



Passing the torch

A practical guide to building and preserving **generational wealth**



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Introduction

You've spent years growing your wealth through careful decisions and strategic investments. But what happens when it's time to pass the torch? Without a clear plan, your hard-earned legacy could erode within a generation. This guide walks you through everything you need to know about securing your financial future—not just for yourself, but for the generations that follow.

NAVIGATING THE “GREAT WEALTH TRANSFER”

Baby Boomers, holding 47% of Canada's wealth, are retiring in record numbers. By 2026, an estimated \$1 trillion will be transferred to the next generation.¹ Yet many families lack a plan, risking tax burdens and wealth dissipation.

A Vanguard-Angus Reid survey highlights a striking reality: 31% of Canadian adults aged 18-34 consider an inheritance crucial to achieving their financial goals, with 61% specifically relying on it to meet their investment targets. Despite this growing dependence on generational wealth, 49% of Baby Boomer parents acknowledge that passing on an inheritance is essential for their children's future—yet one in four have no plan in place, and only 15% are actively working with an advisor to structure their wealth transfer.²

Without structured planning, much of this wealth could be lost to taxes, poor investments, or financial illiteracy. A solid transfer strategy is key to preserving financial security across generations.

✓ Key building blocks for generation wealth

Use this checklist to guide your family's journey toward generational wealth. While each family's approach may vary, these fundamental building blocks will help ensure your wealth is preserved and passed down effectively:

- ❑ **Strengthen your financial foundation:** Maintain a clear understanding of your income, assets, and long-term financial goals.
- ❑ **Build a tailored investment strategy:** Diversify your portfolio in alignment with your risk tolerance and future legacy aspirations.
- ❑ **Maximize tax efficiency:** Work with professionals to structure your estate in a way that minimizes tax liabilities and preserves wealth.
- ❑ **Foster financial literacy:** Educate your heirs on smart money management, investment strategies, and estate planning.
- ❑ **Review and adapt regularly:** Meet with your financial and legal advisors annually to ensure your plan remains relevant and effective.

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Planning Your Legacy Today

Even with decades of financial experience, ensuring your wealth continues to grow and transition smoothly requires ongoing strategy and refinement. While you've successfully built and managed your financial portfolio, optimizing your wealth for the next generation means taking a proactive approach—evaluating investment opportunities, mitigating risks, and ensuring your assets are structured to preserve and sustain your legacy.

DEFINE YOUR LONG-TERM VISION

Wealth is more than numbers on a balance sheet—it's a tool to support your values, provide for your family, and create lasting impact. Establishing clear financial targets for retirement, philanthropy, and intergenerational wealth transfer ensures your capital remains aligned with your objectives.

Even in retirement, adapting your strategy to shifting market conditions and personal circumstances will help maximize what you can pass on to future generations.

MAINTAIN FINANCIAL DISCIPLINE

Routine assessments of expenses and cash flow can identify inefficiencies that quietly erode wealth over time. While significant investments often take precedence, small inefficiencies—such as underperforming assets, outdated financial structures, or unnecessary expenses—can add up.

Maintaining a well-structured, tax-efficient spending and investment plan ensures that more of your wealth continues working for you and your heirs.

LEVERAGE STRATEGIC DEBT MANAGEMENT

Not all debt is detrimental—strategic leverage can be an effective wealth-building tool. However, ensuring that all liabilities are structured in a tax-efficient, low-cost manner is essential.

High-interest, inefficient debt should be systematically eliminated or refinanced where possible. By actively managing borrowing costs and leveraging financing where beneficial—such as in real estate or business expansion—you can potentially enhance returns while preserving liquidity.



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PLANNING YOUR LEGACY TODAY CONTINUED

ENSURE SUFFICIENT LIQUIDITY

While long-term investments drive sustained growth, immediate liquidity is equally important. A well-structured portfolio includes accessible reserves to navigate unexpected market shifts, seize timely investment opportunities, and provide flexibility for major life events.

Having a liquidity buffer—beyond your typical emergency savings—protects your wealth from the need to sell investments at inopportune times, which could erode your portfolio's value. By planning for sufficient liquidity, you ensure that your assets remain intact and can continue to serve future generations, even in the face of unforeseen circumstances.

