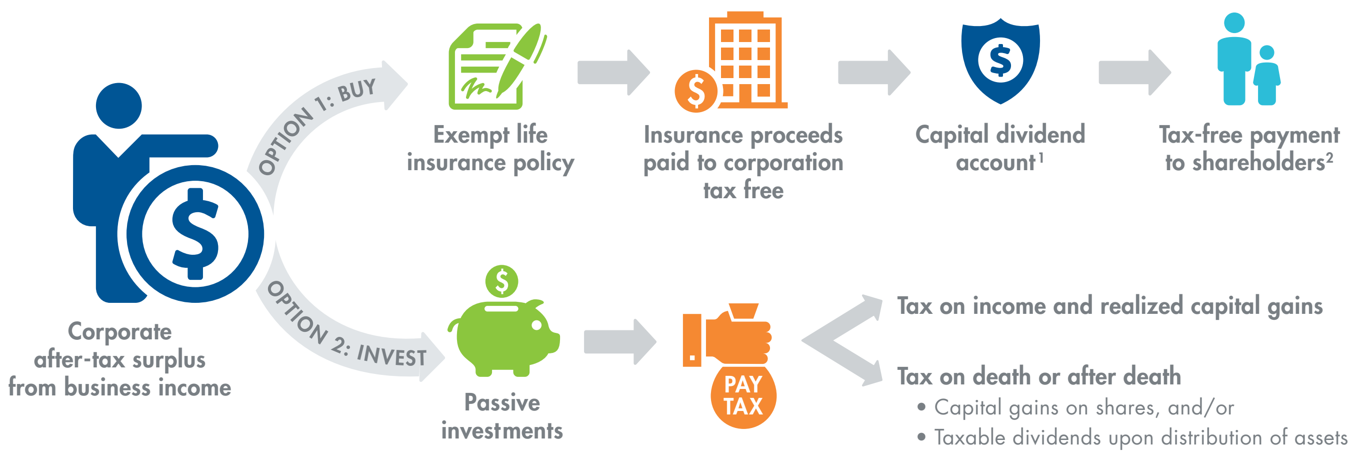
CORPORATE PREFERRED ESTATE TRANSFER®

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.

financial planning

CORPORATE PREFERRED ESTATE TRANSFER®

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 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.

1562(2018/07/04)

Equitable Life of Canada®

Works for me.®