

# CORPORATE INSURED RETIREMENT PLAN

## LOAN BY SHAREHOLDER

Have your corporate-owned life insurance work for your retirement

Company1

**Prepared by:**

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# SCENARIOS AND ASSUMPTIONS

## Age of analysis

The analysis is based on projected life expectancy of age 86 for Nouveau Client1, which occurs at a duration of 46 years.

## Insured

Nouveau Client1  
Male, 40, Preferred / Non-smoker  
Life expectancy: 86

## Policyowner

Company1

## Collateral Loan Details

Loan by	Shareholder
Fixed Annual Guarantee Fee	1,00 %
Guarantee fee int. spread on loan	2,00 %
Loan Interest Rate	5,00 %
Loan Index Rate	2,00 %
Loan Start Age	5
Loan End Age	8
Max. Ratio Loan / CSV	85,00 %
Maximum First Annual Loan Amount	84 900 \$
Chosen First Year Annual Loan Amount	80 959 \$

## Illustration

Product	Participating Life Insurance
Coverage Category	Permanent Life
Coverage Type	Individual
Coverage	Estate Enhancer – 20 Pay
Amount	1 000 000 \$
Total Premium and Deposit	53 840,00 \$
Annual premium	28 390,00 \$
1st year ADO	25 450,00 \$

**Dividend Option:** Paid-up Additions (PUA)

**Dividend scenario:** Current

**Premium Cessation:** Yes, begins at year 16

**Add. Deposit Option (ADO):** Yes, refer to illustration for details.

**Withdrawal:** No

## Tax Information (Ontario)

Personal Marginal Tax Rate	53,53 %
Personal Dividend Tax Rate	47,74 %
Corporate Max. Tax Rate on Interest	50,17 %
Part IV Tax Rate	38,33 %
Capital Gain Inclusion Rate	50,00 %
RDTOH Rate	30,67 %
Dividend Refund Rate	38,33 %

## Investments

	Asset allocation *	ROR	MER
Short-term investments	5,00 %	2,30 %	
Fixed income investments	35,00 %	3,20 %	0,00 %
Equity investments	60,00 %	6,20 %	0,00 %
Annual turnover	10,00 %		
Dividend portion	33,33 %		

\* Portfolio is rebalanced every 3 years.

## YOUR CURRENT SITUATION

- You are the owner or principal shareholder of a private corporation that qualifies as a Canadian-controlled private corporation under the *Income Tax Act* (Canada).
- Your corporation is well-established and generating higher revenues than the expenses associated with its day-to-day operations.
- If corporation has significant taxable investments and generates high passive income, this concept can present additional benefits.
- You are confident that your business will continue to prosper, and you are wondering how you can convert the fruits of your labour in a tax-efficient manner to supplement your retirement income.
- The risk analysis revealed that you have significant life insurance needs to protect your corporation in the event of your death.
- You are in good health, and you are considering a strategy for retirement in several years.

## THE CORPORATE INSURED RETIREMENT PLAN (CIRP)

The CIRP is a flexible financial planning approach that uses permanent life insurance and a loan to provide you and your corporation with three key benefits:

- The non-taxable death benefit can provide liquidity that can cover your corporation's operating expenses, make sure creditors and suppliers are paid after your death and to fund a buy-sell agreement.
- Your corporation's taxes can be reduced due to the reallocation of corporate investments into premiums for the permanent life insurance.
- The tax-efficient accumulation of cash values inside the policy can be accessed for business or investment purposes during your lifetime, including to supplement your retirement income.<sup>1</sup>
- CIRP is not a Registered Retirement Saving Plan.

## HOW DOES IT WORK?

- Your corporation purchases a life insurance policy in which tax-advantaged amounts are accumulated as cash values. The corporation is the beneficiary.
- When you retire, you take out a personal loan, which may be structured as a line of credit, from a financial institution. Your corporation pledges the cash values of the policy as collateral for your personal loan. As part of the arrangement, you pay a guarantee fee to your corporation, which will be taxable income to your corporation. If you do not pay a guarantee fee, you will have a taxable benefit to include in your income.
- You use the non-taxable funds from your loan to realize your retirement dreams. You may not be required to pay interest during your lifetime, in which case it is added to the balance of the loan.
- Upon your death, your estate will provide other assets, such as the proceeds of a non-registered investment account, residential or investment real estate, or proceeds of registered plans received by your estate as the beneficiary, to the financial institution as collateral for the outstanding amount of the loan. This will allow the financial institution to release the collateral assignment of your corporation's life insurance policy.
- Your corporation receives the non-taxable death benefit as the beneficiary. The excess of the death benefit over the policy's adjusted cost basis is credited to your corporation's capital dividend account. This allows your corporation to pay a dividend to your estate. The dividend is a non-taxable capital dividend up to the balance of the capital dividend account, with any excess being a taxable dividend.
- Your estate uses the funds from your corporation to pay off the loan and distributes the remainder to your family and chosen heirs according to your wishes, based on instructions you provide during your lifetime.

1. Some methods of accessing the policy cash values could result in a policy disposition and generate a policy gain.

## BENEFITS OF PERMANENT LIFE INSURANCE LOAN BY SHAREHOLDER

- Permanent life insurance can provide your corporation with immediate liquidity to meet financial obligations that arise on your death. The amount payable on death can grow significantly on a tax-efficient basis, providing life-long protection for your corporation. On death, the total death benefit is received by your corporation and is not subject to tax.
- The policy's cash values grow on a tax-deferred basis as long as they remain inside the exempt policy. This contrasts with your corporation's investment earnings and capital gains, which are taxable. This difference in taxation can contribute to a year-over-year reduction in the tax payable by your corporation on its investment portfolio, leaving more money available for business operations, corporate expansion, or other opportunities.
- The increasing cash values inside the policy can be used during your lifetime in a variety of ways, depending on your corporation's needs. Your corporation can access the policy's cash value through a policy loan, a partial withdrawal of the policy's cash value, or a total surrender of the policy. When a policyowner accesses the cash value of their life insurance policy, it may result in taxable income in that same year. It is important to consult with your taxation advisor as part of the planning process if your corporation elects to implement any of these options.
- Permanent life insurance allows you to diversify your corporation's investment assets. The policy's tax-preferred cash value growth can enhance the performance of your corporation's investment portfolio, reducing exposure to market volatility while offering stable growth.
- Your corporation's passive income can be reduced each year by reallocating a portion of its surplus earnings into premiums for a permanent life insurance policy with cash values. This can reduce the amount of taxes paid by your corporation during your lifetime as the tax-preferred growth of accumulation savings inside the policy does not contribute to the passive investment income calculation. Increasing your corporation's annual tax burden ultimately means more money will be available for your business succession, reinvestment and retirement needs.
- On death, the cash surrender value of the life insurance policy is taken into account on the valuation of your shares for tax purposes, instead of the death benefit. Integrating a corporate-owned permanent life insurance policy into your plan can help to maximize the value of your estate for your loved ones when you die.
- The Corporate Insured Retirement Plan illustrates the benefits of using a collateral loan to obtain supplemental retirement income.

