



# Your business, your future: Opportunities with insurance

## User guide



## Preface

*Your business, your future: Opportunities with insurance* is a new, interactive client presentation you can use with business owner clients.

### Why use *Your business, your future: Opportunities with insurance*?

Business owners often don't have a lot of spare time, even when it comes to planning conversations. Use this presentation to start the conversation with business owner clients by focusing on their needs, based on their business's life cycle stage (start-up, growing or established). The presentation also shows how insurance can help meet those needs.

### When to use it

When you first meet with new or potential business owner clients, use the information within *Your business, your future* to get them interested in the answers you can help provide. When you look at their needs first, you can grab their interest and follow up with another meeting when you can talk about specific products and details.

### Positioning

Clients may not realize how versatile insurance can be, and that it can help meet their business needs. The next time you meet with business owner clients, try using this speaking point:

Insurance can do a lot more than you might realize. Part of running a successful business means you're prepared for the unexpected. Insurance is one of the best ways to do so. I can help you put together a customized plan to meet both your business and personal needs.

### Help with presentation

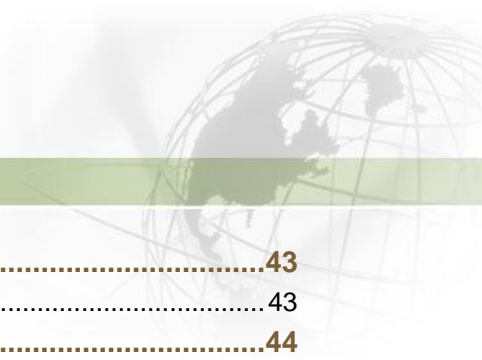
If *Your business, your future* isn't working properly, follow these steps to resolve the problem:

- Download the presentation to your computer or tablet.
- Go to the file location and open it from there.
- It should open in Adobe Acrobat Reader (Adobe Reader). If it doesn't, right-click or Control click (for Mac users) on the PDF document and select Open with Adobe Reader. [If this option isn't available download Reader for PC or Mac.](#)



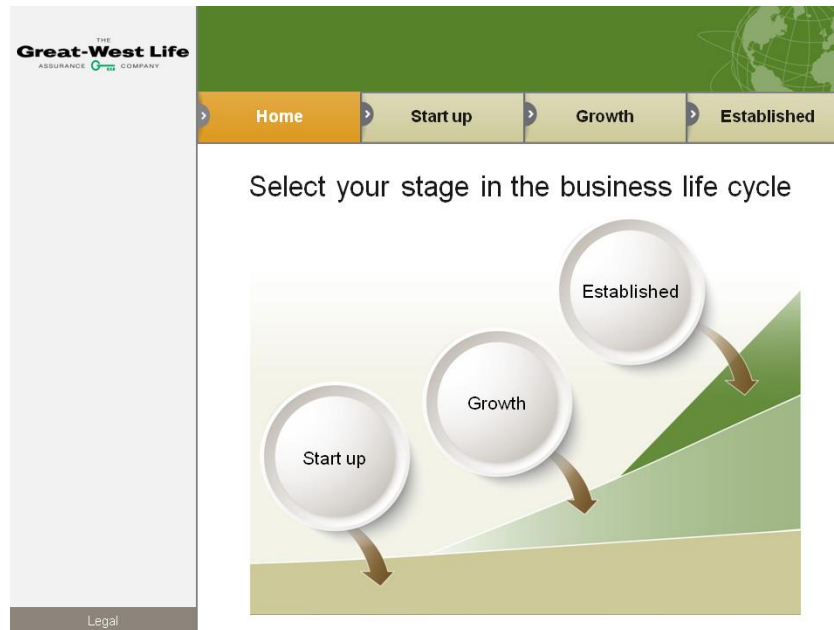
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## Select your stage in the business life cycle



As a business owner, you need a financial security plan that's focused on you and your business needs.

You might need to:

- Protect your business today
- Set up a smooth exit strategy for later
- Maximize the legacy you leave behind

Let's look at your unique needs based on where your business is at in its lifecycle.

**Start up** – Your business is fairly new and it's starting to take off. Chances are you have business loans and employees crucial to your success.

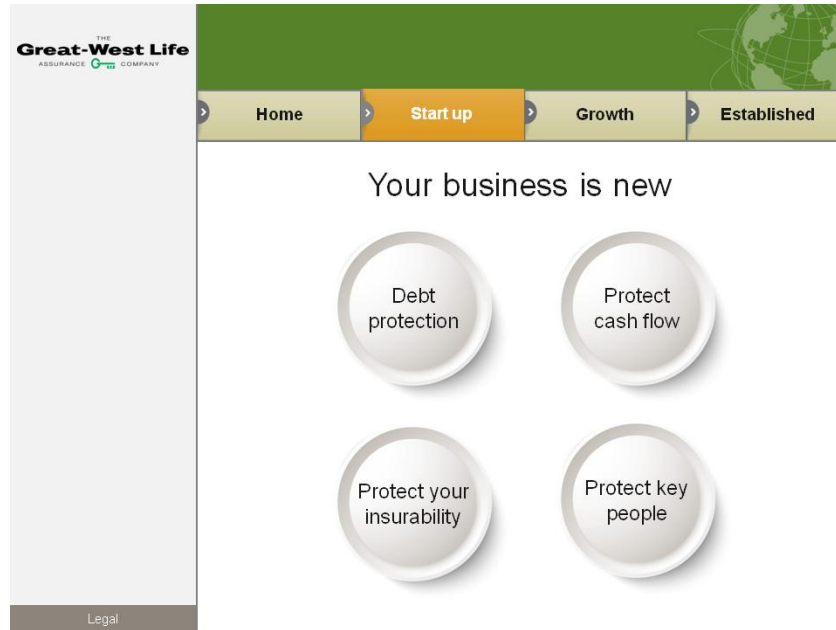
**Growth** – You've been in business for a few years, overcome the struggles of a start-up and are in growth mode. No matter what happens to your business partners, employees or yourself, you want the business to stay intact. You also want to make well-thought-out business decisions so your money is used effectively.

**Established** – Your business has been around for awhile now, and you're not really looking to grow it at the same rate as you've done in the past. Perhaps you're thinking about an exit strategy, including retirement, passing the business to heirs or selling it. You probably want to make sure you have a comfortable retirement, and that your family is looked after.



## Your business is new

### Menu



[Use one of these two approaches when meeting with start-up business owners]

#### **Approach one**

[This approach allows the client to direct the conversation, while also encouraging them to have a clear understanding of their needs/concerns without being prompted]

What interests you most / what is your biggest concern from items on this list?

We can come back later to discuss other topics, depending on your interests and needs.

#### **Approach two**

[This approach is meant to get the client thinking about the impact of a major illness, so you can uncover what is most likely to keep them from their business and offer a tailored solution.]

You are the most valuable asset to your business, and that business supports your family. What would keep you from focusing on your business, and consequently, prevent you from being able to provide for your family?

[Allow the client to sit and consider for a while – try not to lead them.]

[Use this prompt if they are not recognizing the potential effect of a critical illness on their business]



- Would it be a sore back? [likely not] How about if you acquired a serious brain injury from a car accident or got cancer? [very likely]

If you experience a major health issue that requires you to take time off work to get healthy, what would be your biggest concern about taking time off?

[Allow them to consider this. If necessary, you can prompt further.]

- Loss of income, due to not working, could mean:
  - Going into debt
  - Reduced cash flow
- Inability to work could mean:
  - Reduced growth
  - Business shuts down
  - Employees leave


[Based on the client's concerns, move to the appropriate part of the presentation, keeping in mind that some sections include critical illness insurance and some do not.]



## Your business is new

Debt protection

**Do you have business loans?**



The screenshot shows a website interface for Great-West Life. At the top left is the company logo. A navigation bar contains four tabs: 'Home', 'Start up' (which is highlighted in orange), 'Growth', and 'Established'. On the left side, there is a vertical menu with the following items: 'Debt protection', 'Protect cash flow', 'Protect your insurability', 'Protect key people', 'Next' (with a right-pointing arrow), and 'Legal'. The main content area features the heading 'Do you have business loans?' followed by the text: 'What would happen if you, a key employee or partner died unexpectedly or became critically ill?'. Below this text is a photograph of a man with glasses, wearing a dark suit jacket over a black turtleneck, sitting at a desk and working on a laptop.

Is your business carrying debt? Is any of it in the form of business loans?  
What would happen to that debt if you, a key employee or business partner suddenly died?

Questions to consider:

- What would happen to your business loans?
- How long could your business continue to operate?
- How would your business handle the burden of debt?

These aren't easy questions to answer, but they're important ones to keep in mind.

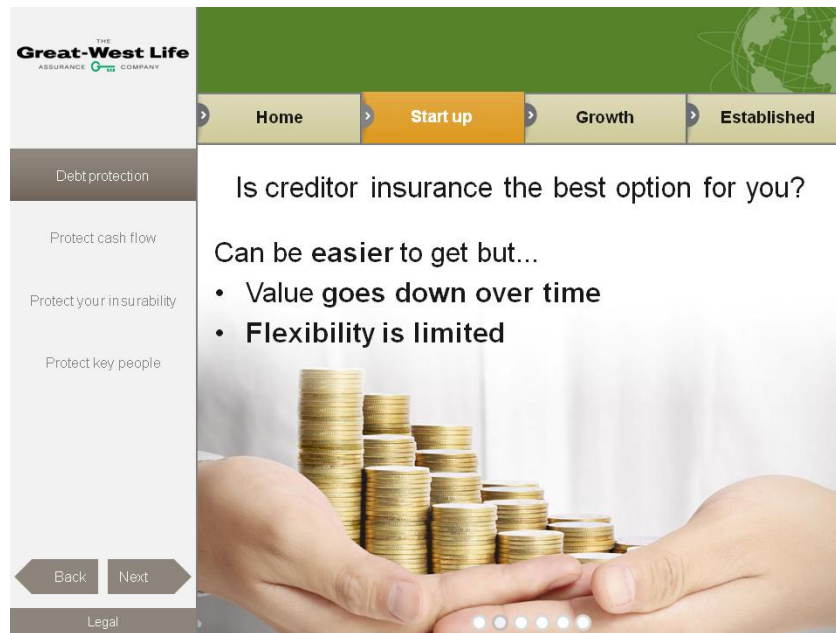




## Your business is new

Debt protection

Is creditor insurance the best option for you?



If you have business loans, you probably thought about getting creditor insurance offered by your lending institution.

Creditor insurance is offered by many lenders. But is it the best option for you? Or would life insurance be a better option for you? Term life insurance can help you meet the same financial objective(s) as mortgage creditor insurance and offer some distinct benefits. It's something to consider. Let's look at this a bit closer.

Creditor insurance is, in some cases, easier to apply for and receive than other forms of insurance.

### **BUT**

**The value of your insurance coverage typically goes down over time** as you pay off the loan. In most cases, creditor insurance usually covers the loan – specifically the exact balance of the loan. So as you pay down the loan, your coverage decreases. And when your loan is paid off your coverage ends.