CULTIVATE FINANCIAL LEADERSHIP WITHIN YOUR FAMILY

Wealth preservation extends beyond financial strategies—it requires a knowledgeable and prepared next generation. A well-educated family understands the principles of investment management, risk assessment, tax efficiency, and estate planning.

By fostering early financial literacy and engaging your heirs in wealth discussions, you ensure a seamless transition that preserves and grows the family legacy.

Exclusive investment opportunities

Discover a *sophisticated approach to generational wealth* with Skyline's private offerings. Schedule a consultation today.

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Securing Your Legacy Through Estate Planning Essentials

A well-structured estate plan can ensure your wealth is preserved, transferred efficiently, and aligned with your long-term legacy goals. Without careful planning, assets can become subject to unnecessary taxes, legal disputes, or delays in distribution. By implementing key estate planning strategies, you can protect your family's financial future, minimize tax burdens, and ensure a seamless transition of wealth to the next generation.

BENEFICIARY DESIGNATIONS

This crucial step in creating your estate plan determines who will receive your assets—including retirement accounts, insurance policies, and other financial accounts—when the time comes. Because life is never static, keeping these designations up to date is crucial. Marriage, death, divorce and the birth of children can all impact beneficiary designation, so good record-keeping can eliminate significant complications down the road.

WILLS

Getting your will in order is a non-negotiable for investors looking to build generational wealth. These legal arrangements provide your trustee and benefactors with clear direction once you are gone. Especially with larger estates, keeping wills up to date is essential. Assets change and so do family structures and dynamics. While having a will does not eliminate all conflict, a clear and comprehensive will can help.

JOINT TENANCY WITH RIGHT OF SURVIVORSHIP

If you co-own property, this legal arrangement may be a wise choice as it can help reduce the tax burden and ensure a smooth transition. When one owner dies, the other owner(s) automatically inherit the deceased owner's share rather than having to go through the estate.



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TRUSTS

Trusts are legal arrangements that allow an individual (e.g., you) to transfer assets to a third party, called a trustee, with that person managing the assets for the beneficiary—either for life, or until the beneficiary reaches a certain age. Establishing trusts is typically wise for high-net-worth individuals and they can also be a powerful tool for estate tax planning.

Many [alternative investments](#) in Canada—like real estate, artwork, and private equity investments including private [real estate investment trusts \(REITs\)](#)—can be incorporated into trusts. By placing these investments in trust, you may reduce their taxable value, thereby reducing your estate taxes.



If your legacy plan involves leaving assets to charities, you might want to consider setting up a [Charitable Remainder Trust \(CRT\)](#). This can be a good way to ensure that charitable giving strategies keep giving for years to come. Like any trust, CRTs can hold a variety of assets such as real estate and private investment products and are managed by a third party. You can also configure these trusts so that they pay income to your beneficiary until their death, with the remainder going to the charity at that time.

You've built your wealth—now ensure it lasts for generations

Contact us to learn how Skyline's private alternative investments can be *part of your lasting legacy.*

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Preserving Your Wealth with Tax Planning

Accumulating wealth is only part of the equation—how you protect and transfer it determines whether it lasts for generations. While Canada does not impose a formal estate tax, poor planning can result in significant tax liabilities, eroding the value of your estate before it reaches your heirs.

CAPITAL GAINS TAX: PROTECTING HIGH-VALUE ASSETS FROM EROSION

For high-net-worth investors, capital appreciation is a cornerstone of wealth-building—but without strategic planning, a significant portion of those gains can be lost to taxation. Upon passing, assets such as investment properties, private equity holdings, and alternative investments are deemed disposed of at fair market value, triggering capital gains tax.

Capital gains on significant assets

Consider a scenario where you acquired a commercial property for \$5 million, and by the time of your estate transfer, its market value has increased to \$9 million. Your estate is now liable for tax on the \$4 million gain—a substantial financial impact if not planned for effectively.

- **For individuals:** The first \$250,000 in capital gains is taxed at a 50% inclusion rate, while any amount beyond that is taxed at 66.67%.
- **For corporations and most trusts:** The 66.67% inclusion rate applies to all gains, regardless of value.