**Use the Corporate Insured Retirement Plan to enjoy additional retirement income and leave a tax-advantaged inheritance!**

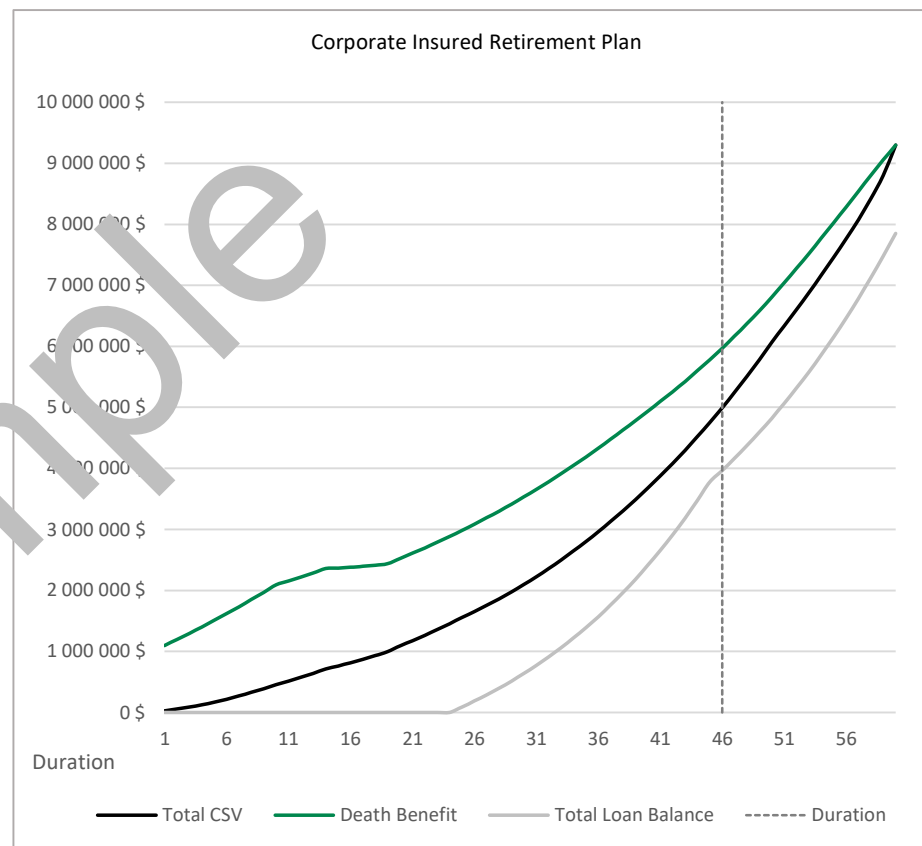
# YOUR SITUATION LOAN BY SHAREHOLDER

The Corporate Insured Retirement Plan allows you to take advantage of the tax-preferred growth of the cash values inside your corporate-owned life insurance policy to supplement your income when you are ready to retire. In addition to the cash value growth, the life-long protection provided by the policy can grow significantly on a tax-efficient basis, enhancing your estate value over time.

When you take out the loan, which may be structured as a line of credit, the cash values of the corporate-owned life insurance policy are pledged as collateral. A well-designed loan arrangement can ensure that the loan balance does not exceed the amount payable on death, which means that, once your estate has taken the appropriate steps, the loan is fully repaid on your death. The Corporate Insured Retirement Plan calculates your initial retirement income projections by using a maximum loan to cash value ratio that will not exceed 85,00 % for the complete duration of your corporation's permanent life insurance policy. This conservative approach, as shown in the graph, demonstrates how the interplay between the loan balance and the long-term growth of the policy's cash values and death benefit allow you to ensure that your retirement income plan is sustainable.

When you die, your estate will be responsible for providing additional collateral for the outstanding loan amount. This will allow the financial institution to release the collateral assignment of your corporation's life insurance policy and prevent any unintended tax consequences that may arise if the corporation were to pay off a personal loan.

Upon receipt of the non-taxable death benefit from the life insurance policy, the corporation will get a credit to its capital dividend account. The credit to the capital dividend account is equal to the death benefit minus the adjusted cost basis of the policy. Your corporation can then pay the proceeds of the life insurance death benefit to your estate. The proceeds paid through the capital dividend account are received as a non-taxable dividend and any excess is received by your estate as a taxable dividend. Your estate will then have the liquidity required to pay off the outstanding loan and provide additional proceeds to your heirs in accordance with your wishes, often indicated in your will.



The Corporate Insured Retirement Plan projections in this concept report are based on assumptions, which are not guaranteed, using personal and financial information provided by you and your corporation. See the **SCENARIOS AND ASSUMPTIONS** section of this concept report for further details. We recommend that you discuss these assumptions and potential alternatives with your advisor as part of your corporate planning. The **KEY CONSIDERATIONS checklist** and **IMPORTANT INFORMATION** sections provide additional valuable material to assist you in understanding the implications of how changes over time can affect the current results shown in this concept report.

# YOUR NET ESTATE VALUE LOAN BY SHAREHOLDER

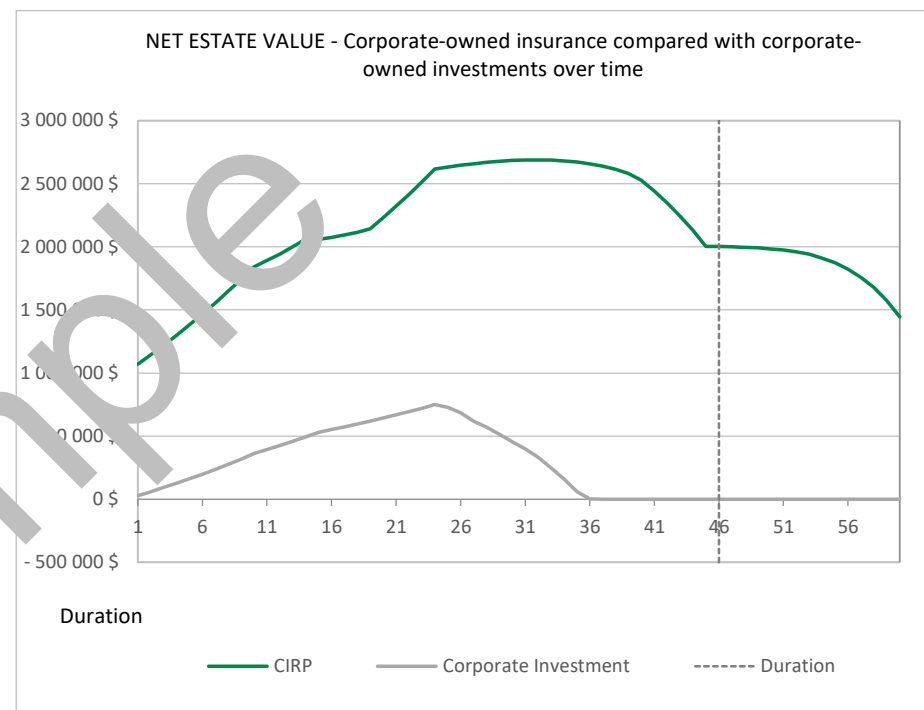
The addition of a permanent life insurance policy with increasing cash values to your corporation's assets can have a positive effect on the ultimate amount distributed from your estate to your family and chosen heirs. This report compares the projected results after implementing the Corporate Insured Retirement Plan and an equivalent corporate-owned taxable investment.

This graph shows your Net Estate Value after implementing the Corporate Insured Retirement Plan compared with using an equivalent corporate investment. The equivalent corporate investment is funded by an amount equal to the annual insurance premiums and managed as part of your corporation's investment portfolio. The dotted line is the duration date as set out for analysis in the **SCENARIOS AND ASSUMPTIONS** section of the concept report.

