

Farm-succession planning

Have you dedicated your life to your farm's success and want that success to continue after you're gone? Your advisor can help you create a succession plan that ensures an orderly transfer of your farm assets to the next generation, in a fair and tax-efficient way.

Fair versus equal

It's important to treat all heirs fairly. In farming, however, fair doesn't always mean equal distribution of the farm property among heirs. An equal division of assets may leave the farm unviable. It can also lead to tensions between active and inactive farming heirs, such as:

- **Heirs may inherit an equal portion of the farm**, but not all heirs actively maintain it or are interested in doing so.
- **A farming heir may have to rent land** from other family members or borrow money to buy them out.
- **Some land may be deemed more valuable** than other land, which makes it difficult to split evenly.

How can life insurance help?

Life insurance can play a helpful role in farm-succession planning, as a cost- and tax-effective way to divide an estate fairly: when farming heirs take over the farm and inherit the farm assets, non-farming heirs receive the benefit of the life-insurance policy.

Here's an example of how a life insurance-policy can cost significantly less than other succession options, over time:



- **You purchase life insurance (for 20 years)¹**
 - 1-million policy
 - Monthly cost: \$1,863
 - **Total cost: \$447,228**



- **You save funds to create a legacy (for 20 years)**
 - \$1 million (after tax on investment earnings)²
 - Monthly cost: \$3,575
 - **Total cost: \$857,975**



- **One heir borrows money to pay out other heirs**
 - 1-million mortgage over 20 years³
 - Monthly cost: \$6,571
 - **Total cost: \$1,577,100**



Protect your life's work and your legacy.

Create a farm-succession plan that includes life insurance.



¹In Quebec an advisor is referred to as a representative. ²The Co-operators Infinity Term[®] insurance policy for 20 years; male, non-smoker, age 65; female, non-smoker, age 65. Premiums continue as long as the policy remains in force. Premiums are subject to change. ³3% average rate of return over 20 years, 50% tax rate on passive income. ⁴5% average cost of borrowing over 20 years. Life and Health insurance products are offered by Co-operators Life Insurance Company. Co-operators Life Insurance Company is committed to protecting the privacy, confidentiality, accuracy and security of the personal information that it collects, uses, retains and disclose in the course of conducting business. Note that this brochure is for informational purposes only and is not a substitute for required suitability assessments. Life insurance may or may not be suitable to assist with farm succession planning as individual circumstances may vary. In all cases, advisors should follow their normal procedures to consider all individual factors before recommending life insurance. [Please visit cooperators.ca/privacy for more information.](https://www.cooperators.ca/privacy) L0034MGA(10/23)

Ready to chat? Talk to your Advisor* today.