Potential Upcoming Changes: Capital gains tax rates may increase by January 2026—making proactive estate structuring more important than ever to protect high-value assets.³



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Potential strategies to minimize capital gains tax

- **Holding company structures:** Transferring investment properties, private equity, or alternative assets into a holding company can provide tax deferral advantages.
- **Intergenerational wealth transfers:** Gifting or gradually transferring ownership of appreciating assets to family members or a trust can help spread tax liabilities over multiple generations.
- **Trust planning for asset protection:** A family trust can ensure tax-efficient capital gains management while offering protection from creditors, legal disputes, or unintended estate distribution.
- **Lifetime Capital Gains Exemption (LCGE):** Business owners may be eligible to shelter up to \$1.25 million in capital gains (as of 2025) from taxation.⁴
- **Charitable gifting strategies:** Donations of appreciated securities or real estate can create significant tax benefits while advancing philanthropic goals.



Capital gains tax is one of the most significant financial considerations in estate planning—but with the right structures in place, you can reduce the tax burden and ensure your legacy is passed on efficiently.

✓ **TIP:** Don't forget to plan for probate fees

While this is not a tax per se, probate fees should also be considered in your legacy planning. Probate is the legal process that validates the will and administers the estate. Typically, these fees are calculated as a percentage of the estate's value and this amount can vary from province to province. There are a few ways to avoid probate for certain assets—for example naming beneficiaries directly on accounts or arranging for joint ownership of financial products.

TAXATION ON RRSPs, RRIFs, AND PENSION TRANSFERS

Registered funds, including Registered Retirement Savings Plans (RRSPs) and Registered Retirement Income Funds (RRIFs), as well as pensions, are taxable when transferred upon death.

These accounts are subject to income tax and will also be reported in your final tax return. To minimize the tax payable, you may wish to leave it to a spouse, dependent child, or grandchild to optimize tax-deferred growth.



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LIFE INSURANCE TAXATION

Life insurance payouts are generally tax-free, provided beneficiaries are named directly on the policy. However, if the policy is part of the overall estate or held within a trust, it may be subject to additional taxation or distribution considerations.



Need guidance?

Navigating estate taxes can be complex, and your tax professional can help you develop an effective plan to protect your wealth for future generations. Contact us to learn more about how *Skyline's tax-efficient investment products can support your strategy.*

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Minimizing your estate taxes

Tax is inevitable, but there are several ways to ensure your estate is distributed in a tax-efficient manner, including the use of RRSP and TFSA strategies, and gifts.

Using Tax-Free Savings Accounts:

Investments held in TFSAs, which can include private REITs, grow tax-free, and withdrawals (including the value at the time of death) are also tax-free.

Gifts before death: To reduce the overall size of your estate (and by extension the amount of tax that will need to be paid on it) some investors choose to gift their beneficiaries smaller amounts while they are still living. Just keep in mind there can be capital gains tax planning to do to efficiently make these transfers.

Monitoring the value of your assets: This is especially important when leaving things like investments, which can fluctuate in value. Having periodic appraisals and keeping detailed records that can be easily accessed by family can reduce investment risk.

Utilizing the Lifetime Capital Gains Exemption (LCGE): If you have invested in a small business, farming, or fishing property, you may be eligible for [LCGE](#), which allows you to exempt up to \$1.25 million from your estate (as of 2025).

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Preparing Your Heirs

As you know very well, wealth does not just happen. Generating it—and nurturing it—takes knowledge and thoughtful decision-making. To set your beneficiaries up for long-term success (and to give yourself peace of mind), education, communication, and transparency are essential.

TEACH FINANCIAL LITERACY EARLY

As early as possible, start teaching your children and grandchildren about how money works. Start with the basics of saving and budgeting and then gradually introduce more advanced topics like debt management and opportunities for compound growth. As they mature, you can educate them on different asset classes, including stocks, bonds, and [alternative investments like private real estate and infrastructure](#).

ENCOURAGE YOUR FAMILY TO GET INVOLVED

Hands-on experience can empower your family to make informed financial decisions for generations to come. You may want to set up regular family check-ins to share important updates on portfolio performance, diversification, and goals. When you do, take time to explain the rationale behind bigger decisions like rebalancing or making changes to asset allocation.