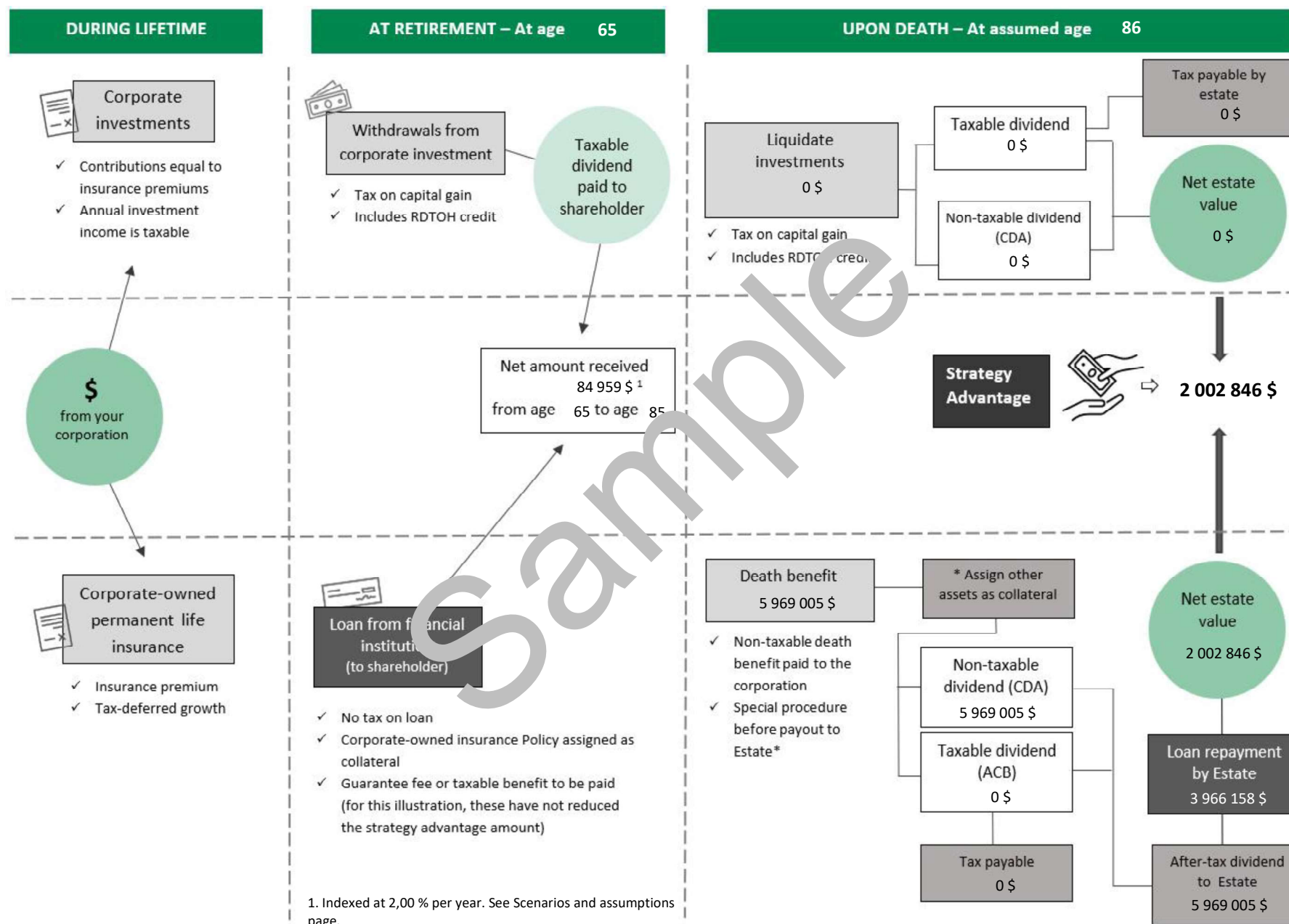
With the Corporate Insured Retirement Plan, you will be able to enjoy the benefit of additional retirement income during your lifetime because your corporation will assign the policy to your lending institution as collateral for your personal loan. After your estate has taken the steps that allow the financial institution to release the collateral assignment, the non-taxable death benefit will be received by your corporation. The dividend paid to your estate will be a non-taxable capital dividend up to the balance of the capital dividend account, with any excess being a taxable dividend.

In contrast, the corporate investment, funded by an amount equal to the annual insurance premiums, will be subject to tax on the investment earnings. Any unrealized capital gains will also be subject to tax when an amount is sold or otherwise liquidated each year to fund your retirement. On death, this equivalent investment will be liquidated and any capital gains that have not yet been realized will be subject to tax. The balance can then be paid to the estate via taxable or non-taxable dividend, depending on the type of investment.

Your Net Estate Value at your projected life expectancy, or duration date, using the Corporate Insured Retirement Plan will be 2 002 846 \$, while your Net Estate Value using the equivalent corporate-owned taxable investment will be 0 \$.

