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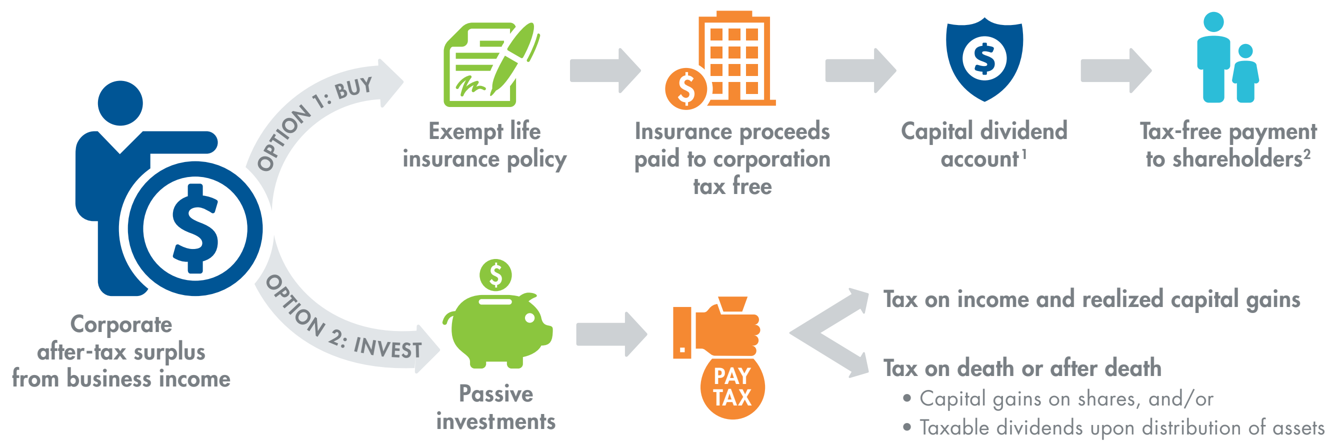
CORPORATE PREFERRED ESTATE TRANSFER® USING WHOLE LIFE

Looking for the most tax-efficient way to get the value of your shares out of your company and into the hands of your estate? The choice is clear.



THE *CORPORATE* PREFERRED ESTATE TRANSFER

The *Corporate* Preferred Estate Transfer uses corporately-owned life insurance to create a tax-free inheritance. The corporation simply redirects a portion of its after-tax surplus created from business income into a permanent life insurance policy rather than passive investments.

PUT THE *CORPORATE* PREFERRED ESTATE TRANSFER TO WORK FOR YOU

Reduces the fair market value (FMV) of the corporation

- The value of the owner's shares is based on the FMV of the corporation's assets.
- Redirecting a portion of surplus from business income into a life insurance policy rather than passive investments reduces the assets in the corporation.
- This may reduce the capital gains tax payable.

Increases the value of your estate

- The cash value of an exempt life insurance policy grows on a tax-advantaged basis. Depending on the plan you choose, the cash value can increase the death benefit.
- When the proceeds of the life insurance policy are paid tax-free to the corporation, amounts in excess of the policy's adjusted cost basis (ACB)[3] are credited to the capital dividend account so they can be paid as tax-free capital dividends to the shareholders, including the deceased shareholder's estate.
- Since business income is taxed at a lower rate than personal income, using after-tax corporate dollars from active business income to pay the premiums is the least expensive way to fund the policy.

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THE PREFERRED SOLUTION

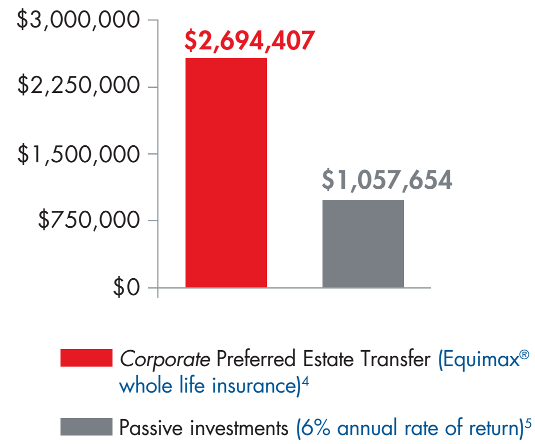
An example: Meet Catherine

- Catherine is 50 years old and owns a profitable business.
- She wants to pay taxes on her shares at death and create an inheritance for her daughter.
- Catherine can allocate $50,000 of surplus from business income each year for the next 10 years.
- She is looking for a tax-efficient way to get the value of her shares in the company into the hands of her heirs.

With the *Corporate* Preferred Estate Transfer, Catherine can create an estate 154% greater than with passive investments.

Net amount to Catherine's heirs

(assumes death at age 85)



Other asset classes require a higher rate of return to produce the same estate value as an Equimax participating whole life insurance policy.

Required annual pre-tax rate of return[6]				
Life insurance internal rate of return	Interest	Dividends	Deferred capital gains	Realized capital gains
5.68%	12.51%	10.12%	6.86%	8.03%

IT COULD BE THE RIGHT SOLUTION FOR YOU IF …

- ☑ You are the owner or majority shareholder of a Canadian corporation.
- ☑ You have taken care of your retirement plan.
- ☑ The corporation has passive investments.
- ☑ You need life insurance to protect your business.
- ☑ You want a tax-efficient way to get the value of your shares out of your company and into the hands of your estate.
- ☑ You have an up-to-date will.

Your advisor can show you how the *Corporate* Preferred Estate Transfer can work for you.

[1] The amount of the insurance proceeds, less the policy's adjusted cost basis, goes into the capital dividend account. [2] Payment made to shareholders, including the deceased shareholder's estate. Tax may be payable on the shares owned at death: if the cash surrender value of the policy is included in the value of common shares; if stop-loss rules apply; or if the policy has an adjusted cost basis and some of the death benefit is distributed as taxable dividends. [3] ACB is the premiums paid less the net cost of pure insurance calculated in accordance with the *Regulations under the Income Tax Act*, subject to certain adjustments. Always consult your accountant or tax professional when dealing with capital dividend calculations and payments. [4] Equimax Estate Builder® participating whole life insurance, 20 pay. Female, age 50, standard non-smoker rates as of July 1, 2019. Paid-up additions dividend option. Initial death benefit $1,000,000. The sales illustration for this case study shows a premium offset point at year 10, after which time no further payments are required. This is based on the 2019/2020 dividend scale remaining unchanged for the life of the policy. A decrease in the life insurance dividend scale may delay the premium offset point and require you to pay premiums for longer than previously illustrated; or require you to resume paying premiums for a period of time if your policy has been on premium offset. Dividends are not guaranteed and may be subject to taxation. Dividends will vary based on the actual investment returns in the participating account as well as mortality, expenses, lapse, claims experience, taxes and other experience of the participating block of policies. [5] Passive investment portfolio (50% interest and 50% dividends) [6] Shareholder marginal tax rate is 50%; shareholder dividend tax rate is 45%; corporate tax rate on investment income is 50%.

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