The next generation can also take part in attending investment seminars or meetings hosted by your wealth management professionals. This allows them the opportunity to ask questions to gain a better understanding of your portfolio. All of this helps build deeper financial knowledge, allowing your family to make informed financial decisions for generations to come.



All family members can benefit from fostering financial literacy. However, those directly inheriting wealth should be the most actively involved.

This can be achieved through formal financial education, mentorship from trusted advisors, or hands-on experience with the family business.

Good succession planning—both family and business—helps develop the skills needed to manage and grow family wealth.

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CREATE A FAMILY WEALTH MISSION STATEMENT

Creating a family wealth mission statement can serve as a guiding framework for managing wealth across generations. A well-defined statement helps unify decision-making, provides clarity for professional advisors, and offers direction when navigating financial disputes or unexpected situations.

Take time to discuss key priorities and values. Is charitable giving important? Do you want to prioritize environmentally responsible investments such as [clean energy funds](#)? Do you want to prioritize Canadian investments like domestic [REITs](#)? Is there a family heirloom that absolutely must be passed down in a certain way? Your mission statement can act as a North Star for decision-making as plans evolve. By aligning on these principles, you create a framework for decision-making that can evolve with your family's needs while staying true to your long-term vision.

Designed to complement estate documents, it articulates the intentions behind your estate planning goals, ensuring that your family's values and vision remain at the core of wealth management decisions.

We're here to help

Book a family meeting with one of our expert Relationship Managers to learn more about how *Skyline investments can support your family's goals.*

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Your Family's Financial Workbook

Creating a lasting financial legacy starts with knowledge. This workbook is designed to help you and your family understand the fundamental principles of wealth management, from budgeting and debt management to investment diversification and tax efficiency. Equip the next generation with the tools they need to make informed financial decisions and sustain your family's wealth for years to come.



FINANCIAL FOUNDATIONS

- **Staying in the black:** Teach your children and grandchildren that while some debt is inevitable (business loans, mortgages), it should always be kept in check with a solid debt management strategy. [The best practice is to address high-interest debt \(e.g., credit cards\) first](#), then look at refinancing any existing high-interest loans.
- **Keeping an emergency fund:** Liquidity (easily accessible cash) is essential in the event of unpredictable life events. Having an emergency fund—at least three to six months of savings in an accessible account—will make your beneficiaries less vulnerable and may prevent them from having to sell off investments prematurely or take on new debt to access funds in the event of a crisis.
- **Prioritizing diversification:** It's not simply about spreading risk—it's about curating a portfolio that aligns with your legacy goals, time horizon, and liquidity needs. By blending asset classes that perform differently under various economic conditions, you create a robust investment strategy that sustains wealth across generations.

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UNDERSTANDING DIFFERENT TYPES OF INVESTMENTS

A well-structured portfolio balances diversification, risk management, and tax efficiency to ensure wealth endures across multiple generations. Incorporating diversified asset classes such as traditional stocks and bonds, real estate, private market investments, and alternative assets can help mitigate volatility and maximize long-term returns. Each asset class plays a distinct role in wealth preservation:



- **Public Equities (e.g. stocks and mutual funds):** Offer liquidity and growth potential but require strategic selection to minimize market volatility.
- **Fixed Income (e.g. bonds):** Provide stability and predictable income but must be carefully allocated in a rising interest rate environment.
- **Real Estate:** A physical asset that can appreciate over time and generate income but can come with the hassle and unforeseen expenses of maintaining and managing the property. Depending on the market, real estate can be difficult to liquidate.
- **Alternatives:** Including private equity, commodities, clean energy infrastructure funds, and real estate investment trusts (REITs) can be integrated into a well-diversified portfolio to potentially decrease overall portfolio volatility provided the assets have low or negative correlations with existing investments. Many REIT investments can also generate passive income streams through monthly distributions.

Discover alternative investment opportunities with Skyline's private alternative offerings. [Contact us to learn more.](#)

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TAX EFFICIENCY

While traditional tax-advantaged accounts serve a role in personal wealth planning, sophisticated investors must take a more strategic approach to asset allocation, ensuring each investment is placed in the most tax-efficient structure. Teach your successors that every type of tax-advantaged account has specific tax rules, and any investments in them—no matter the investment type—are subject to those rules.