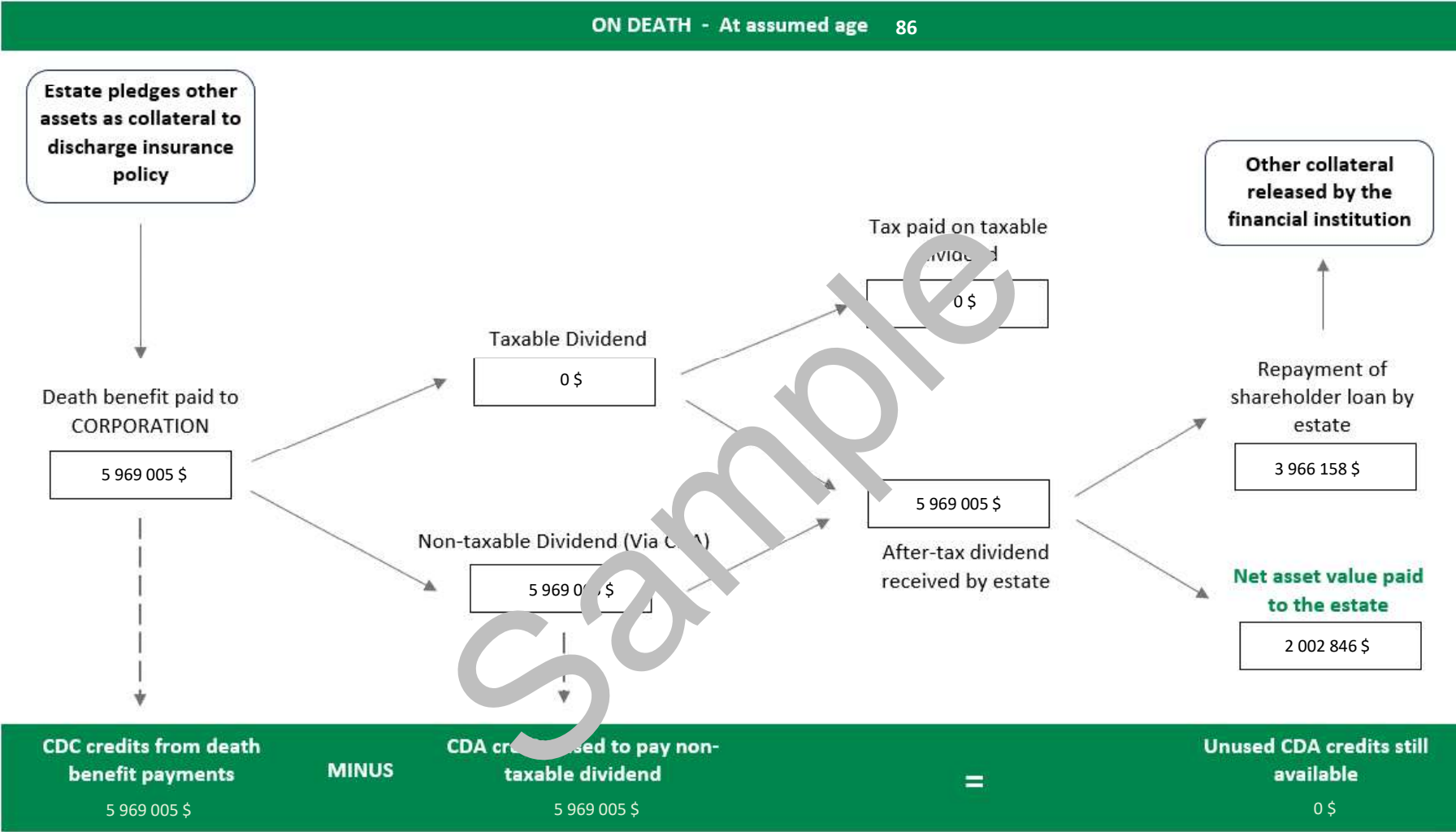


# CORPORATE INSURED RETIREMENT PLAN LOAN BY SHAREHOLDER



1. Indexed at 2,00 % per year. See Scenarios and assumptions page.







# COMPARISON LOAN BY SHAREHOLDER

## Corporate-owned taxable investment

## Corporate-owned Permanent Life Insurance (CIRP Concept)

Total annual deposits (BoY)	After-tax dividend to shareholder	Portfolio balance EoY	Net dividend to shareholder (estate)	End of Year	M/40/P	Annual loan (BoY)	Cumulative loan balance (E0Y)	Death benefit payable to company	After-tax death benefit received by estate (before loan repayment)	Net Worth for Estate after shareholder Loan Repayment	Benefit of CIRP
53 840 \$	0 \$	55 885 \$	29 498 \$	1	41	0 \$	0 \$	1 095 803 \$	1 070 318 \$	1 070 318 \$	1 040 820 \$
53 840 \$	0 \$	113 880 \$	60 393 \$	2	42	0 \$	0 \$	1 194 493 \$	1 143 611 \$	1 143 611 \$	1 083 217 \$
53 840 \$	0 \$	174 057 \$	92 731 \$	3	43	0 \$	0 \$	1 295 997 \$	1 219 798 \$	1 219 798 \$	1 127 067 \$
53 840 \$	0 \$	236 381 \$	126 450 \$	4	44	0 \$	0 \$	1 400 390 \$	1 298 962 \$	1 298 962 \$	1 172 511 \$
53 840 \$	0 \$	301 038 \$	161 722 \$	5	45	0 \$	0 \$	1 507 648 \$	1 381 099 \$	1 381 099 \$	1 219 377 \$
53 840 \$	0 \$	368 111 \$	198 594 \$	6	46	0 \$	0 \$	1 617 901 \$	1 466 351 \$	1 466 351 \$	1 267 757 \$
53 840 \$	0 \$	437 414 \$	236 793 \$	7	47	0 \$	0 \$	1 731 271 \$	1 554 859 \$	1 554 859 \$	1 318 066 \$
53 840 \$	0 \$	509 307 \$	276 777 \$	8	48	0 \$	0 \$	1 847 785 \$	1 646 672 \$	1 646 672 \$	1 369 894 \$
53 840 \$	0 \$	583 888 \$	318 560 \$	9	49	0 \$	0 \$	1 967 479 \$	1 741 853 \$	1 741 853 \$	1 423 293 \$
53 840 \$	0 \$	660 809 \$	361 585 \$	10	50	0 \$	0 \$	2 090 337 \$	1 840 407 \$	1 840 407 \$	1 478 822 \$
28 390 \$	0 \$	714 201 \$	392 750 \$	11	51	0 \$	0 \$	2 151 712 \$	1 889 832 \$	1 889 832 \$	1 497 082 \$
28 390 \$	0 \$	769 587 \$	425 286 \$	12	52	0 \$	0 \$	2 216 620 \$	1 943 019 \$	1 943 019 \$	1 517 733 \$
28 390 \$	0 \$	826 446 \$	458 293 \$	13	53	0 \$	0 \$	2 285 099 \$	2 000 036 \$	2 000 036 \$	1 541 743 \$
28 390 \$	0 \$	885 461 \$	493 039 \$	14	54	0 \$	0 \$	2 357 215 \$	2 060 990 \$	2 060 990 \$	1 567 950 \$
28 390 \$	0 \$	946 708 \$	529 355 \$	15	55	0 \$	0 \$	2 365 328 \$	2 058 273 \$	2 058 273 \$	1 528 918 \$
0 \$	0 \$	980 087 \$	550 488 \$	16	56	0 \$	0 \$	2 377 283 \$	2 073 250 \$	2 073 250 \$	1 522 763 \$
0 \$	0 \$	1 014 765 \$	572 928 \$	17	57	0 \$	0 \$	2 393 112 \$	2 092 321 \$	2 092 321 \$	1 519 393 \$
0 \$	0 \$	1 050 788 \$	596 395 \$	18	58	0 \$	0 \$	2 412 671 \$	2 115 358 \$	2 115 358 \$	1 518 963 \$
0 \$	0 \$	1 087 417 \$	619 388 \$	19	59	0 \$	0 \$	2 436 095 \$	2 142 522 \$	2 142 522 \$	1 523 134 \$
0 \$	0 \$	1 125 512 \$	643 948 \$	20	60	0 \$	0 \$	2 522 277 \$	2 232 734 \$	2 232 734 \$	1 588 786 \$
0 \$	0 \$	1 165 115 \$	669 055 \$	21	61	0 \$	0 \$	2 607 814 \$	2 322 716 \$	2 322 716 \$	1 653 032 \$
0 \$	0 \$	1 205 431 \$	695 867 \$	22	62	0 \$	0 \$	2 696 319 \$	2 416 198 \$	2 416 198 \$	1 721 330 \$
0 \$	0 \$	1 247 387 \$	723 510 \$	23	63	0 \$	0 \$	2 788 132 \$	2 513 584 \$	2 513 584 \$	1 791 733 \$
0 \$	0 \$	1 291 029 \$	750 165 \$	24	64	0 \$	0 \$	2 883 257 \$	2 614 950 \$	2 614 950 \$	1 864 785 \$
0 \$	84 959 \$	1 244 399 \$	728 825 \$	25	65	84 959 \$	89 207 \$	2 981 845 \$	2 720 527 \$	2 631 320 \$	1 902 495 \$
0 \$	86 658 \$	1 163 809 \$	683 627 \$	26	66	86 658 \$	184 658 \$	3 084 019 \$	2 830 529 \$	2 645 871 \$	1 962 245 \$
0 \$	88 391 \$	1 064 563 \$	620 311 \$	27	67	88 391 \$	286 701 \$	3 189 930 \$	2 945 207 \$	2 658 506 \$	2 038 196 \$
0 \$	90 159 \$	992 463 \$	570 528 \$	28	68	90 159 \$	395 703 \$	3 299 519 \$	3 064 611 \$	2 668 908 \$	2 098 381 \$
0 \$	91 962 \$	907 757 \$	513 389 \$	29	69	91 962 \$	512 048 \$	3 413 159 \$	3 189 221 \$	2 677 173 \$	2 163 784 \$
0 \$	93 801 \$	821 207 \$	454 715 \$	30	70	93 801 \$	636 142 \$	3 531 062 \$	3 319 377 \$	2 683 235 \$	2 228 520 \$
0 \$	95 677 \$	730 752 \$	397 506 \$	31	71	95 677 \$	768 410 \$	3 653 398 \$	3 455 382 \$	2 686 972 \$	2 289 466 \$
0 \$	97 591 \$	612 636 \$	333 445 \$	32	72	97 591 \$	909 301 \$	3 780 102 \$	3 597 301 \$	2 688 000 \$	2 354 555 \$
0 \$	99 543 \$	457 433 \$	249 708 \$	33	73	99 543 \$	1 059 286 \$	3 911 288 \$	3 745 397 \$	2 686 111 \$	2 436 403 \$
0 \$	101 533 \$	292 021 \$	159 616 \$	34	74	101 533 \$	1 218 860 \$	4 046 804 \$	3 899 663 \$	2 680 803 \$	2 521 187 \$