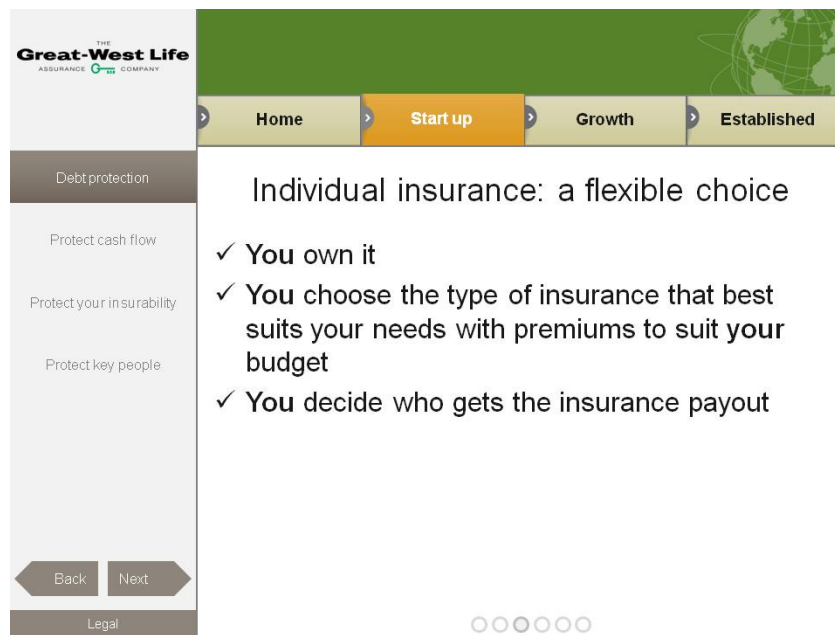
**Creditor insurance isn't as flexible as individual life insurance.** When you take out creditor insurance, in most cases you can't switch your coverage between lenders. If you switch to another institution, you'll need to reapply. If something happens to a key employee, business partner or your, the insurance benefit from creditor insurance goes to the lender to pay down, or pay off, the outstanding balance.




## Your business is new

Debt protection

### Individual insurance: a flexible choice: part one



Great-West Life  
ASSURANCE  COMPANY

Home Start up Growth Established

Debt protection

Protect cash flow

Protect your insurability

Protect key people

Back Next

Legal

Individual insurance: a flexible choice

- ✓ You own it
- ✓ You choose the type of insurance that best suits your needs with premiums to suit your budget
- ✓ You decide who gets the insurance payout

○○○○○

Individual term life insurance owned and paid for by a business can address all of these questions (from slide 6).

It generally provides more control, options and benefits so you can plan to meet more of your personal and business needs, and financially protects what matters to you.

And it's all about you: you own it, you choose the product and options you want, and you decide who gets the insurance proceeds.

Great-West Life offers term life insurance, which includes a range of options that can help meet your business solution needs.

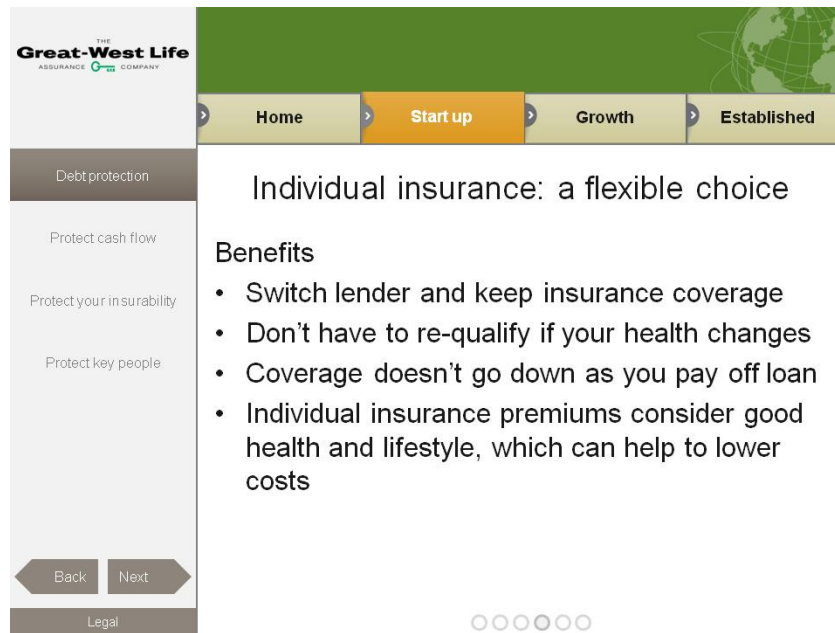
The choice is yours.



## Your business is new

Debt protection

### Individual insurance: a flexible choice: part two



The screenshot shows the Great-West Life website interface. At the top left is the logo. A horizontal navigation bar contains 'Home', 'Start up' (highlighted in orange), 'Growth', and 'Established'. A vertical sidebar on the left lists 'Debt protection' (highlighted), 'Protect cash flow', 'Protect your insurability', and 'Protect key people'. At the bottom of the sidebar are 'Back' and 'Next' buttons, and a 'Legal' link. The main content area has the title 'Individual insurance: a flexible choice' and a 'Benefits' section with a bulleted list. Below the list are five small circles, with the first one filled.

Individual insurance: a flexible choice

**Benefits**

- Switch lender and keep insurance coverage
- Don't have to re-qualify if your health changes
- Coverage doesn't go down as you pay off loan
- Individual insurance premiums consider good health and lifestyle, which can help to lower costs

But insurance isn't just about choice. With term life insurance:

- Switch your business loan or mortgage to another lender, without jeopardizing your individual term insurance coverage.
- If your health changes, your insurance coverage stays the same and you don't have to medically re-qualify if your policy is kept in force.

Your coverage amount stays the same throughout – it doesn't go down as you pay off the loan balance – as long as you haven't changed your policy. Changes to your company include adding coverage or benefits, taking out a policy loan or making a withdrawal.

- Life insurance premiums consider good health and lifestyle, which can help to lower costs

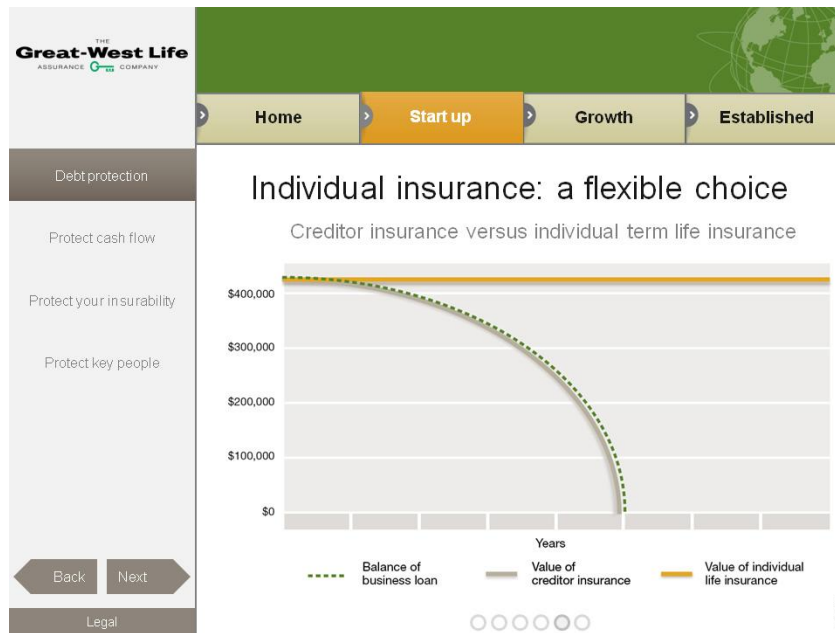
This coverage provides valuable benefits for your business.



## Your business is new

Debt protection

### Creditor insurance versus individual term life insurance



Let's compare creditor insurance, offered through many lenders, with individual term life insurance.

[Refer to chart]

If you look at creditor insurance [dark blue line], over time the coverage amount of the insurance goes down as the balance of business loans are paid down [blue dotted line].

Since the amount of premium you pay over that time usually doesn't go down, it means you're paying the same, but coverage decreases as time goes on.

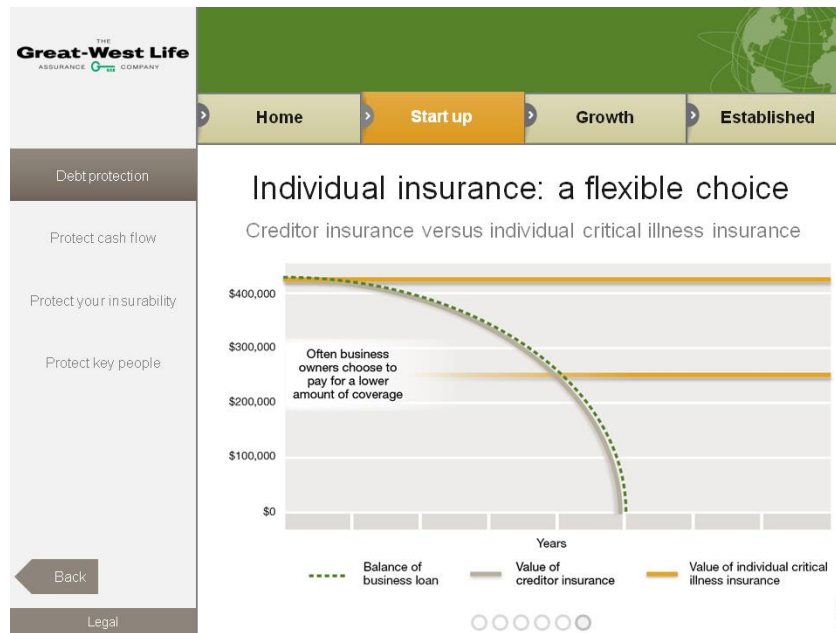
It's quite different with individual term life insurance [yellow line]. Coverage stays the same over time as long as the policy is kept in force and no changes are made to your coverage.



## Your business is new

### Debt protection

#### Creditor insurance versus individual term critical illness insurance



Creditor critical illness insurance and creditor life insurance both work the same way: You're covered for the balance of your loan. Over time, the coverage amount of your insurance goes down.

With individual critical illness insurance, as long as you qualify, you can choose the amount of coverage you want.

