the accrued capital gains of the deemed sale of non-registered, real estate, lifestyle assets, corporate asset, and deregistration of registered accounts, net of any insurance proceeds.



The analysis estimates taxes and funeral costs less current life insurance (but not mortgage insurance) if you both die in any year.\* All values are rounded up to the nearest \$1,000.

#### Current Combined Estate Impact Analysis

The net decrease on your estate should you die immediately is:  
**\$1,842,000\*\***

#### Estate Shrinkage At Survivor Life Expectancy (95)

The net decrease on your estate should the survivor die at age 95 is:  
**\$3,188,000\*\***

#### Consideration - Maximum Combined Personal and Corporate Estate Shrinkage

The maximum estate shrinkage from 2025 to 2071 occurs in 2070 and is:  
**\$3,233,000\*\***

When you see the tax liability increasing over time, how does it make you feel? Is one of your goals to pay the most amount of tax as possible on your passing? If not, please proceed to the next step.

## 4 Step 4: Decide: Would you like to Increase, Flatten or Reduce (IFR) your current and future tax liability?

If you would like to increase your current and future tax liability, then you do not have to take any more action. If on the other hand, you would like to flatten or reduce the tax liability, we need to find a tax-exempt account to shelter money that is currently in taxable accounts. We also need to find a place to warehouse future deposits and future windfalls from tax as well.



If you don't like paying tax, then stop putting your money where it can be taxed!

## 5 Step 5: Identify the tool needed to become a Wealth Creator

Imagine you could place your wealth into an account that would grow free of tax. Imagine that the account would go up in value everyday for the rest of your life. Wouldn't it also be nice if you had liquidity use and control of this pool of capital when your family needed it the most: to help out in the case of an emergency or to help you act on an opportunity. What a peaceful and stress-free way of life that would be. It would also be very reassuring if this account had a very long, stable and reputable history.

Since 1847 Participating Whole Life Insurance has been providing Canadians access to an account that provides all of the above attributes. For this reason, Participating Whole Life Insurance is the ideal tool that the Wealth Creator needs to store their capital and take control of the finance function in their lives.

## 6 Step 6: Determine the funding strategy

In this step we need to identify the money that will be directed into your Participating Whole Life Insurance Policy. The good news is that you do not need to come up with any new money to do this if you have already invested in existing personally-held or corporate-owned taxable accounts. If that is the case, we can simply shift funds from the taxable account into the tax-exempt policy. If not, we can look to see where funds are currently being directed.

As we consider your funding strategy, think about the amount of money flowing to the below areas:

- Extra mortgage payments
- Vacation funds
- Savings accounts
- Registered accounts
- Taxable investment accounts
- Car funds
- Extra payments to debts
- Emergency funds
- Renovation funds
- Mortgage or creditor protection
- Other insurance policies

All the funds being directed to the above areas can be redirected into your tax-exempt policy. One must also consider “windfall events” such as the sale of a property, business, inheritance, tax refund etc. It is important to have a tax-exempt warehouse ready to store the cash from these potential windfall events.

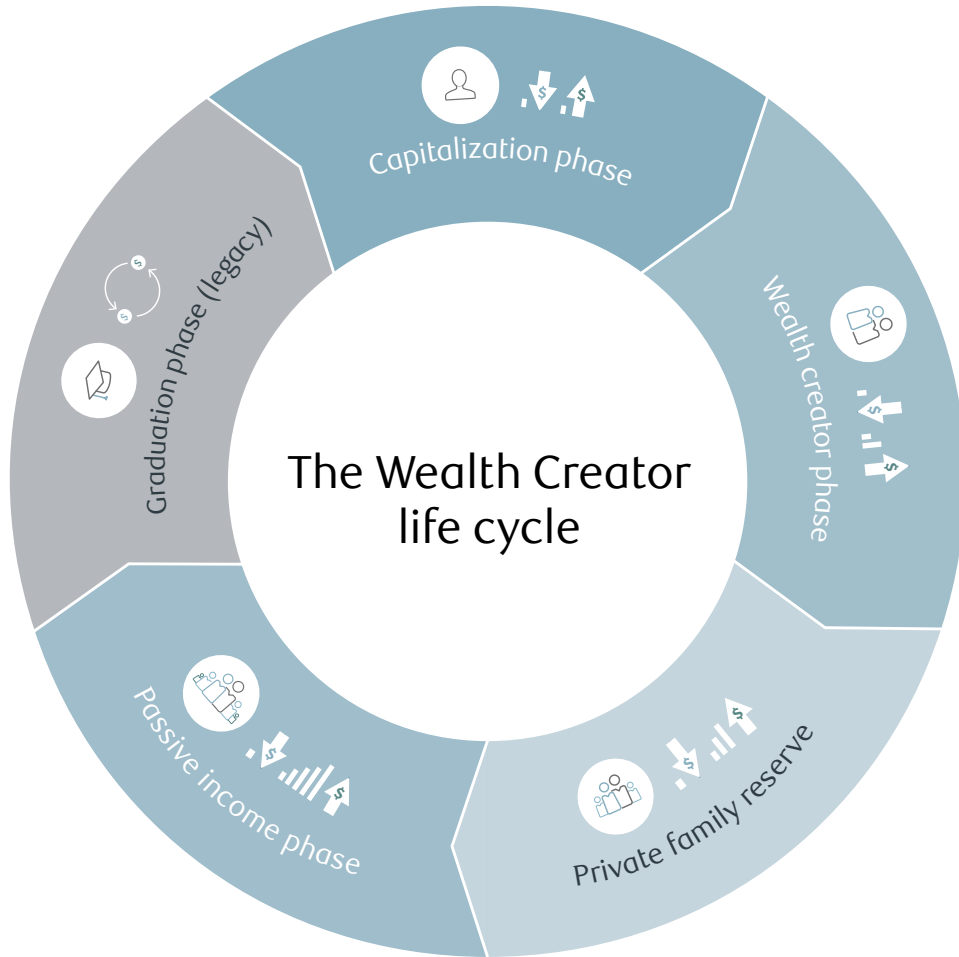
## 7 Step 7: Design your tax-exempt, Participating Whole Life Insurance Policy, and implement


We will use the information in your myGPS projections and from the above steps to help us design your own tax-exempt, Whole Life Insurance Policy. We will review all the insurance companies you can choose to work with and help you decide which is the best one for you. We will figure out who should be the owner of the policy: you? your spouse? your business? When deciding who will be the owner of the policy, and the death benefit amount, we want to ensure that your family and or business are protected and that we are being as tax efficient as possible.

We will then decide what life to insure: you? your spouse? a child or grandchild? a key person in your business? We will figure out who will be the beneficiaries and the contingent beneficiaries knowing that we can update those later if needed. We also will figure out the ideal amount of premium to add to the policy and over what time frame. Using the insurance company’s illustration tools, we can see what your projected cash values and death benefits will look like. Once we have settled on the ideal policy design, you can apply for the policy.



[Book a meeting with us](#) or scan the QR code to review the above items.



 Death and taxes are the only two certainties in life – **what are you doing to plan for them?**