Tax-advantaged accounts offer various tax benefits to help build wealth more efficiently and minimize estate taxes' impact.

- **Registered Retirement Savings Plan (RRSP):** A popular way to save income for retirement. Contributions are tax-deductible and investments are tax-sheltered until withdrawal. A [RRSP](#) must be closed or transferred to a Registered Retirement Income Fund or an annuity by December 31st of the year you turn 71.⁵
- **Registered Retirement Income Fund (RRIF):** A tax-deferred account that provides retirement income. You can use a RRIF to draw income from your investments and savings, which were previously in other accounts including RRSPs.⁶
- **Locked-In Retirement Account (LIRA):** These locked-in accounts often come from a pension fund. Most provinces allow you to withdraw from a LIRA when you reach 55 and then transfer those funds to a Life Income Fund (LIF).⁷
- **Tax-Free Savings Account (TFSA):** Allows investments to grow tax-free. Withdrawals are not subject to tax, making [TFSA](#)s a flexible savings tool that can be used for short and long-term goals.⁸
- **Registered Education Savings Plan (RESP):** Helps investors save for a child's (or grandchild's) [post-secondary education](#), with tax-deferred investment growth and special government grants.⁹
- **First Home Savings Account (FHSA):** Designed to help save for a down payment for a first home with tax-deductible contributions and tax-free withdrawals for a home purchase. Gifting contributions to beneficiaries who have a [FHSA](#) can help the next generation build wealth.¹⁰

With any investment, it is essential to conduct due diligence on the fund strategy, asset performance, and fees before committing capital. Consulting with a trusted professional can help you and your family understand what products will help maintain and build wealth.

As you have learned over the years, your risk tolerance for investments changes over time, so encourage your beneficiaries to maintain an open dialogue with wealth management professionals to keep their investment goals on track.

Did you know...

Skyline offers private alternative investments that are registered fund eligible.

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Next Steps

We hope you found this guide informative and valuable in shaping your legacy strategy. While no plan can eliminate all risks, a solid succession plan gives you and your family the tools needed to responsibly steward and protect your legacy for years to come. After all, wealth is not just about what you leave behind—it is also about how well you prepare the next generation to carry it forward.

With clear communication and solid education, family members can feel ‘invested’ in the wealth you are building. By determining your strategy and starting your family’s financial education early, you can feel more confident that the legacy you build is something your entire family can be proud of—one to be protected and preserved for generations to come.

You’ve built your wealth—now ensure it lasts for generations.

Contact us to learn how Skyline’s private alternative investments *can be part of your legacy.*

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Build a lasting legacy together

- ❑ **Define your legacy goals:** Work alongside financial and tax experts to discuss your goals and build a plan that aligns with them.
- ❑ **Engage your family:** Share your plans with your family and encourage them to take an active role in building their financial foundations.
- ❑ **Foster collaboration:** Introduce your family to your team of investment professionals and maintain an open dialogue with all parties involved.
- ❑ **Enjoy and sustain your wealth:** Establish a strategy that you and your family can benefit from while preserving your wealth for generations to come.

¹ <https://www.cbc.ca/news/canada/saskatchewan/wealth-transfer-inequality-1trillion-1.7462837#:~:text=THIS%20IS%20SASKATCHEWAN-,A%20trillion-dollar%20tsunami:%20Canadians%20grapple%20with%20unprecedented,children%20from%202023%20to%202026>

² <https://www.vanguard.ca/content/dam/intl/americas/canada/en/documents/PR-GenerationalWealthSurvey-Dec.pdf>

³ <https://www.canada.ca/en/revenue-agency/news/newsroom/tax-tips/tax-tips-2025/update-cra-administration-proposed-capital-gains-taxation-changes.html>

⁴ <https://www.cfib-fcei.ca/site/capital-gains>

⁵ <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/rrsp-options-when-you-turn-71.html>

⁶ <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/registered-retirement-income-fund-rrif.html>

⁷ <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4040/rrsps-other-registered-plans-retirement.html>

⁸ <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4466/tax-free-savings-account-tfsa-guide-individuals.html>

⁹ <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/registered-education-savings-plans-resps.html>

¹⁰ <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/first-home-savings-account.html>

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