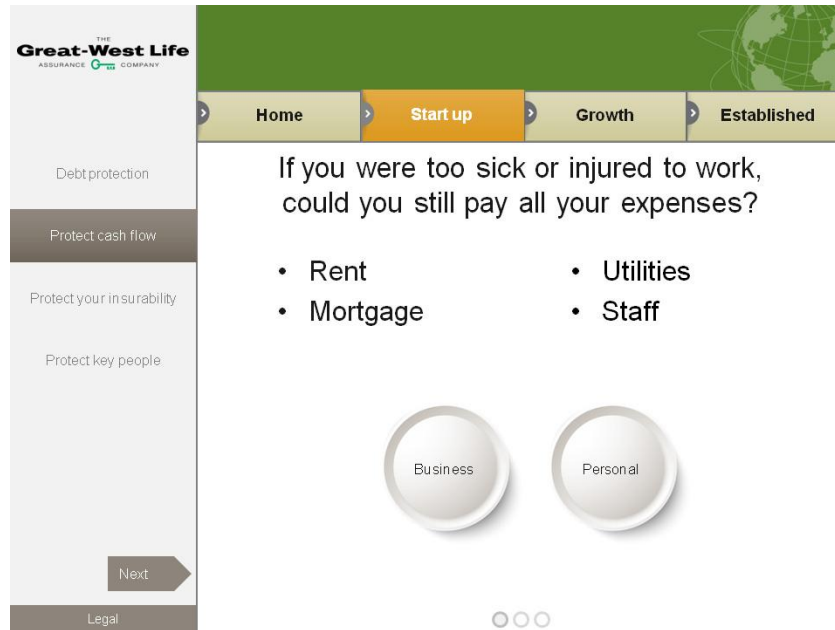
Business owners may choose to pay for a lower amount of coverage [represented by the dark blue lines] because once the illness occurs and the recovery is mostly over, the business owner expects to return to work in partial or full capacity, before the loan is paid off. As such, they don't typically expect to need to pay off the full debt with their critical illness insurance policy. Of course, this would depend on the payment amounts and structure of the debt, as well as the needs of the business owner.



## Your business is new

Protect cash flow

**If you were too sick or injured to work, could you still pay all of your expenses?**



The screenshot shows the Great-West Life website interface. On the left is a vertical navigation menu with the following items: Debt protection, Protect cash flow (highlighted), Protect your insurability, Protect key people, Next (arrow), and Legal. The top navigation bar includes Home, Start up (highlighted), Growth, and Established. The main content area features the question: "If you were too sick or injured to work, could you still pay all your expenses?". Below the question is a list of expenses: Rent, Mortgage, Utilities, and Staff. At the bottom of the content area are two circular buttons labeled "Business" and "Personal", and a set of three small circles.

For a small business to run smoothly, it's essential you have reliable cash flow. If there are uncertainties about how much revenue you'll generate, it can be stressful as you look to fund your other needs. That stress may increase exponentially if you can't work because of a sickness or accident. Important questions to consider include:

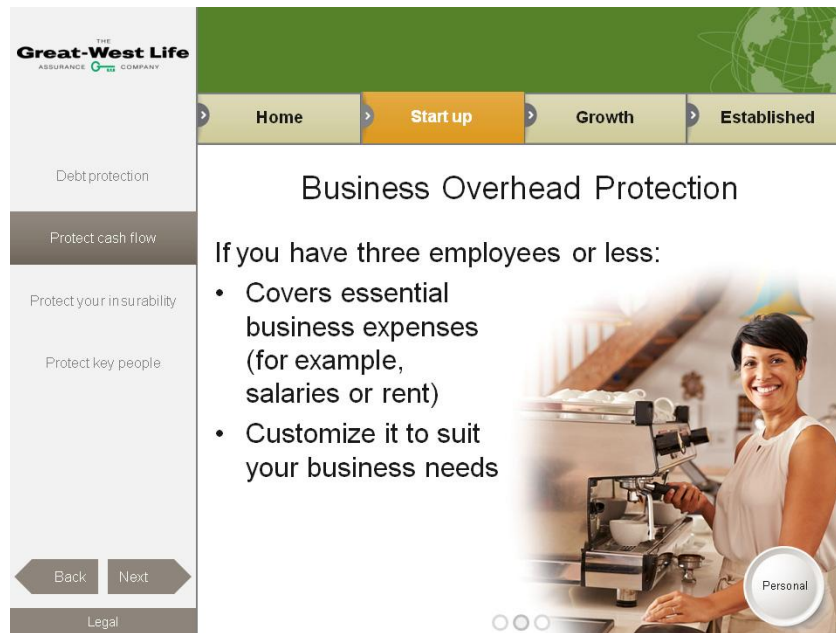
- Could your business survive if either were to happen?
- Would you be able to pay rent? The mortgage? Utilities? Employees?
- Outside of your business, how would you keep the same amount of money coming in? Would you have enough money to pay the bills?



## Your business is new

Protect cash flow

### Business overhead protection



**Business Overhead Protection**

If you have three employees or less:

- Covers essential business expenses (for example, salaries or rent)
- Customize it to suit your business needs

Personal

If you're concerned about essential expenses, business overhead protection insurance can help protect you financially while you recover from a disability.

This insurance covers expenses like salaries, utilities, rent and property taxes so the business is there when you're feeling better. And that, of course, means it can help the business keep its value and appeal to buyers if you decide to sell.

Best of all, this coverage can be customized to best suit your business needs. Business overhead protection is only available for businesses with up to three full or part-time employees that have been working there for the last 18 consecutive months.

**Additional resource:**

- [Boss expense at a glance \(form B2663\)](#)





## Your business is new

Protect cash flow

How would you pay personal expenses?

You need to look beyond just the needs of your business, if you become too sick or injured to work:

- How would you cover personal expenses?
- Would you be able to pay for costs related to your injury or illness?

Insurance can help you keep your financial security plan on track if you experience an injury or illness.

**Critical illness insurance** provides a one-time lump-sum payment you can use however you want.

**Disability insurance** gives you a monthly income to help pay ongoing expenses. It replaces a percentage of your earnings over the short or long term.

Both products show how insurance can give you the flexibility to help keep your finances on track so you can focus on recovery.

### Additional resources:

- [Critical illness insurance to protect your assets - Tool](#)
- [Coverage when it counts \(form 46-9991\)](#)
- [Coverage as unique as you are \(form 46-10054\)](#)
- [Insurance for your paycheque \(form B2380\)](#)

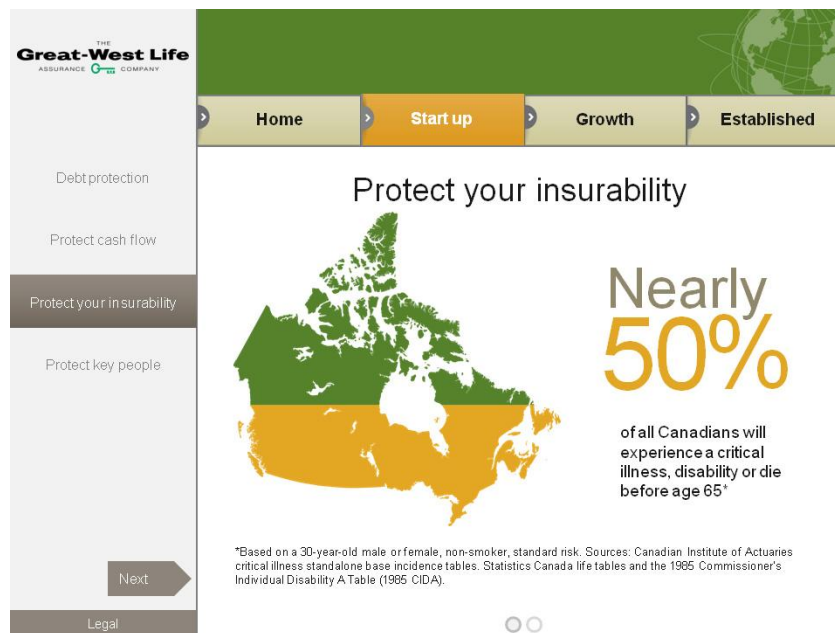





## Your business is new

Protect your insurability

Why should I buy insurance today?



Great-West Life  
ASSURANCE  COMPANY

Home Start up Growth Established

Protect your insurability

Nearly 50%  
of all Canadians will experience a critical illness, disability or die before age 65\*

\*Based on a 30-year-old male or female, non-smoker, standard risk. Sources: Canadian Institute of Actuaries critical illness standalone base incidence tables. Statistics Canada life tables and the 1985 Commissioner's Individual Disability A Table (1985 CIDA).

Next

Legal

You may think: “Why should I buy insurance today? I’m healthy and I don’t think I need it.” The fact is, nearly 50 per cent of Canadians will experience a critical illness or disability, or they may die before age 65.\* This statistic shows there is a reasonable likelihood you’ll need critical illness, disability or life insurance.

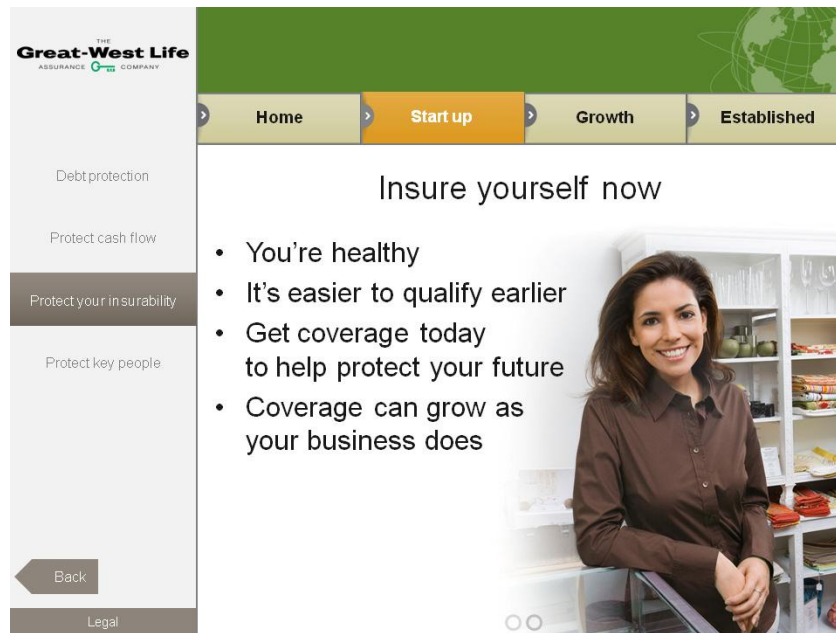
\*Based on a 30-year-old male or female, non-smoker, standard risk. Sources: Canadian Institute of Actuaries critical illness standalone base incidence tables. Statistics Canada life tables and the 1985 Commissioner's Individual Disability A Table (1985 CIDA).



## Your business is new

Protect your insurability

Insure yourself now



The screenshot shows the Great-West Life website interface. The top navigation bar includes 'Home', 'Start up' (highlighted in orange), 'Growth', and 'Established'. A sidebar on the left lists options: 'Debt protection', 'Protect cash flow', 'Protect your insurability' (highlighted), and 'Protect key people'. The main content area features the heading 'Insure yourself now' and a list of bullet points: 'You're healthy', 'It's easier to qualify earlier', 'Get coverage today to help protect your future', and 'Coverage can grow as your business does'. A photograph of a smiling woman in a kitchen is positioned to the right of the text. At the bottom of the sidebar, there are 'Back' and 'Legal' buttons.

Why should you buy insurance now if you're healthy and young (or even if you're just healthy)?

Remember: now is the best time to buy insurance. Later on, it may be more difficult to qualify for insurance coverage. When you proactively protect yourself, before you require the coverage insurance provides, it means you're prepared and won't be taken by surprise later.

However, if you wait too long or a health issue comes up, it may be harder to qualify for life, critical illness or disability insurance. That's why it's important to get coverage today, so you're protected for the future. But, since you might not have a lot of extra cash right now, there are ways insurance coverage can grow with your business.

