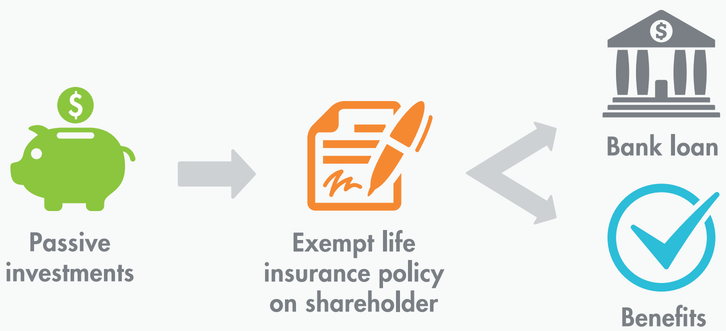
CORPORATE PREFERRED RETIREMENT SOLUTION®

It's the kind of preferential treatment you want. Life insurance that benefits both you and your business.

You already know that life insurance can help protect your business by making funds available to pay off debts, fund buy sell agreements and keep the business running. But did you know that it can also benefit you and your business during your lifetime?

The *Corporate* Preferred Retirement Solution can help decrease your corporate taxes and increase your cash flow in retirement. Simply redirect some of the surplus from business income into a permanent life insurance policy rather than passive investments.



- Personal loan to supplement income at retirement
- Policy used as collateral for corporate guarantee on loan
- Guarantee fee paid by shareholder to the corporation to reduce shareholder benefit issue[1]

- Insurance protection for your business
- Tax-advantaged growth
- Larger after-tax payment to shareholders (including the deceased shareholder's estate)

PUT THE *CORPORATE* PREFERRED RETIREMENT SOLUTION TO WORK FOR YOU

Protect your business

- Determine the amount of insurance your corporation needs based on its objectives.
- The corporation purchases a permanent life insurance policy on your life. The corporation is the beneficiary.

Grow your assets

- By redirecting a portion of surplus from business income into a life insurance policy rather than passive investments your corporation pays less tax today[2] and in the future.
- The funds within the insurance policy grow on a tax-advantaged basis.
- Payments above the required premium can accelerate the growth of the value within the policy.[3]

Supplement your retirement cash flow

- You may be able to access[4] the cash surrender value of the corporately-owned life insurance policy to supplement your retirement cash flow.
- One option is to apply for a personal bank loan using the policy as collateral for a corporate guarantee on the loan. The cash surrender value of the policy must be large enough to meet the bank's loan qualification requirements.[5]
- The bank loan can supplement your retirement cash flow with tax-free dollars.[1]

At death, the proceeds of the life insurance policy must not be directly used to repay the loan. Instead, the loan proceeds are paid tax free to the corporation. Amounts of the life insurance proceeds in excess of the policy's adjusted cost basis (ACB)[6] are credited to the capital dividend account. From there, they are paid as tax-free capital dividends to the shareholders, including the deceased shareholder's estate. The deceased shareholder's estate pays off the loan and keeps any remaining balance.[7]

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CORPORATE PREFERRED RETIREMENT SOLUTION®

IT COULD BE THE RIGHT SOLUTION FOR YOU IF …

- ☑ You are the owner or majority shareholder of a Canadian corporation.
- ☑ The corporation has passive investments.
- ☑ You are looking for ways to reduce corporate taxes.
- ☑ You want to supplement your retirement cash flow.
- ☑ You need life insurance to protect your business.
- ☑ You have an up-to-date will.

Your advisor can show you how the *Corporate* Preferred Retirement Solution can work for you.

You should review the *Corporate* Preferred Retirement Solution Checklist – Shareholder borrowing for details and consult with your financial, legal, and tax advisors about the risks and benefits of this concept.

[1] Using a corporately-owned life insurance policy as security for a corporate guarantee on a personal bank loan (shareholder borrowing) could result in a taxable benefit to the borrower under the Income Tax Act (Canada). In most cases, a guarantee fee should be paid by the borrower to the corporation to minimize the taxable benefit. This guarantee fee will be considered taxable income to the corporation. Another option is to consider having the corporation obtain the collateral loan and distributing the loan proceeds as taxable dividends to the shareholder (corporate borrowing). Borrowers should speak to their tax advisors when implementing the *Corporate* Preferred Retirement Solution strategy to avoid adverse tax consequences. [2] The amount of any tax savings will depend on the nature of your taxable investment. [3] The extra payment is limited to the amount required to maintain the tax-exempt status of the policy. For universal life, the policy may be credited positive or negative returns depending on the investment accounts selected. Review the product illustration for full details. [4] Options include but may not be limited to partial surrenders of the policy, policy loans and collateral bank loans. The tax implications of each option vary and need to be considered before selecting an option. [5] With a collateral bank loan, the lender will be a third party lending institution. Availability of a loan from the third party lending institution is not guaranteed by Equitable Life and is not part of the life insurance contract. The borrower must apply for and meet the third party lending institution's loan qualification requirements. The borrower may be able to borrow up to 100% of the policy's cash value. Loan minimums vary by financial institution. Some financial institutions require a minimum collateral loan of $250,000. The ability to obtain a loan and the terms of a loan are subject to the financial underwriting policies at the third party lending institution at the time of loan and are subject to change at any time. There may be conditions, fees and costs associated with arranging the collateral bank loan. [6] 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. [7] Arrangements will be required between the lender, corporation and life insured's estate to ensure that the life insurance proceeds do not directly repay the bank loan. In some instances, the estate may be required to provide alternative collateral to secure the loan.

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