# COMPARISON LOAN BY SHAREHOLDER

## Corporate-owned taxable investment

## Corporate-owned Permanent Life Insurance (CIRP Concept)

Total annual deposits (BoY)	After-tax dividend to shareholder	Portfolio balance EoY	Net dividend to shareholder (estate)	End of Year	M/40/P	Annual loan (BoY)	Cumulative loan balance (E0Y)	Death benefit payable to company	After-tax death benefit received by estate (before loan repayment)	Net Worth for Estate after shareholder Loan Repayment	Benefit of CIRP
0 \$	103 564 \$	113 422 \$	62 792 \$	35	75	103 564 \$	1 388 545 \$	4 186 400 \$	4 059 995 \$	2 671 449 \$	2 608 657 \$
0 \$	69 074 \$	3 283 \$	1 956 \$	36	76	105 635 \$	1 568 890 \$	4 330 101 \$	4 226 564 \$	2 657 674 \$	2 655 717 \$
0 \$	8 107 \$	0 \$	- 0 \$	37	77	107 748 \$	1 760 470 \$	4 477 282 \$	4 398 900 \$	2 638 430 \$	2 638 430 \$
0 \$	369 \$	0 \$	- 0 \$	38	78	109 903 \$	1 963 892 \$	4 627 579 \$	4 576 771 \$	2 612 880 \$	2 612 880 \$
0 \$	63 \$	0 \$	- 0 \$	39	79	112 101 \$	2 179 793 \$	4 780 541 \$	4 759 867 \$	2 580 075 \$	2 580 075 \$
0 \$	24 \$	0 \$	- 0 \$	40	80	114 343 \$	2 408 845 \$	4 936 076 \$	4 936 076 \$	2 527 233 \$	2 527 233 \$
0 \$	9 \$	0 \$	- 0 \$	41	81	116 630 \$	2 651 715 \$	5 094 085 \$	5 094 085 \$	2 442 339 \$	2 442 339 \$
0 \$	4 \$	0 \$	- 0 \$	42	82	118 963 \$	2 909 244 \$	5 256 116 \$	5 256 116 \$	2 346 872 \$	2 346 872 \$
0 \$	1 \$	0 \$	- 0 \$	43	83	121 342 \$	3 186 115 \$	5 424 317 \$	5 424 317 \$	2 242 201 \$	2 242 201 \$
0 \$	1 \$	0 \$	- 0 \$	44	84	123 769 \$	3 471 115 \$	5 599 004 \$	5 599 004 \$	2 127 825 \$	2 127 825 \$
0 \$	0 \$	0 \$	- 0 \$	45	85	126 244 \$	3 770 294 \$	5 780 464 \$	5 780 464 \$	2 003 171 \$	2 003 171 \$
0 \$	0 \$	0 \$	0 \$	46	86	0 \$	3 966 158 \$	5 969 005 \$	5 969 005 \$	2 002 846 \$	2 002 846 \$
0 \$	0 \$	0 \$	0 \$	47	87	0 \$	4 164 466 \$	6 164 950 \$	6 164 950 \$	2 000 484 \$	2 000 484 \$
0 \$	0 \$	0 \$	0 \$	48	88	0 \$	4 372 690 \$	6 369 188 \$	6 369 188 \$	1 996 498 \$	1 996 498 \$
0 \$	0 \$	0 \$	0 \$	49	89	0 \$	4 591 324 \$	6 582 192 \$	6 582 192 \$	1 990 868 \$	1 990 868 \$
0 \$	0 \$	0 \$	0 \$	50	90	0 \$	4 820 890 \$	6 804 432 \$	6 804 432 \$	1 983 541 \$	1 983 541 \$
0 \$	0 \$	0 \$	0 \$	51	91	0 \$	5 061 935 \$	7 037 021 \$	7 037 021 \$	1 975 086 \$	1 975 086 \$
0 \$	0 \$	0 \$	0 \$	52	92	0 \$	5 315 032 \$	7 276 461 \$	7 276 461 \$	1 961 430 \$	1 961 430 \$
0 \$	0 \$	0 \$	0 \$	53	93	0 \$	5 580 783 \$	7 520 738 \$	7 520 738 \$	1 939 955 \$	1 939 955 \$
0 \$	0 \$	0 \$	0 \$	54	94	0 \$	5 859 822 \$	7 770 500 \$	7 770 500 \$	1 910 678 \$	1 910 678 \$
0 \$	0 \$	0 \$	0 \$	55	95	0 \$	6 152 813 \$	8 025 034 \$	8 025 034 \$	1 872 221 \$	1 872 221 \$
0 \$	0 \$	0 \$	0 \$	56	96	0 \$	6 460 454 \$	8 282 715 \$	8 282 715 \$	1 822 261 \$	1 822 261 \$
0 \$	0 \$	0 \$	0 \$	57	97	0 \$	6 783 477 \$	8 542 334 \$	8 542 334 \$	1 758 857 \$	1 758 857 \$
0 \$	0 \$	0 \$	0 \$	58	98	0 \$	7 122 651 \$	8 800 869 \$	8 800 869 \$	1 678 218 \$	1 678 218 \$
0 \$	0 \$	0 \$	0 \$	59	99	0 \$	7 478 783 \$	9 054 605 \$	9 054 605 \$	1 575 822 \$	1 575 822 \$
0 \$	0 \$	0 \$	0 \$	60	100	0 \$	7 852 722 \$	9 297 848 \$	9 297 848 \$	1 445 125 \$	1 445 125 \$

The concept presentation is only complete if it includes all pages and is accompanied by the product illustration. It has been prepared for information purposes only and does not constitute an offer of insurance or an insurance contract. The scope of the benefits illustrated may be affected by possible changes in tax laws. Please consult your legal and tax advisors.