After all, as your business grows, today's value may not be enough for your family to live on if the worst should happen 20 years down the road.

### Life insurance

The **business growth protection rider** is one way to take care of this. It lets you set up coverage today and purchase additional insurance coverage later without having to answer further health questions.

You can add the business growth protection rider to the following policies:

- Term 10 or term 20 life insurance
- Universal life insurance



- Single life or joint life insurance

### **Disability insurance**

An option for disability insurance – called the future earning protector option – means once a year, you can increase the monthly benefit you're entitled to without any need to re-qualify medically.

### **Critical illness insurance**

With critical illness insurance, we offer the automatic increasing benefit option that allows your payments and coverage to grow with your business. The lump-sum benefit automatically increases without any need to re-qualify medically. As your cash flow and need for coverage grows so does the policy. When you set up coverage, you can choose one of two ways to address coverage and payments:

- Increase the lump-sum benefit by 100 per cent over 10 years.
- Boost it by 45 per cent over nine years.

### **Additional resources:**

- [Boss Plus at a glance \(form B2653\)](#)



## Your business is new

Protect key people

**What could happen if you or one of your top employees became seriously ill, disabled or died?**

THE  
**Great-West Life**  
ASSURANCE COMPANY

Home Start up Growth Established

Debt protection  
Protect cash flow  
Protect your insurability  
Protect key people  
Next  
Legal

What would happen if you or one of your top employees became seriously ill, disabled or died?

- Profits affected
- High cost to recruit, hire and train replacement
- Effect on business operations:
  - Credit restriction/withdrawal
  - Suppliers might tighten payments
  - Loss of customers and employees

Let's talk about key employees and/or business partners.

A key employee (or employees) may be one of your most valuable resources. So, if either you or that key employee became critically ill, disabled or died prematurely, it could have a major effect on the business.

**Profits could be affected** – particularly if you or that employee generates a large portion of sales

**High cost to recruit, hire and train replacement** – it can be expensive and time consuming to go out and find high-quality employees

**Affect business operations** people are integral to a business' success, so the unexpected loss of a key person could end up threatening the integrity of your core business operations

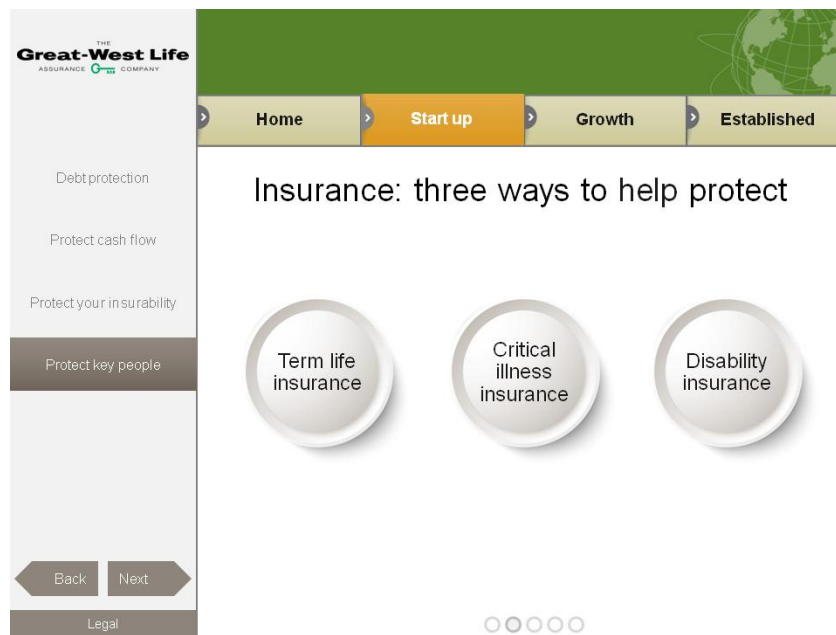
- **Credit restriction / withdrawal** – creditors may restrict or withdraw credit
- **Suppliers might tighten payments** – perhaps suppliers had a great relationship with the key person and now that they're gone, suppliers may feel uneasy with current terms
- **Loss of customers and employees** – customers might re-think their purchase and employees may question the future of the company



## Your business is new

Protect key people

**Insurance: three ways to help protect**



So, how can you help protect key people and business partners?

### Three ways offered through insurance:

- Term life insurance
- Critical illness insurance
- Disability Insurance

### These options can provide you with money to help:

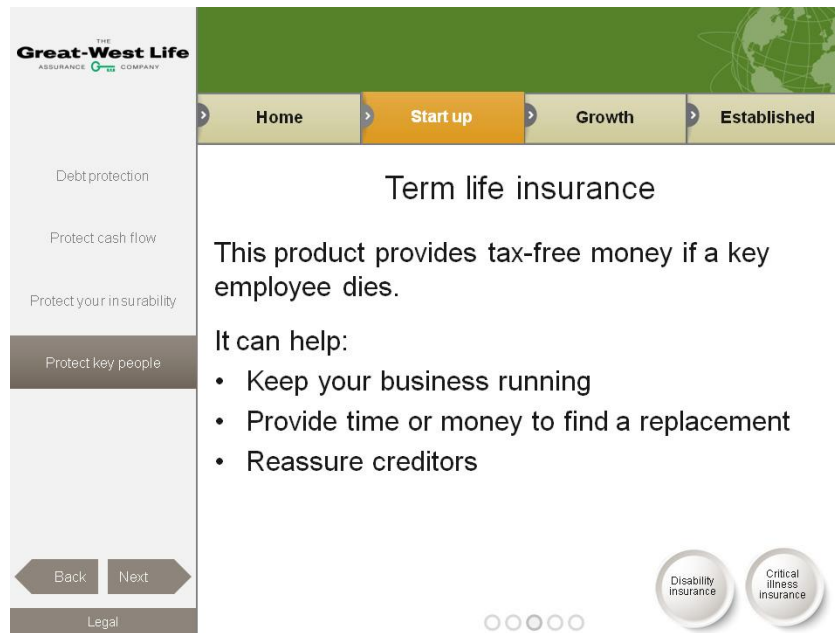
- Attract, hire and train new employees
- Cover lost revenues
- Assure creditors you'll be able to meet commitments
- Show existing employees and customers your company will have the means to continue



## Your business is new

Protect key people

### Term life insurance



The screenshot shows the Great-West Life website interface. At the top left is the logo. A horizontal navigation bar contains 'Home', 'Start up' (highlighted in orange), 'Growth', and 'Established'. A vertical sidebar on the left lists: 'Debt protection', 'Protect cash flow', 'Protect your insurability', 'Protect key people' (highlighted in a dark grey bar), and 'Legal' at the bottom. The main content area is titled 'Term life insurance' and contains the text: 'This product provides tax-free money if a key employee dies. It can help:' followed by a bulleted list: 'Keep your business running', 'Provide time or money to find a replacement', and 'Reassure creditors'. At the bottom right of the content area are two circular icons for 'Disability insurance' and 'Critical illness insurance', and a row of five small circles.

If you buy a term life insurance policy for a key person through the company, the business receives tax-free money when that person dies. That money can help:

- Keep the business running in their absence
- Provide time and money to find a replacement
- Reassure creditors you'll be able to cover your debts

#### How is term life insurance paid out tax-free?

- When the insured person dies, the proceeds from a corporately-owned policy's death benefit are recorded as a credit to the company's capital dividend account. This credit can then be distributed tax-free to shareholders who can use it to address succession, estate equalization or taxation.

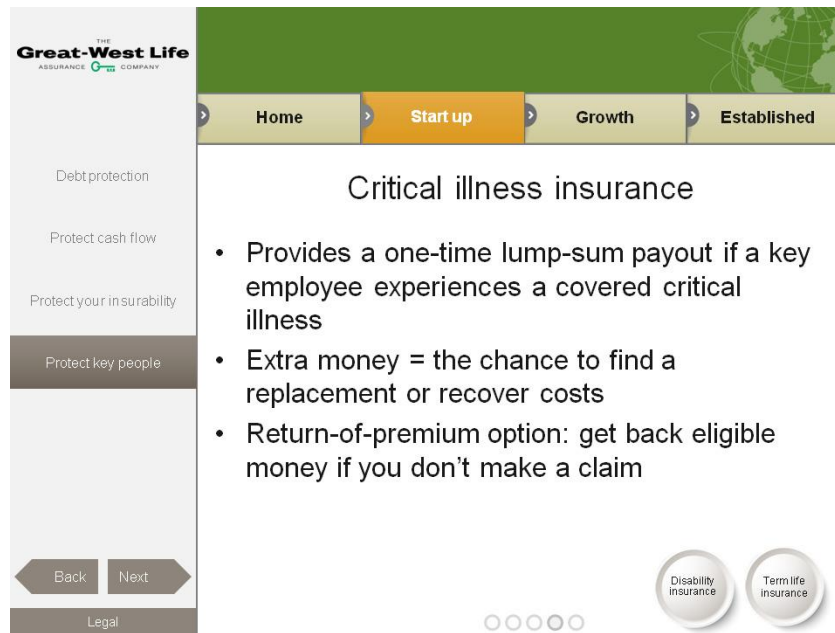
Note: Policy premiums are generally not tax deductible by the company.




## Your business is new

Protect key people

### Critical illness insurance



The screenshot shows a website interface with a green header and a navigation menu. The 'Start up' tab is selected. The main content area is titled 'Critical illness insurance' and lists three bullet points. Below the text are two circular icons for 'Disability insurance' and 'Term life insurance', and a row of five small circles.

Great-West Life  
ASSURANCE  COMPANY

Home Start up Growth Established

### Critical illness insurance

- Provides a one-time lump-sum payout if a key employee experiences a covered critical illness
- Extra money = the chance to find a replacement or recover costs
- Return-of-premium option: get back eligible money if you don't make a claim

Disability insurance Term life insurance

Critical illness insurance can help reduce the financial effect of a critical illness on a key employee by ensuring there's an injection of money to allow family or management staff time to find a suitable replacement or recover the cost to the business.

If you purchase critical illness insurance for a key person through your company, the business receives a one-time tax-free lump-sum payment if that person experiences a covered critical condition. That money can help:

- Keep the business running in their absence
- Provide time and money to find a replacement
- Reassure creditors you'll be able to cover debts

With our return-of-premium options, if you don't make a claim (that is approved and paid out) for a covered critical illness, you can end your coverage and get back up to 100 per cent of eligible money.

