Video transcript

What is a segregated fund?

What is a segregated fund contract and how does it work?

Segregated funds are similar to mutual funds, since they offer exposure to a wide variety of investment options like stocks and bonds. All under the watchful eye of a portfolio manager.

But unlike mutual funds, a segregated fund is an insurance contract which holds investments and is an estate planning tool all in one.

An important feature is that you can name a beneficiary on the contract. This means that should the worst happen, your assets in the segregated fund flow directly to your named beneficiary - bypassing the often-lengthy and costly probate and estate settlement process.

Segregated fund contracts also offer an annuity settlement option. If you have concerns about leaving a lump sum behind, you can leave instructions for your beneficiary to receive a monthly payment from the proceeds for a set amount of time or for their lifetime.

Segregated funds help preserve confidentiality, as payments made to beneficiaries of an insurance contract don't flow through the estate and tend to be a private matter.

Having an estate plan is important. Speak to your advisor about including segregated fund options in your portfolio.

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