CORPORATE INSURED RETIREMENT PLAN CONCEPT DETAILS LOAN BY SHAREHOLDER



CORPORATE-OWNED  
PERMANENT LIFE INSURANCE

SHAREHOLDER LOAN (From Financial institution)

UPON DEATH

Premium or Deposit (BoY)	Cash Surrender Value (CSV) (EoY)	Adjusted Cost Basis (ACB) (EoY)	End of Year	M/40/P	Annual loan to shareholder (BoY)	Cumulative loan balance (EoY)	Loan to CSV ratio (EoY)	Death benefit payable to corporation (EoY)	New CDA credits	After-tax death benefit received by Estate	Tax paid on dividend (EoY)	Net Worth for Estate after Shareholder Loan Repayment
53 840 \$	26 668 \$	53 383 \$	1	41	0 \$	0 \$	0,00 %	1 095 803 \$	1 042 419 \$	1 070 318 \$	25 485 \$	1 070 318 \$
53 840 \$	55 771 \$	106 581 \$	2	42	0 \$	0 \$	0,00 %	1 194 493 \$	1 087 911 \$	1 143 611 \$	50 882 \$	1 143 611 \$
53 840 \$	87 432 \$	159 614 \$	3	43	0 \$	0 \$	0,00 %	1 295 997 \$	1 136 383 \$	1 219 798 \$	76 200 \$	1 219 798 \$
53 840 \$	121 819 \$	212 460 \$	4	44	0 \$	0 \$	0,00 %	1 400 390 \$	1 187 930 \$	1 298 962 \$	101 428 \$	1 298 962 \$
53 840 \$	167 447 \$	265 080 \$	5	45	0 \$	0 \$	0,00 %	1 507 648 \$	1 242 568 \$	1 381 099 \$	126 549 \$	1 381 099 \$
53 840 \$	215 473 \$	317 449 \$	6	46	0 \$	0 \$	0,00 %	1 617 900 \$	1 300 452 \$	1 466 351 \$	151 550 \$	1 466 351 \$
53 840 \$	268 803 \$	369 527 \$	7	47	0 \$	0 \$	0,00 %	1 731 270 \$	1 361 744 \$	1 554 859 \$	176 412 \$	1 554 859 \$
53 840 \$	327 612 \$	421 268 \$	8	48	0 \$	0 \$	0,00 %	1 847 655 \$	1 426 517 \$	1 646 672 \$	201 113 \$	1 646 672 \$
53 840 \$	387 881 \$	472 614 \$	9	49	0 \$	0 \$	0,00 %	1 964 479 \$	1 494 864 \$	1 741 853 \$	225 626 \$	1 741 853 \$
53 840 \$	452 573 \$	523 523 \$	10	50	0 \$	0 \$	0,00 %	2 090 300 \$	1 566 814 \$	1 840 407 \$	249 930 \$	1 840 407 \$
28 390 \$	510 526 \$	548 556 \$	11	51	0 \$	0 \$	0,00 %	2 215 112 \$	1 603 156 \$	1 889 832 \$	261 880 \$	1 889 832 \$
28 390 \$	572 887 \$	573 106 \$	12	52	0 \$	0 \$	0,00 %	2 285 620 \$	1 643 514 \$	1 943 019 \$	273 601 \$	1 943 019 \$
28 390 \$	639 851 \$	597 115 \$	13	53	0 \$	0 \$	0,00 %	2 285 099 \$	1 687 984 \$	2 000 036 \$	285 062 \$	2 000 036 \$
28 390 \$	711 690 \$	620 497 \$	14	54	0 \$	0 \$	0,00 %	2 357 215 \$	1 736 718 \$	2 060 990 \$	296 225 \$	2 060 990 \$
28 390 \$	760 249 \$	643 181 \$	15	55	0 \$	0 \$	0,00 %	2 365 328 \$	1 722 147 \$	2 058 273 \$	307 055 \$	2 058 273 \$
0 \$	812 544 \$	636 851 \$	16	56	0 \$	0 \$	0,00 %	2 377 283 \$	1 740 432 \$	2 073 250 \$	304 033 \$	2 073 250 \$
0 \$	868 756 \$	630 061 \$	17	57	0 \$	0 \$	0,00 %	2 393 112 \$	1 763 051 \$	2 092 321 \$	300 791 \$	2 092 321 \$
0 \$	929 031 \$	622 775 \$	18	58	0 \$	0 \$	0,00 %	2 412 671 \$	1 789 896 \$	2 115 358 \$	297 313 \$	2 115 358 \$
0 \$	993 597 \$	614 941 \$	19	59	0 \$	0 \$	0,00 %	2 436 095 \$	1 821 154 \$	2 142 522 \$	293 573 \$	2 142 522 \$
0 \$	1 091 006 \$	606 501 \$	20	60	0 \$	0 \$	0,00 %	2 522 277 \$	1 915 776 \$	2 232 734 \$	289 544 \$	2 232 734 \$
0 \$	1 174 025 \$	597 189 \$	21	61	0 \$	0 \$	0,00 %	2 607 814 \$	2 010 626 \$	2 322 716 \$	285 098 \$	2 322 716 \$
0 \$	1 261 786 \$	586 764 \$	22	62	0 \$	0 \$	0,00 %	2 696 319 \$	2 109 555 \$	2 416 198 \$	280 121 \$	2 416 198 \$
0 \$	1 354 596 \$	575 090 \$	23	63	0 \$	0 \$	0,00 %	2 788 132 \$	2 213 042 \$	2 513 584 \$	274 548 \$	2 513 584 \$
0 \$	1 452 590 \$	562 018 \$	24	64	0 \$	0 \$	0,00 %	2 883 257 \$	2 321 239 \$	2 614 950 \$	268 307 \$	2 614 950 \$
0 \$	1 555 910 \$	547 378 \$	25	65	84 950 \$	89 207 \$	5,73 %	2 981 845 \$	2 434 467 \$	2 720 527 \$	261 318 \$	2 631 320 \$
0 \$	1 652 834 \$	530 980 \$	26	66	168 338 \$	184 658 \$	11,17 %	3 084 019 \$	2 553 039 \$	2 830 529 \$	253 490 \$	2 645 871 \$
0 \$	1 754 892 \$	512 615 \$	27	67	252 391 \$	286 701 \$	16,34 %	3 189 930 \$	2 677 314 \$	2 945 207 \$	244 723 \$	2 658 506 \$
0 \$	1 862 154 \$	492 057 \$	28	68	336 440 \$	395 703 \$	21,25 %	3 299 519 \$	2 807 462 \$	3 064 611 \$	234 908 \$	2 668 908 \$
0 \$	1 974 958 \$	469 078 \$	29	69	420 490 \$	512 048 \$	25,93 %	3 413 159 \$	2 944 081 \$	3 189 221 \$	223 938 \$	2 677 173 \$
0 \$	2 093 562 \$	443 412 \$	30	70	504 540 \$	636 142 \$	30,39 %	3 531 062 \$	3 087 650 \$	3 319 377 \$	211 685 \$	2 683 235 \$
0 \$	2 221 730 \$	414 780 \$	31	71	588 590 \$	768 410 \$	34,59 %	3 653 398 \$	3 238 618 \$	3 455 382 \$	198 016 \$	2 686 972 \$
0 \$	2 356 238 \$	382 910 \$	32	72	672 640 \$	909 301 \$	38,59 %	3 780 102 \$	3 397 192 \$	3 597 301 \$	182 801 \$	2 688 000 \$
0 \$	2 497 323 \$	347 488 \$	33	73	756 690 \$	1 059 286 \$	42,42 %	3 911 288 \$	3 563 800 \$	3 745 397 \$	165 891 \$	2 686 111 \$
0 \$	2 645 142 \$	308 214 \$	34	74	840 740 \$	1 218 860 \$	46,08 %	4 046 804 \$	3 738 590 \$	3 899 663 \$	147 141 \$	2 680 803 \$