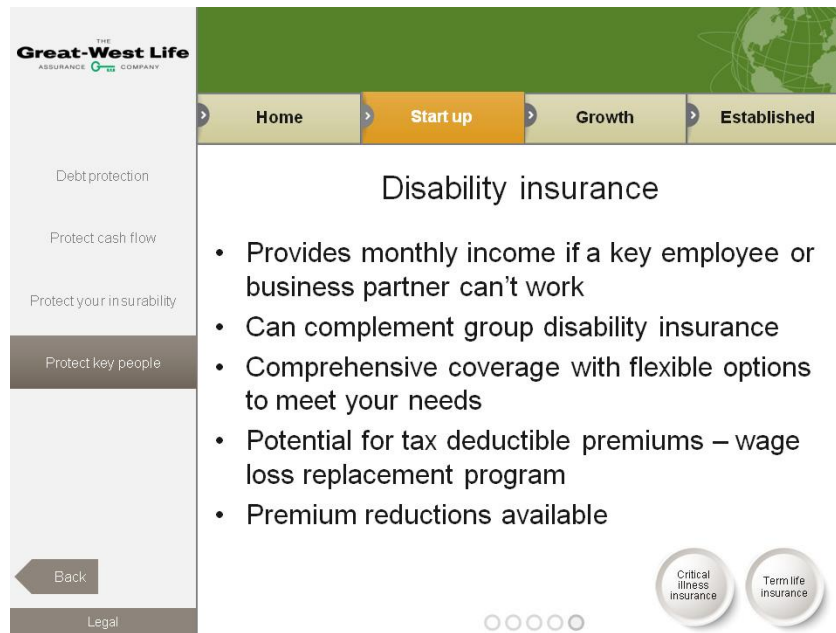




## Your business is new

Protect key people

### Disability insurance



Disability insurance

- Provides monthly income if a key employee or business partner can't work
- Can complement group disability insurance
- Comprehensive coverage with flexible options to meet your needs
- Potential for tax deductible premiums – wage loss replacement program
- Premium reductions available

Covering key employees or partners with disability insurance ensures that if an individual becomes unable to work, they will still be paid a monthly income by the insurance company until they are able to return to work. This means, the employee is compensated and the business does not have to bear the expense.

#### Does your company already have group disability insurance coverage?

**If yes**, individual disability insurance can complement what you already have for key employees and business partners. Individual disability insurance coverage is typically more comprehensive and can help bridge the gap between what is covered by group disability insurance and what your business and your employees require to meet their needs.

**If no**, consider getting individual disability insurance coverage. It features comprehensive coverage with a variety of options, tailored specifically to your needs. It's also a fixed business expense, as premiums are locked in for the life of the policy, unless you decide to make changes.

[Under the wage-loss replacement plan, a business owner can provide disability insurance coverage to groups of employees under the same occupation class (e.g., 4A, 3A, etc.). This is often used in lieu of group disability insurance.]

A specific option is called a wage loss replacement plan. This option allows your company to purchase disability insurance for a group of employees, where the company owns the policies, pays premium for employees and can deduct the premiums for tax purposes.





[This option may apply to most business owners]

You could receive a five per cent premium reduction through Great-West Life (see the [Wage loss replacement plan sales concept](#) for more information).

[This option may be more relevant for large business owners or larger groups of employees]

You could receive a 10 to 15 per cent premium reduction through Great-West Life (see the [Professional Expense and Boss Expense: Product description](#) for more information).

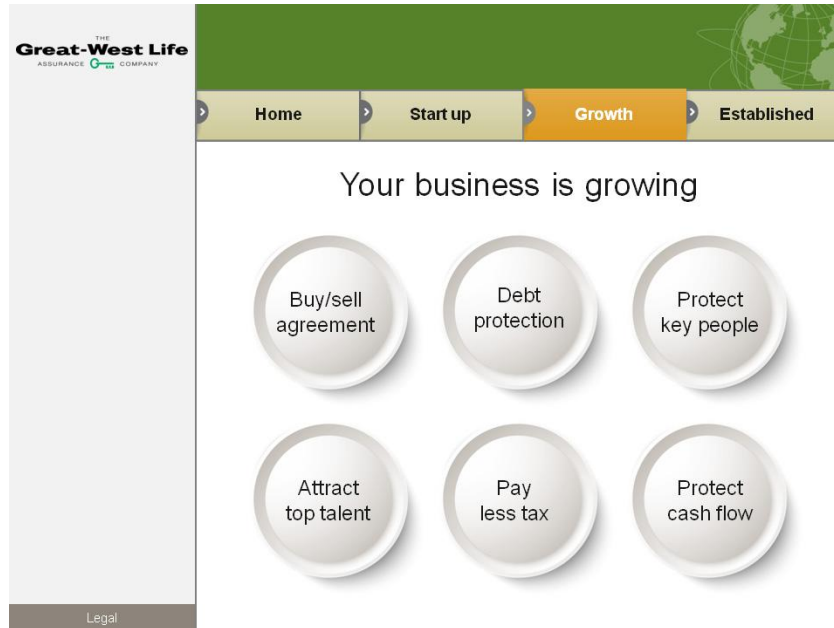
**Additional resources:**

- [Advisor guide: Business owner solutions](#)
- [Brochure \(46-8375\)](#)
- [PowerPoint presentation](#)
- [Calculator](#)



## Your business is growing

### Menu



The screenshot shows a web page with a green header and a navigation bar. The navigation bar has four tabs: Home, Start up, Growth (highlighted in orange), and Established. Below the navigation bar, the heading "Your business is growing" is centered. Underneath, there are six circular buttons arranged in a 2x3 grid, each containing a business-related topic. At the bottom left of the page, there is a "Legal" link.

- Home
- Start up
- Growth**
- Established

Your business is growing

- Buy/sell agreement
- Debt protection
- Protect key people
- Attract top talent
- Pay less tax
- Protect cash flow

Legal

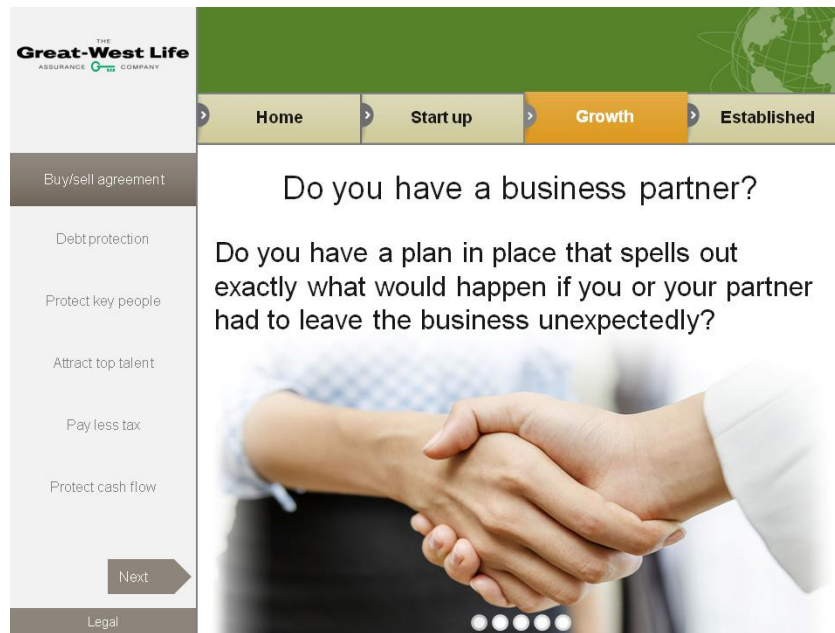
As a business in growth mode, what interests you most, or which items on this list speak to your biggest concerns? We can come back later and introduce new topics, depending on your interests and needs.



## Your business is growing

Buy/sell agreement

**Do you have a business partner?**



The screenshot shows the Great-West Life website interface. On the left is a vertical navigation menu with the following items: Buy/sell agreement (highlighted), Debt protection, Protect key people, Attract top talent, Pay less tax, Protect cash flow, Next (with a right arrow), and Legal. The top navigation bar includes Home, Start up, Growth (highlighted), and Established. The main content area displays the heading "Do you have a business partner?" followed by the text: "Do you have a plan in place that spells out exactly what would happen if you or your partner had to leave the business unexpectedly?" Below the text is a photograph of two hands shaking, symbolizing a business agreement.

**Do you have a business partner?**

What would happen to your business if you or your business partner died or had to leave the business because of an injury or illness?

- Would one partner be able to buy the other out?
- Could your business keep running uninterrupted?

**Additional resource:**

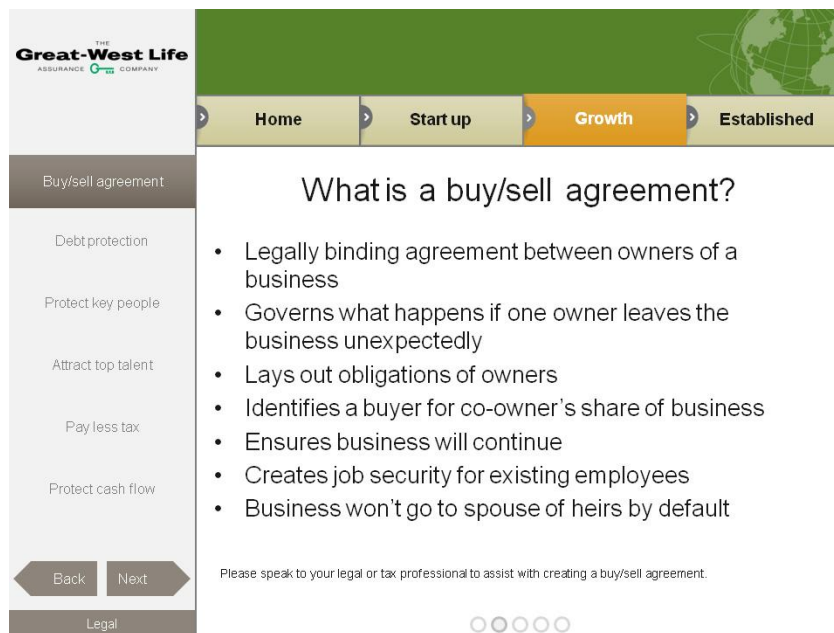
- [Funding a buy/sell agreement – Tool \(available on Your Key Connection\)](#)



## Your business is growing

### Buy/sell agreement

#### What is a buy/sell agreement?



The screenshot shows a website interface with a navigation menu at the top containing 'Home', 'Start up', 'Growth', and 'Established'. The 'Growth' tab is selected. On the left, a sidebar menu lists 'Buy/sell agreement', 'Debt protection', 'Protect key people', 'Attract top talent', 'Pay less tax', and 'Protect cash flow'. The main content area is titled 'What is a buy/sell agreement?' and contains a bulleted list of points. At the bottom of the content area, there is a disclaimer: 'Please speak to your legal or tax professional to assist with creating a buy/sell agreement.' Below the disclaimer are five small circles, with the first one filled, indicating the current page in a series.

**What is a buy/sell agreement?**

- Legally binding agreement between owners of a business
- Governs what happens if one owner leaves the business unexpectedly
- Lays out obligations of owners
- Identifies a buyer for co-owner's share of business
- Ensures business will continue
- Creates job security for existing employees
- Business won't go to spouse of heirs by default

Please speak to your legal or tax professional to assist with creating a buy/sell agreement.

It's a legal agreement between each partner or co-owner about what will happen if one partner is forced to leave the business because of a disability or death. The remaining partner(s) agrees to buy out the injured or deceased partner's shares.

The purpose of a buy/sell agreement is to put everything in writing to help prevent disagreement later, as well as to put a process in place to handle disagreements.

