



A **testamentary trust** can provide continuing financial security for your loved ones through the ongoing professional management of your assets, the security of creditor protection, and a responsible and tax-efficient approach to distributing your wealth.

## Benefits at a glance

- ▶ **Specialized.** Benefit from the objective advice of specialized trust and estate planning specialists with experience in meeting the needs of physicians.
- ▶ **Reassuring.** Feel confident that your wealth will be used to benefit your loved ones according to your specific instructions.
- ▶ **Tax-smart.** Create a tax-efficient stream of income for your future heirs.
- ▶ **Expertly managed.** Work with professionals who can help you implement the right trust strategy and expertly manage the assets within the trust.

## Continue to support your heirs

A testamentary trust is created through your will to direct exactly how your estate's assets will be managed and distributed to your beneficiaries. Your beneficiaries do not receive a single lump sum inheritance through such a trust. Rather, your trustee will distribute funds to them in a tax-efficient manner according to the amount and timing you specify.

For example, you may wish to ensure that your spouse or a dependent child will receive regular income payments for life. Or you may wish to protect young children or grandchildren from receiving more money than they can responsibly handle all at once. Often, testamentary trusts are used to provide for the long-term living, medical and other expenses of adult children with special needs, such as a disability or substance dependency.

Whatever your family's unique situation may be, your MD estate and trust advisor can establish a trust strategy with terms that are custom-tailored to your needs. And, by appointing MD Private Trust as your professional trustee, you can be sure that experienced and caring professionals will always be there for you and your family.



## Potential testamentary trust strategies

Your MD advisors can help you establish a testamentary trust strategy that meets the specific needs of you and your beneficiaries.

- ▶ Provide ongoing, tax-efficient financial support to a spouse, child or grandchild.
- ▶ Continue to care for a disabled or infirm family member.
- ▶ Specify the age at which a child or grandchild can access their inheritance, or direct the funds to a specific use, such as education funding.
- ▶ Create a legacy for a valued charity or alma mater.
- ▶ Protect a child's inheritance from legal actions that might arise from personal, business or marriage-related issues.

*Ask your MD advisor how a testamentary trust can provide continuing financial security for your family.*

## Tax-efficient income for life

Dr. Abel intends to leave a significant inheritance to his daughter, but he's concerned that she won't have the knowledge and resources to manage this wealth on her own.

Dr. Abel's MD advisor recommended amending his will to transfer \$500,000 of his assets into a testamentary trust when he dies. In accordance with the terms of the trust, MD Private Trust will ensure that Dr. Abel's daughter receives steady annual income, and the investment experts at MD Private Investment Counsel will take care of all the day-to-day investment decisions required to manage the assets of the trust.

In addition, since a testamentary trust is considered a separate taxpayer, the assets within the trust will be permitted to grow in a more tax-efficient manner than if Dr. Abel's daughter had inherited a lump sum and held the assets in her own name.

### Pay less tax when distributing wealth

Assuming Dr. Abel's \$500,000 trust earns a 5% annual return, the trust could cut his daughter's annual tax bill by almost 50%.\*

	Assets held by daughter	Assets held by testamentary trust
<b>Who is taxed?</b>	\$25,000 in annual investment earnings added to daughter's taxable income	\$25,000 in annual investment earnings taxable to the trust
<b>How much tax?</b>	Depending on province and marginal tax rate, income could be taxed at 43%	Income earned in the trust taxed at approximately 22%
<b>Bottom line</b>	<b>\$10,750 annual tax bill</b>	<b>\$5,500 annual tax bill</b>

### Take our advice

MD Physician Services has been helping physicians make beneficial estate planning decisions for nearly forty years. No other organization is in a better position to help you make trust planning part of your overall wealth management strategy.

**Please ask your MD advisor for a confidential assessment of your personal trust planning opportunities.**

\* The scenario herein is based on average tax rates. The actual amounts may be higher or lower based on your specific situation. The information in this article is presented for illustrative purposes only. The names and figures used do not represent actual clients.

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Estate and trust services offered by MD Private Trust Company, a CMA company.

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