CORPORATE INSURED RETIREMENT PLAN CONCEPT DETAILS LOAN BY SHAREHOLDER



CORPORATE-OWNED PERMANENT LIFE INSURANCE			SHAREHOLDER LOAN (From Financial institution)						UPON DEATH				
Premium or Deposit (BoY)	Cash Surrender Value (CSV) (EoY)	Adjusted Cost Basis (ACB) (EoY)	End of Year	M/40/P	Annual loan to shareholder (BoY)	Cumulative loan balance (EoY)	Loan to CSV ratio (EoY)	Death benefit payable to corporation (EoY)	New CDA credits	After-tax death benefit received by Estate	Tax paid on dividend (EoY)	Net Worth for Estate after Shareholder Loan Repayment	
0 \$	2 799 701 \$	264 780 \$	35	75	103 564 \$	1 388 545 \$	49,60 %	4 186 400 \$	3 921 621 \$	4 059 995 \$	126 406 \$	2 671 449 \$	
0 \$	2 961 288 \$	216 877 \$	36	76	105 635 \$	1 568 890 \$	52,98 %	4 330 101 \$	4 113 224 \$	4 226 564 \$	103 537 \$	2 657 674 \$	
0 \$	3 129 743 \$	164 186 \$	37	77	107 748 \$	1 760 470 \$	56,25 %	4 477 282 \$	4 313 096 \$	4 398 900 \$	78 383 \$	2 638 430 \$	
0 \$	3 305 147 \$	106 425 \$	38	78	109 903 \$	1 963 892 \$	59,42 %	4 627 579 \$	4 521 154 \$	4 576 771 \$	50 807 \$	2 612 880 \$	
0 \$	3 487 541 \$	43 304 \$	39	79	112 101 \$	2 179 793 \$	62,50 %	4 780 541 \$	4 737 236 \$	4 759 867 \$	20 674 \$	2 580 075 \$	
0 \$	3 677 299 \$	0 \$	40	80	114 343 \$	2 408 843 \$	65,51 %	4 936 076 \$	4 936 076 \$	4 936 076 \$	0 \$	2 527 233 \$	
0 \$	3 874 897 \$	0 \$	41	81	116 630 \$	2 651 746 \$	68,43 %	5 094 085 \$	5 094 085 \$	5 094 085 \$	0 \$	2 442 339 \$	
0 \$	4 080 677 \$	0 \$	42	82	118 963 \$	2 909 244 \$	71,29 %	5 250 000 \$	5 256 116 \$	5 256 116 \$	0 \$	2 346 872 \$	
0 \$	4 295 157 \$	0 \$	43	83	121 342 \$	3 182 115 \$	74,09 %	5 424 317 \$	5 424 317 \$	5 424 317 \$	0 \$	2 242 201 \$	
0 \$	4 518 491 \$	0 \$	44	84	123 769 \$	3 471 178 \$	76,82 %	5 599 000 \$	5 599 004 \$	5 599 004 \$	0 \$	2 127 825 \$	
0 \$	4 750 976 \$	0 \$	45	85	126 244 \$	3 777 294 \$	79,51 %	5 780 464 \$	5 780 464 \$	5 780 464 \$	0 \$	2 003 171 \$	
0 \$	4 992 857 \$	0 \$	46	86	0 \$	3 966 158 \$	79,44 %	5 969 005 \$	5 969 005 \$	5 969 005 \$	0 \$	2 002 846 \$	
0 \$	5 244 502 \$	0 \$	47	87	0 \$	4 164 466 \$	79,41 %	6 164 950 \$	6 164 950 \$	6 164 950 \$	0 \$	2 000 484 \$	
0 \$	5 506 769 \$	0 \$	48	88	0 \$	4 372 690 \$	79,41 %	6 369 188 \$	6 369 188 \$	6 369 188 \$	0 \$	1 996 498 \$	
0 \$	5 780 249 \$	0 \$	49	89	0 \$	4 591 324 \$	79,43 %	6 582 192 \$	6 582 192 \$	6 582 192 \$	0 \$	1 990 868 \$	
0 \$	6 066 086 \$	0 \$	50	90	0 \$	4 820 890 \$	79,47 %	6 804 432 \$	6 804 432 \$	6 804 432 \$	0 \$	1 983 541 \$	
0 \$	6 331 253 \$	0 \$	51	91	0 \$	5 061 935 \$	79,50 %	7 037 021 \$	7 037 021 \$	7 037 021 \$	0 \$	1 975 086 \$	
0 \$	6 602 335 \$	0 \$	52	92	0 \$	5 315 032 \$	79,50 %	7 276 461 \$	7 276 461 \$	7 276 461 \$	0 \$	1 961 430 \$	
0 \$	6 879 838 \$	0 \$	53	93	0 \$	5 580 700 \$	79,52 %	7 520 738 \$	7 520 738 \$	7 520 738 \$	0 \$	1 939 955 \$	
0 \$	7 164 713 \$	0 \$	54	94	0 \$	5 859 222 \$	81,79 %	7 770 500 \$	7 770 500 \$	7 770 500 \$	0 \$	1 910 678 \$	
0 \$	7 457 674 \$	0 \$	55	95	0 \$	6 150 013 \$	82,50 %	8 025 034 \$	8 025 034 \$	8 025 034 \$	0 \$	1 872 221 \$	
0 \$	7 760 496 \$	0 \$	56	96	0 \$	6 460 400 \$	83,25 %	8 282 715 \$	8 282 715 \$	8 282 715 \$	0 \$	1 822 261 \$	
0 \$	8 078 026 \$	0 \$	57	97	0 \$	6 783 477 \$	83,97 %	8 542 334 \$	8 542 334 \$	8 542 334 \$	0 \$	1 758 857 \$	
0 \$	8 418 374 \$	0 \$	58	98	0 \$	7 120 551 \$	84,61 %	8 800 869 \$	8 800 869 \$	8 800 869 \$	0 \$	1 678 218 \$	
0 \$	8 798 568 \$	0 \$	59	99	0 \$	7 478 000 \$	85,00 %	9 054 605 \$	9 054 605 \$	9 054 605 \$	0 \$	1 575 822 \$	
0 \$	9 297 848 \$	0 \$	60	100	0 \$	7 850 722 \$	84,46 %	9 297 848 \$	9 297 848 \$	9 297 848 \$	0 \$	1 445 125 \$	