The establishment of a buy/sell agreement may help support the continuation of your business, in the following ways:

- It's clear who'll buy the business or the sick or injured person's share of the business if the unexpected happens
- The business will continue on after a major life event
- Employees probably won't have to worry about job security if you die or experience a disability
- Your heir or spouse won't be burdened with having to take unwanted control over the business by default

If there is no buy/sell agreement in place, shares may pass through the deceased owner's estate to the surviving spouse, children or other beneficiaries.

It's crucial to remember: The agreement is important, but you must have funds on hand to buy a business partner's shares when you sign a buy/sell agreement. That way, you have money to honour your side of the agreement if something happens.

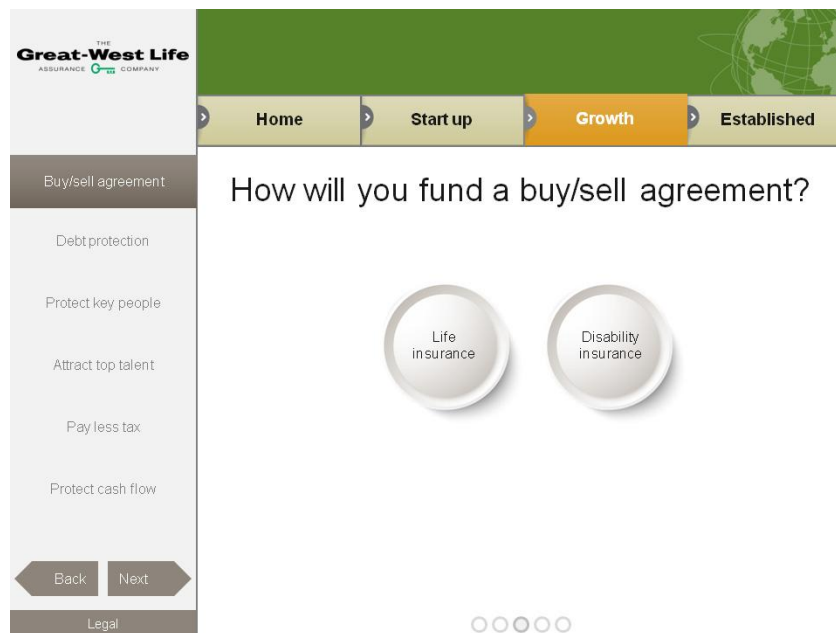
Your lawyer or tax professional can help you come up with a buy/sell agreement. Your financial security advisor can help put funding for the agreement in place.



## Your business is growing

Buy/sell agreement

How will you fund a buy/sell agreement?



If you have a buy/sell agreement with a business partner, unless you have a specific plan in place, buying a partner's share can be expensive and may create the following challenges for the remaining partner:

- Force the business partner to use future business profits, which could disrupt business operations
- The inability to support the buyout with profits
- Ownership of shares may not pass immediately to the surviving business owners.
- Business may need to borrow from the bank, which may be difficult and may create more debt for the business

If you plan ahead there's another way: You may use insurance to pay for a buy/sell agreement. Insurance can be used to fully or partially fund a buy/sell agreement.

### Additional Resources:

Use the [Funding a buy/sell agreement tool](#) to compare the use of insurance with alternate funding options.

- [Funding a buy/sell agreement client brochure \(form B2959\)](#)

### Tax and planning articles

- [Buy/sell agreements – criss-cross method](#)
- [Buy/sell agreements – hybrid method](#)
- [Buy/sell agreements – promissory note method](#)
- [Buy/sell agreements – share redemption method](#)



## Your business is growing

### Buy/sell agreement

### Life insurance

The screenshot shows the Great-West Life website interface. At the top left is the logo. A navigation bar contains 'Home', 'Start up', 'Growth' (highlighted in orange), and 'Established'. A left sidebar lists topics: 'Buy/sell agreement', 'Debt protection', 'Protect key people', 'Attract top talent', 'Pay less tax', and 'Protect cash flow'. The main content area is titled 'Life insurance' and contains a bulleted list of benefits. At the bottom of the sidebar are 'Back', 'Next', and 'Legal' buttons. A 'Disability insurance' button is visible on the right side of the content area. A small disclaimer and a progress indicator are also present.

**Life insurance**

- Provides money to carry out buy/sell agreement, if you or your business partner dies
- Generally more cost-effective than using profits or loans
- Using life insurance means:
  - Partners and shareholders are insured for the value of their shares
  - It can be set up so there's an increasing death benefit to account for increasing share values
- The beneficiary receives the death benefit tax-free
- Corporately owned policies have the ability to pay out tax-free capital dividends\*

\*The death benefit is recorded as a credit to the company's capital dividend account, which can then be distributed tax-free to shareholders.

Disability insurance

With life insurance, if you or your business partner dies then the other partner (or the company) receives money – often available within days – to carry out the terms of a buy/sell agreement. Often, it's a more cost-effective approach than using business profits or taking out a loan.

The money received can be used to:

- Insure the value of the partner's or shareholder's shares
- Insure the full value or at least a portion to allow for quick access to a large amount of cash to purchase the deceased person's share(s)
- May also play a role in estate planning of a deceased family member
- Pay future tax on shares of a holding company
- Redeem frozen shares of holding company of deceased owner

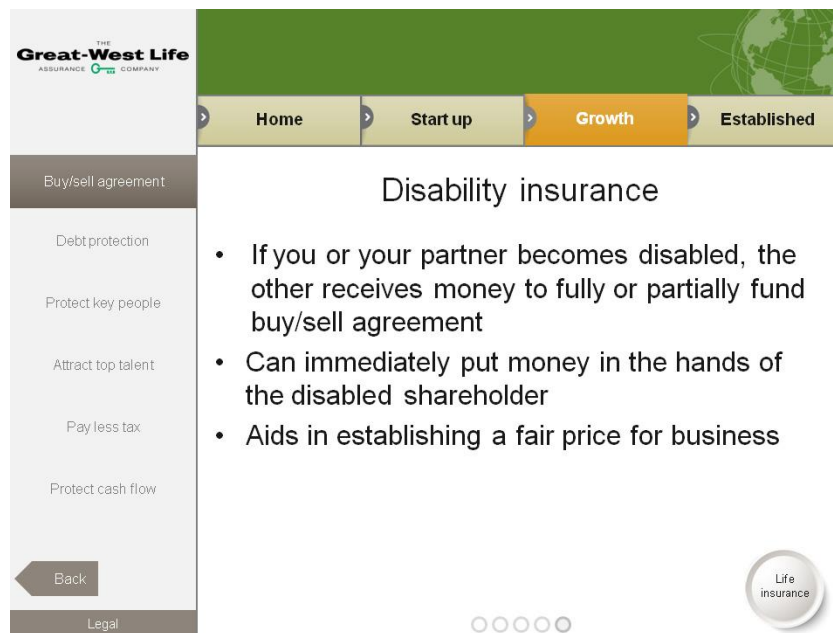
There are also options to allow coverage to grow as the value of the business does so there's no shortfall later. For example, the business growth protection rider is tax efficient and can be set up to provide an increasing death benefit to account for increasing share values.




## Your business is growing

Buy/sell agreement

Disability insurance



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Home Start up **Growth** Established

Buy/sell agreement

Debt protection

Protect key people

Attract top talent

Pay less tax

Protect cash flow

Back

Legal

### Disability insurance

- If you or your partner becomes disabled, the other receives money to fully or partially fund buy/sell agreement
- Can immediately put money in the hands of the disabled shareholder
- Aids in establishing a fair price for business

Life insurance

You can also use disability insurance to help fund a buy/sell agreement. It's designed to provide funds to help buy out a business owner or partner if they become totally disabled, which will help to protect capital and prevent a drain on company resources.

A buy/sell agreement funded by disability insurance provides the funds used to help complete the buyout part of a buy/sell agreement, and it may help you secure a fair price for a disabled shareholder or partner.

Important note: To qualify for this coverage, you or your business partner must be permanently and totally disabled, which means, in the opinion of medical experts, you or your business partner won't recover. This qualifier helps to address business owners' needs, as you may not want to release ownership of the company if you're only temporarily disabled.

### Additional Resource:

- [Partner buy-out at a glance \(form B2694\)](#)





## Your business is growing

Debt protection

[See section in Your business is new \(pages 8-13\)](#)

## Your business is growing

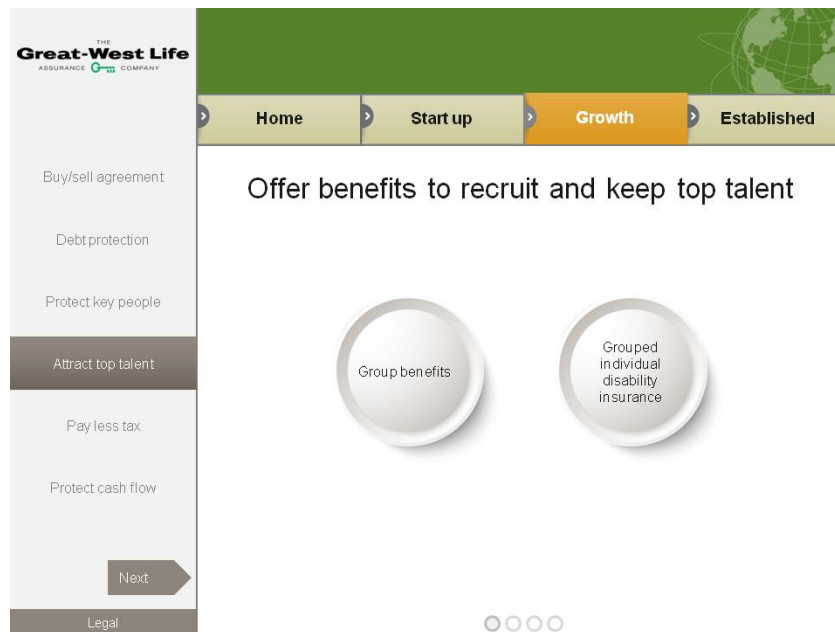
Protect key people

[See section in Your business is new \(pages 20-25\)](#)

## Your business is growing

Attract top talent

**Offer benefits to recruit and keep top talent**



The screenshot shows a website interface for Great-West Life. On the left is a vertical sidebar menu with the following items: Buy/sell agreement, Debt protection, Protect key people, **Attract top talent** (highlighted), Pay less tax, Protect cash flow, Next (arrow button), and Legal. The top navigation bar has four tabs: Home, Start up, **Growth** (highlighted), and Established. The main content area features the heading "Offer benefits to recruit and keep top talent" and two circular icons: "Group benefits" and "Grouped individual disability insurance". At the bottom of the content area are four small circles, with the first one filled.


In a competitive marketplace, in order to recruit and keep top talent, sometimes you need to offer more than just a large paycheque. Perks like group health benefits or individual disability insurance can help to attract and retain talent.



## Your business is growing

Attract top talent

### Group benefits

**Great-West Life**  
 ASSURANCE  COMPANY

Home Start up **Growth** Established

Buy/sell agreement  
 Debt protection  
 Protect key people  
**Attract top talent**  
 Pay less tax  
 Protect cash flow  
 Back Next  
 Legal

### Group benefits

We can help you design an employee benefits plan offering coverage such as:

- Healthcare including coverage for:
  - Prescription drugs
  - Out-of-country care
  - Travel assistance
- Disability insurance
- Life and accidental death and dismemberment insurance
- Critical illness insurance
- Employee and family assistance program

Grouped individual disability insurance

A group benefits program is a good incentive for getting great employees in the door and for keeping them there once they've arrived.

