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# Building a Legacy

A PRACTICAL GUIDE TO GROWING AND  
PRESERVING GENERATIONAL WEALTH

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**It Starts Here,** Building Generational Wealth

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# Introduction

Building a financial legacy takes years of careful decisions and strategic investments. You've been at the helm of your family's wealth for decades guiding this process, and now it's time to think about what's next, not just for you, but also for the generational wealth you've grown and secured, and those that will take on this heavy mantle.

## PASSING THE TORCH

As [trillions of dollars](#) transfer from [one generation to the next](#) over the next couple of decades and geopolitical forces continue to cause market unpredictability that is quickly becoming the norm, it is even more important for Canadians to make a plan to manage their generational wealth.

This guide will walk you through the different elements of what can go into a well-structured wealth transfer plan you can implement to help ensure your financial security for future generations and prevent the all-too-common cycle of wealth being depleted within a generation or two of being transferred. It will also pose key questions and provide information for you and your loved ones to consider as you determine the best way to preserve and grow your family's financial legacy and prepare the next generation to do the same.

Being the steward of your generational wealth was your life's work. Let's make sure it will continue to provide for you into retirement and support your family's financial security in the future.

## Key building blocks for generational 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.

Over the next two decades, an estimated \$80 trillion will be transferred to the next generation globally.

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# Plan 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 and includes 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 also a tool to support your values, provide for your family, and create a lasting impact. Establishing clear financial targets for retirement, philanthropy, and an 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 and, in fact, strategic leveraging can be an effective wealth-building tool. It's important to note, though, that ensuring all liabilities are structured in a tax-efficient, low-cost manner is essential for any potential strategic success.

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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## PLAN 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 can protect your wealth from the need to sell investments at inopportune times, which could erode your portfolio's value. By planning for sufficient liquidity, you can 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 also requires a knowledgeable and prepared next generation. Specifically, 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 help ensure a seamless transition that can preserve and grow the family legacy.

#### Exclusive investment opportunities

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

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# Secure 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 help 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 no longer able. 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

Co-owning property with a joint tenancy with a right of survivorship is a legal arrangement that may help reduce the tax burden and ensure a smooth transition, when one of the owners dies. Essentially, under the arrangement, the other owner(s) automatically inherit the deceased owner's share rather than having to go through the estate, reducing potential probate fees and potential liquidation or deemed distribution of the asset.



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## TRUSTS

Trusts are legal arrangements that allow an individual (e.g., you) to transfer assets to trustee, a third party, that manages 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 can also be a powerful tool for estate tax planning.

In Canada, many different asset classes, including real estate, companies, cash, personal heirlooms, and private investment products like 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 the estate fees you may have to pay.



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. It's time to ensure it lasts for generations.** Contact us to learn how Skyline's private investment products can be *part of your lasting legacy*.

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# Preserve Your Wealth with Tax Planning

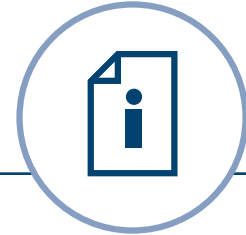
Accumulating wealth is only part of the equation; how you protect and transfer it determines whether it lasts for generations. While Canada does not impose a formal estate tax, poor planning can result in significant tax liabilities, eroding the value of your estate before it reaches your heirs.

## 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 (FMV), 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, corporations, and trusts, capital gains are taxed at a 50% inclusion rate, which means that half of the amount you've earned on a capital asset will be taxed at your current personal marginal tax rate or the applicable corporate tax rate.



Seek out more tax-efficient earnings. Consider including investments in your portfolio that pay out capital gains or dividends instead of interest, which is fully taxed at your marginal tax rate.



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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 from taxation.
- **Charitable gifting strategies:** Donations of appreciated securities or real estate can create significant tax benefits while advancing philanthropic goals.

**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.



**Capital gains tax is one of the most significant financial considerations in estate planning. 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, such as naming beneficiaries directly on accounts or arranging for joint ownership of financial products. Essentially, if the asset doesn't have to go through the estate to be transferred, it won't be included in the overall estate value and won't incur probate fees.

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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.



### Protect more of your wealth from taxes

Navigating estate taxes can be complex. 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 registered accounts, like RRSPs and TFSAs, and gifts.

**Using Tax-Free Savings Accounts (TFSAs):** 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.

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# Prepare 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 and get to know the experts that have been assisting you. All of this helps build deeper financial knowledge and confidence in understanding how your wealth is structured, 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 for your family and business, can help develop the skills needed to manage and grow family wealth.