Here are some of the products and services available with Great-West Life's Selectpac Benefits Coverage (for a company with 35 employees or less):

#### Healthcare Plans

- Healthcare coverage for everyone
- Plans are available for eligible employees and dependants

#### Prescription drug (included with healthcare)

- Manage the rising cost of prescription drugs

#### Out-of-Country Care and travel assistance (included with healthcare)

- Worldwide support and coverage for travelers in emergency medical situations

#### Dental Coverage

- Coverage for common dental services and supplies

#### Group Disability insurance

- Financial protection after an accident or illness
- Replaces a percentage of your employees' earnings



**Life and accidental death and dismemberment insurance**

- Financial support for your employees and their families in the event of death or loss of a limb
- Pays a lump sum benefit

**Critical illness insurance benefits and services**

- Critically ill plan members can focus on recovery, not finances
- Lump-sum benefit payment can be used toward anything the plan member chooses

**Employee and family assistance program**

- Provides a wide variety of services such as professional, confidential counseling to help plan members and their families deal with concerns at work or at home.



## Your business is growing

Attract top talent

### Grouped individual disability insurance: part one

The screenshot shows a navigation menu with 'Home', 'Start up', 'Growth', and 'Established'. The 'Growth' section is active, displaying the title 'Grouped individual disability insurance' and two columns of bullet points. The left column lists benefits for 'Your business' and the right column lists benefits for 'Your employees'. A 'Group benefits' icon is visible in the bottom right of the screenshot.

**Grouped individual disability insurance**

- Helps top employees pay bills if they're too sick or injured to work
- Benefits you and your employees

<p><b>Your business</b></p> <ul style="list-style-type: none"> <li>• You control arrangement</li> <li>• Premiums tax-deductible</li> <li>• Stable and predictable expense*</li> <li>• Flexible coverage fits your budget</li> </ul>	<p><b>Your employees</b></p> <ul style="list-style-type: none"> <li>• Benefit from cost-free coverage</li> <li>• Have more room for RRSP contribution</li> </ul>
---	--

\*Except for healthcare rider and cancellable policies

Many employees worry they may not be able to work because of an injury or illness, which is why offering top employees individual disability insurance in a grouped format is something you may be interested in.

Not only does it help employees and ease their concerns, but it can also help you keep key people on staff.

#### Benefits to top employees:

- Cost-free coverage
- Creates room for registered retirement savings plan (RRSP) contribution
- Premium is not a taxable employee benefit\*, however, accidental death and dismemberment rider premiums paid by the employer are a taxable employee benefit

\*Because monthly income benefits employees receive while disabled are taxable, RRSP contribution room is created when receiving benefits.

#### Benefits to you

- You control the arrangement, providing coverage to key employees and managing the expense through the business.
- More hard-earned business income can be put to work through tax deductibility and premium reductions
- As long as coverage remains in place, premium costs for grouped arrangements don't change, providing a stable, predictable expense (except for healthcare rider and cancellable policies)
- Coverage is flexible - each class of covered employees can be customized based on needs and budget

## Your business is growing

Attract top talent

### Grouped individual disability insurance: part two



The screenshot shows the Great-West Life website interface. On the left is a vertical navigation menu with options: Buy/sell agreement, Debt protection, Protect key people, Attract top talent (highlighted), Pay less tax, Protect cash flow, Back, and Legal. The main content area has a top navigation bar with Home, Start up, Growth (highlighted), and Established. Below this, the title 'Grouped individual disability insurance' is displayed. A central diagram titled 'Your risk management solution' illustrates the process: a dollar sign icon leads to 'Grouped individual disability insurance policies', which leads to 'Monthly disability insurance benefit\*'. A side note indicates 'Tax deductions for premium paid' and 'Not a taxable employee benefit'. A bottom note states 'Employer paid premium - not a taxable benefit to employee'. A small circular icon labeled 'Group benefits' is also visible.

#### How this works

- With grouped individual disability insurance, employees are covered under individual disability insurance policies. They're grouped together and you pay the premiums. It's less expensive to pay premiums under a grouped arrangement than it would be to increase employee salaries so they could purchase disability insurance on their own.
- You get a tax deduction for the premium they pay; this premium is not a taxable benefit to employees.
- If an employee becomes disabled, the monthly disability benefit they receive is taxable income to them. At the time of application, the monthly disability income benefit available may be grossed-up to help offset taxes. Great-West Life takes off income tax when disability insurance benefits are paid from taxable plans.

#### Additional Resource:

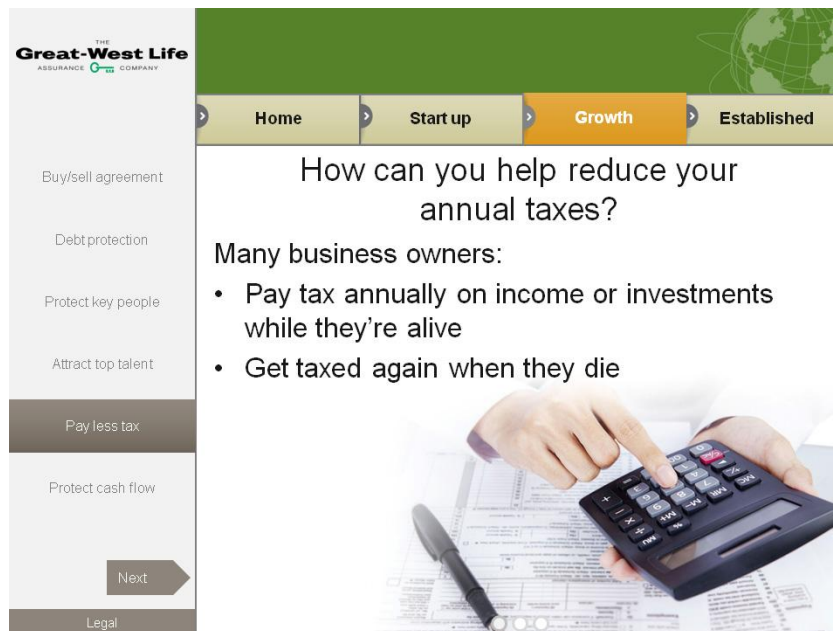
- [Business owner solutions - Manage risk for you and your business \(form 46-8375\)](#)



## Your business is growing

Pay less tax

How can you help reduce your annual taxes?



The screenshot shows the Great-West Life website interface. On the left is a vertical navigation menu with the following items: Buy/sell agreement, Debt protection, Protect key people, Attract top talent, **Pay less tax** (highlighted), Protect cash flow, Next (with a right-pointing arrow), and Legal. The top navigation bar includes Home, Start up, **Growth** (highlighted), and Established. The main content area displays the heading "How can you help reduce your annual taxes?" followed by the text "Many business owners:" and a bulleted list: "• Pay tax annually on income or investments while they're alive" and "• Get taxed again when they die". Below the text is an image of a person's hands using a calculator over a document with a pen nearby.

Business owners pay tax on income and investments every year while they're alive, and again when they die.

### Additional resource

- Corporate tax grind (available on KeySource)



## Your business is growing

Pay less tax

### Permanent life insurance

Life-long (permanent) life insurance is one way for you to reduce annual taxes payable. You can save on taxes in two ways:

- Tax-free growth\*:
- With many investments you're taxed on growth each year. Permanent life insurance is different. If money grows within the policy, it's not taxed until it's withdrawn.
- Tax-free benefit payment for beneficiary:
- When you die, tax-free insurance proceeds go to whomever you choose— it could be family, friends or a favourite charity.

Both options help a business save money on taxes, which means you could have more money to spend while you're alive and more for your estate when you die.

\*As long as money stays in the policy and remains within legislative limits.





## Your business is growing

Pay less tax

More benefits of corporate funded permanent life insurance

Funds that are passed on to heirs or a favourite charity aren't the only benefits of corporately-funded permanent life insurance. Tax-free proceeds, coupled with tax-advantaged growth while you're still alive, offer a number of benefits:

### Benefits to business owner client estate value:

- Estate liquidity to cover taxes, other costs
- Growing death benefit can help address growing share value of your business
- Death benefit can provide your heirs or estate with the funds needed to pay final taxes, capital gains and/or settlement costs

### Benefits to client asset value:

- Additional way to create a tax-advantaged asset while alive and to leave a meaningful gift outside of the estate to heirs or charity
- Supplement retirement income
- Finance future business opportunities

**Important note:** If you borrow or withdraw money from your policy, it will reduce the policy's cash value and decrease how much money the person (or people) you've designated will receive (called a death benefit).

### Additional resource:

- [Corporate asset transfer and cash withdrawals – Tool](#)
- Corporate Save it, spend it, leave it (available on KeySource)





## Your business is growing

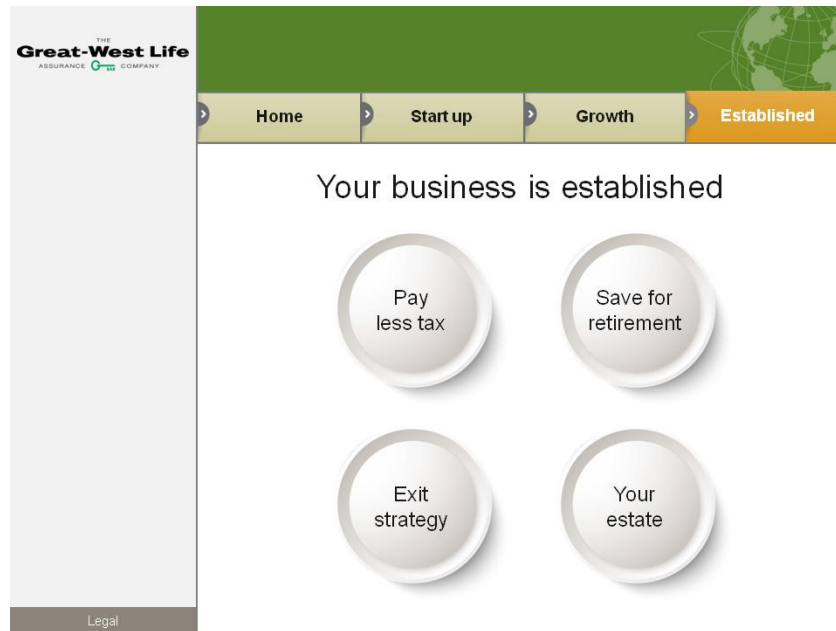
Protect cash flow

[See section in Your business is new \(pages 14-16\)](#)



## Your business is established

### Menu



As an established business owner, what interests you most or what is your biggest concern from items on this list? We can come back later and introduce new topics, depending on your interests and needs.