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## PREPARE YOUR HEIRS CONTINUED

### 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 include environmentally responsible investments such as [renewable infrastructure](#)? Do you want to include 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, your family wealth mission statement 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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# Complete 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

- **Stay 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.
- **Keep an emergency fund.** Liquidity (easily accessible cash) is essential in the event of unpredictable life events. Having an emergency fund with at least three to six months of savings in an accessible account will help 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.
- **Prioritize diversification.** It's not simply about spreading risk; it's also 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 can sustain wealth across generations.



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## UNDERSTANDING DIFFERENT TYPES OF INVESTMENTS

A well-structured portfolio balances diversification, risk management, and tax efficiency to help 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 of these asset classes 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 (e.g. rental and commercial properties):** Physical assets that can appreciate over time and

generate income but also come with the hassle and unforeseen expenses of maintaining and managing the property and may be difficult to liquidate.

- **Alternatives:** Includes private equity, commodities, renewable infrastructure funds, and REITs that can be integrated into a well-diversified portfolio to potentially buffer against the effects of market uncertainties and may also generate passive income streams through monthly distributions.

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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, regardless of the investment type, are subject to those rules.

Tax-advantaged accounts offer various tax benefits to help build wealth more efficiently and can minimize the impact of taxes when distributed through an estate.

- **Registered Retirement Savings Plan (RRSP):** In this popular vehicle for saving for retirement, contributions are tax deductible and investments are tax sheltered until withdrawal. It's important to remember that an [RRSP](#) must be closed or converted to a Registered Retirement Income Fund (RRIF) or an annuity by December 31 of the year you turn 71.
- **Registered Retirement Income Fund (RRIF):** This tax-deferred account doesn't accept contributions, but provides retirement income from your investments and savings, which were previously in other accounts including RRSPs. [RRIFs](#) have minimum annual withdrawal amounts you have to make based on your or your spouse's age, depending on the type of RRIF you have.
- **Locked-In Retirement Account (LIRA):** [LIRAs](#) can also carry tax-sheltered investments, generally come from a pension from a previous employer, are not open to contributions, and must be converted into a [Life Income Fund \(LIF\)](#) or annuity by December 31 the year you turn 71.
- **Tax-Free Savings Account (TFSA):** The most flexible tax-advantaged savings tool available in Canada, [TFSAs](#) allow investments to grow tax-free, provide tax-free withdrawals, and are ideal for both short-term and long-term goals.
- **Registered Education Savings Plan (RESP):** [RESPs](#) help investors save for a child's (or grandchild's) post-secondary education, with tax-deferred investment growth and special government grants.
- **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, [FHSAs](#) are ideal for gifting contributions to beneficiaries to help the next generation build wealth.

As 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.

**Did you know...** Skyline's private investments products are registered-fund eligible. *Contact us to learn more.*

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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.

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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's also about how well you prepare the next generation to carry it forward.

With clear communication and solid education, family members can feel empowered to help you support and secure the wealth financial foundation you are building. Determine your legacy strategy and start your family's financial education early so you can feel more confident that the wealth you grow is something your entire family can be proud of and 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 your collective financial foundation.
- ❑ **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.



### **BUILDING A LEGACY:**

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 **SKYLINE**

# About Skyline

Skyline is a capital management company that acquires, develops, and manages real estate properties and renewable infrastructure assets, and offers them as private investment products.

The suite of investment products includes three real estate investment trusts (REITs) and a renewable infrastructure fund, all of which have a proven track record of stable performance, may help you to grow your intergenerational wealth, and could diversify your portfolio to provide strong resilience amidst public market uncertainties. Skyline products are all comprised of real assets, which are professionally managed, and include:



## SKYLINE APARTMENT REIT

Professionally managed multi-residential properties in secondary Canadian markets.

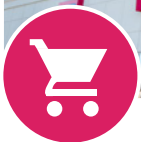
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## SKYLINE INDUSTRIAL REIT

Light industrial properties along major Canadian transportation corridors, with a focus on logistics and industrial warehousing.

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## SKYLINE RETAIL REIT

Properties in secondary and tertiary Canadian markets, with a focus on 'everyday essential' tenants including grocery stores and pharmacies.

[LEARN MORE](#) ▶



## SKYLINE CLEAN ENERGY FUND

Renewable infrastructure assets, including solar and biogas, located across Canada and backed by long-term government contracts.

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[Contact Skyline](#) today to explore how we can work together to curate and secure your wealth and legacy.

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