## Your business is established

### Pay less tax

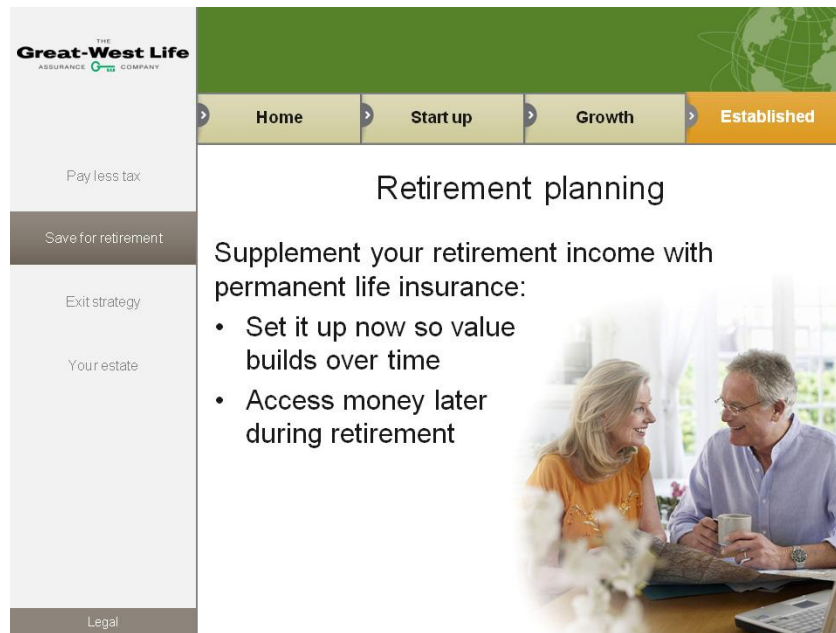
[See section in Your business is growing \(pages 38-40\)](#)




## Your business is established

Save for retirement

### Retirement planning



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Home Start up Growth **Established**

### Retirement planning

Supplement your retirement income with permanent life insurance:

- Set it up now so value builds over time
- Access money later during retirement

Legal

Permanent life insurance is a tax-advantaged way to supplement your retirement income. If you set up permanent life insurance now, money will build inside the policy over time. If you want to use the money in your policy during retirement, you have a couple of options. Each has its own unique advantages, disadvantages and tax consequences.

#### Additional Resource:

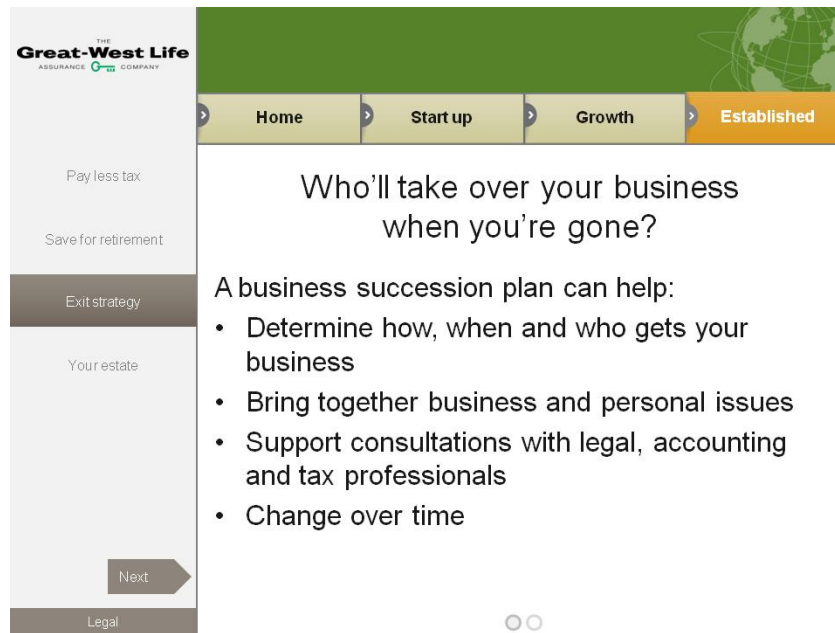
- [Accessing the cash values in your life insurance policy \(46-4923\)](#)
- [Corporate asset transfer and cash withdrawals – Tool](#)
- Corporate Save it, spend it, leave it (available on KeySource)



## Your business is established

### Exit strategy

### Who'll take over your business when you're gone?



The screenshot shows a navigation menu with 'Home', 'Start up', 'Growth', and 'Established' (highlighted). The main content area features the title 'Who'll take over your business when you're gone?' and a list of points about business succession plans. A sidebar on the left contains links for 'Pay less tax', 'Save for retirement', 'Exit strategy' (highlighted), and 'Your estate'. A 'Next' button is visible at the bottom of the sidebar.

You've probably thought about who'll take over the business when you're gone. Gone could mean you retire and pass the business to family or a friend, if they decide to sell the business, or when you die.

A business succession plan can help you, your business partners or heirs decide what happens if someone leaves the business.

This plan:

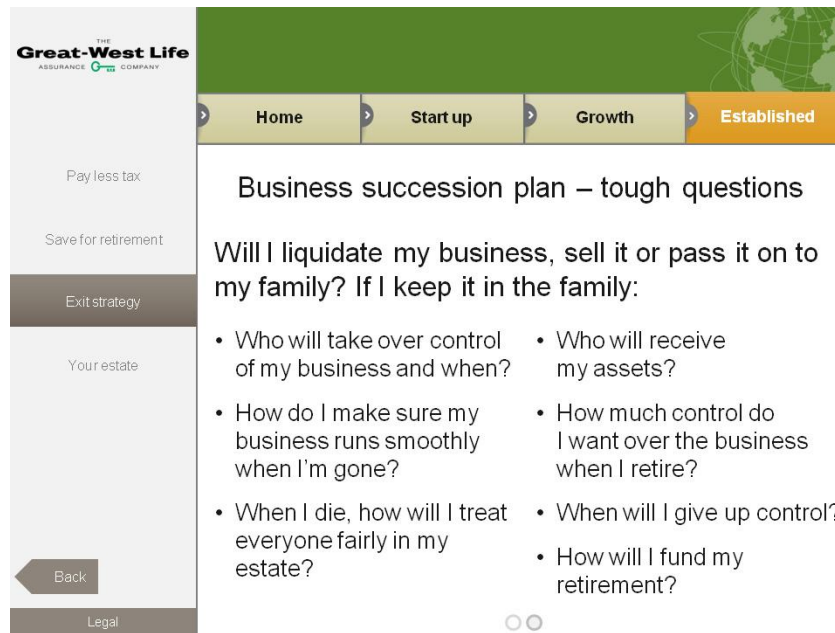
- Involves a variety of business and personal issues that need to be considered together
- Is unique to you; it's important you consult your legal, accounting and tax professionals as you develop the business succession plan
- Changes over time to reflect how you are affected by various life stages, including financial goals, marriage, death or divorce.



## Your business is established

### Exit strategy

### Business succession plan – tough questions



The screenshot shows a mobile website interface. At the top left is the Great-West Life logo. Below it is a vertical navigation menu with options: 'Pay less tax', 'Save for retirement', 'Exit strategy' (highlighted), and 'Your estate'. At the bottom of this menu is a 'Back' button. To the right of the menu is a horizontal navigation bar with four tabs: 'Home', 'Start up', 'Growth', and 'Established' (highlighted). The main content area is titled 'Business succession plan – tough questions' and contains the text: 'Will I liquidate my business, sell it or pass it on to my family? If I keep it in the family:'. Below this text are two columns of bullet points. At the bottom of the page, there are two small circles, one of which is filled.

To build a successful business succession plan, you need to ask yourself some tough questions:

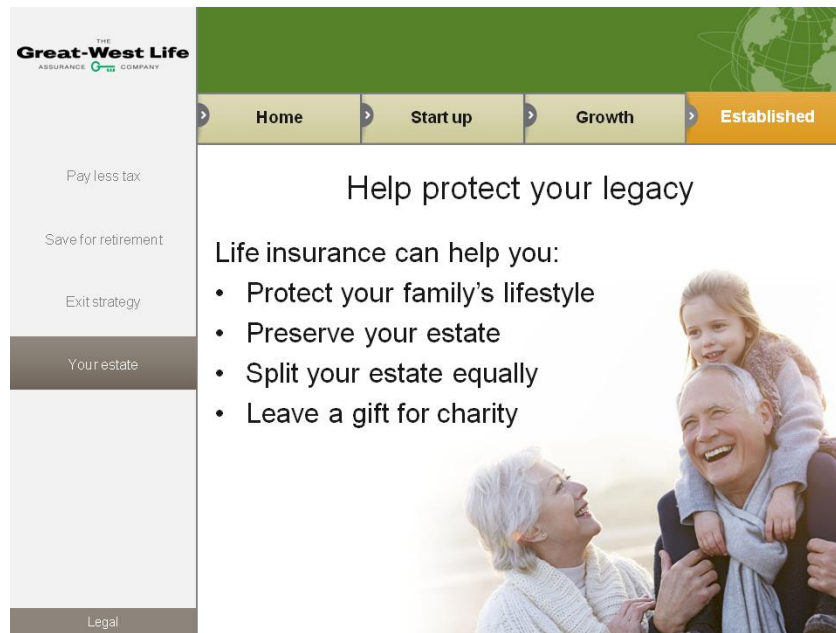
- Who will take over control of my business?
- How will I make sure my business runs smoothly when I'm gone?
- How will I treat everyone fairly in my estate?
- Who will receive my assets?
- How much control do I want over the business when I retire?
- When will I give up control?
- How will I fund my retirement?



## Your business is established

Your estate

Help protect your legacy



The screenshot shows the Great-West Life website interface. On the left is a navigation menu with options: 'Pay less tax', 'Save for retirement', 'Exit strategy', 'Your estate' (highlighted), and 'Legal'. The main content area has a green header with a navigation bar containing 'Home', 'Start up', 'Growth', and 'Established' (highlighted). Below the header, the title 'Help protect your legacy' is centered. To the right of the title is a list of four bullet points: 'Protect your family's lifestyle', 'Preserve your estate', 'Split your estate equally', and 'Leave a gift for charity'. Below the list is a photograph of an elderly couple smiling, with a young girl sitting on the man's shoulders.

When it comes to your estate, there are four ways you can use life insurance to increase what you pass along:

- Protect your family's lifestyle: can help replace family income when you die
- Preserve estate: helps ensure your estate has the liquidity, and money available, to pay any taxes owing
- This means assets can be intact for heirs.
- Equalize estate: can help split up assets equally between recipients by filling the gaps to even everything out, which is not always easy to do equally
- For example, how will you manage asset splitting in a scenario where you want to leave the cottage to only one child?
- Leave a gift for charity: donate to your favourite charity or non-profit organization without reducing what heirs will receive
- This donation can be set up in your life insurance policy.



## Legal

### Important information

- The comparative information provided is accurate to the best of our knowledge, based on information publicly available as of Nov. 15, 2016. The comparison is open to change subject to receipt of further information.
- The information provided is based on current tax legislation and interpretations for Canadian residents and is accurate to the best of our knowledge as of the date of publication. Future changes to tax legislation and interpretations may affect this information. This information is general in nature, and is not intended to be legal or tax advice. For specific situations, you should consult the appropriate legal, accounting or tax advisor.