# CORPORATE-OWNED TAXABLE INVESTMENT DETAILS LOAN BY SHAREHOLDER

## DURING LIFETIME

End of Year	M/40/P	Total Annual Deposits (BoY)	Investment growth, gross (EoY)	Gross withdrawals (BoY)	Non-taxable Capital Dividend (CDA) Paid	Taxable Dividend Paid	Refund from RDTOH	Tax on investment income	Gross Dividend to Shareholder	Shareholder's Net Dividend	Portfolio Balance EoY
1	41	53 840 \$	2 668 \$	0 \$	0 \$	0 \$	0 \$	623 \$	0 \$	0 \$	55 885 \$
2	42	53 840 \$	5 452 \$	0 \$	0 \$	0 \$	0 \$	1 297 \$	0 \$	0 \$	113 880 \$
3	43	53 840 \$	8 357 \$	0 \$	0 \$	0 \$	0 \$	2 046 \$	0 \$	0 \$	174 057 \$
4	44	53 840 \$	11 292 \$	0 \$	0 \$	0 \$	0 \$	2 807 \$	0 \$	0 \$	236 381 \$
5	45	53 840 \$	14 443 \$	0 \$	0 \$	0 \$	0 \$	3 626 \$	0 \$	0 \$	301 038 \$
6	46	53 840 \$	17 727 \$	0 \$	0 \$	0 \$	0 \$	4 643 \$	0 \$	0 \$	368 111 \$
7	47	53 840 \$	20 908 \$	0 \$	0 \$	0 \$	0 \$	5 441 \$	0 \$	0 \$	437 414 \$
8	48	53 840 \$	24 454 \$	0 \$	0 \$	0 \$	0 \$	6 401 \$	0 \$	0 \$	509 307 \$
9	49	53 840 \$	28 150 \$	0 \$	0 \$	0 \$	0 \$	7 759 \$	0 \$	0 \$	583 888 \$
10	50	53 840 \$	31 599 \$	0 \$	0 \$	0 \$	0 \$	8 510 \$	0 \$	0 \$	660 809 \$
11	51	28 390 \$	34 316 \$	0 \$	0 \$	0 \$	0 \$	9 315 \$	0 \$	0 \$	714 201 \$
12	52	28 390 \$	37 145 \$	0 \$	0 \$	0 \$	0 \$	10 775 \$	0 \$	0 \$	769 587 \$
13	53	28 390 \$	39 539 \$	0 \$	0 \$	0 \$	0 \$	11 055 \$	0 \$	0 \$	826 446 \$
14	54	28 390 \$	42 561 \$	0 \$	0 \$	0 \$	0 \$	11 936 \$	0 \$	0 \$	885 461 \$
15	55	28 390 \$	45 707 \$	0 \$	0 \$	0 \$	0 \$	13 746 \$	0 \$	0 \$	946 708 \$
16	56	0 \$	46 909 \$	0 \$	0 \$	0 \$	0 \$	13 509 \$	0 \$	0 \$	980 087 \$
17	57	0 \$	48 800 \$	0 \$	0 \$	0 \$	0 \$	14 122 \$	0 \$	0 \$	1 014 765 \$
18	58	0 \$	50 767 \$	0 \$	0 \$	0 \$	0 \$	15 932 \$	0 \$	0 \$	1 050 788 \$
19	59	0 \$	52 066 \$	0 \$	0 \$	0 \$	0 \$	15 410 \$	0 \$	0 \$	1 087 417 \$
20	60	0 \$	54 139 \$	0 \$	0 \$	0 \$	0 \$	16 044 \$	0 \$	0 \$	1 125 512 \$
21	61	0 \$	56 298 \$	0 \$	0 \$	0 \$	0 \$	18 117 \$	0 \$	0 \$	1 165 115 \$
22	62	0 \$	57 730 \$	0 \$	0 \$	0 \$	0 \$	17 383 \$	0 \$	0 \$	1 205 431 \$
23	63	0 \$	60 011 \$	0 \$	0 \$	0 \$	0 \$	18 055 \$	0 \$	0 \$	1 247 387 \$
24	64	0 \$	62 388 \$	0 \$	0 \$	0 \$	0 \$	20 396 \$	0 \$	0 \$	1 291 029 \$
25	65	0 \$	59 606 \$	88 053 \$	0 \$	0 \$	0 \$	21 240 \$	84 959 \$	84 959 \$	1 244 399 \$
26	66	0 \$	56 022 \$	119 603 \$	55 247 \$	60 105 \$	23 038 \$	21 260 \$	115 352 \$	86 658 \$	1 163 809 \$
27	67	0 \$	51 530 \$	158 300 \$	17 966 \$	134 759 \$	51 653 \$	22 638 \$	152 725 \$	88 391 \$	1 064 563 \$
28	68	0 \$	47 533 \$	156 890 \$	22 943 \$	128 617 \$	49 299 \$	19 688 \$	151 561 \$	90 159 \$	992 463 \$
29	69	0 \$	43 692 \$	164 667 \$	18 307 \$	140 939 \$	54 022 \$	18 450 \$	159 246 \$	91 962 \$	907 757 \$
30	70	0 \$	39 751 \$	168 641 \$	17 743 \$	145 537 \$	55 784 \$	18 151 \$	163 281 \$	93 801 \$	821 207 \$
31	71	0 \$	34 987 \$	170 869 \$	19 084 \$	146 561 \$	38 843 \$	15 552 \$	165 646 \$	95 677 \$	730 752 \$
32	72	0 \$	29 495 \$	177 839 \$	15 590 \$	156 910 \$	11 399 \$	13 955 \$	172 500 \$	97 591 \$	612 636 \$
33	73	0 \$	22 209 \$	182 363 \$	14 983 \$	161 806 \$	10 252 \$	12 739 \$	176 789 \$	99 543 \$	457 433 \$
34	74	0 \$	13 982 \$	185 487 \$	15 906 \$	163 849 \$	9 262 \$	9 869 \$	179 755 \$	101 533 \$	292 021 \$

CORPORATE-OWNED TAXABLE INVESTMENT DETAILS LOAN BY SHAREHOLDER



DURING LIFETIME

End of Year	M/40/P	Total Annual Deposits (BoY)	Investment growth, gross (EoY)	Gross withdrawals (BoY)	Non-taxable Capital Dividend (CDA) Paid	Taxable Dividend Paid	Refund from RDTOH	Tax on investment income	Gross Dividend to Shareholder	Shareholder's Net Dividend	Portfolio Balance EoY
35	75	0 \$	5 497 \$	191 754 \$	13 514 \$	172 312 \$	7 192 \$	7 532 \$	185 826 \$	103 564 \$	113 422 \$
36	76	0 \$	194 \$	120 613 \$	12 655 \$	107 959 \$	5 472 \$	3 737 \$	120 613 \$	69 074 \$	3 283 \$
37	77	0 \$	0 \$	8 755 \$	7 399 \$	1 356 \$	520 \$	102 \$	8 755 \$	8 107 \$	0 \$
38	78	0 \$	0 \$	520 \$	204 \$	316 \$	121 \$	0 \$	520 \$	369 \$	0 \$
39	79	0 \$	0 \$	121 \$	0 \$	121 \$	46 \$	0 \$	121 \$	63 \$	0 \$
40	80	0 \$	0 \$	46 \$	0 \$	46 \$	18 \$	0 \$	46 \$	24 \$	0 \$
41	81	0 \$	0 \$	18 \$	0 \$	18 \$	7 \$	0 \$	18 \$	9 \$	0 \$
42	82	0 \$	0 \$	7 \$	0 \$	7 \$	3 \$	0 \$	7 \$	4 \$	0 \$
43	83	0 \$	0 \$	3 \$	0 \$	3 \$	1 \$	0 \$	3 \$	1 \$	0 \$
44	84	0 \$	0 \$	1 \$	0 \$	1 \$	0 \$	- 0 \$	1 \$	1 \$	0 \$
45	85	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
46	86	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
47	87	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
48	88	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
49	89	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
50	90	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
51	91	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
52	92	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
53	93	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
54	94	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
55	95	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
56	96	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
57	97	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
58	98	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
59	99	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
60	100	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$

# CORPORATE-OWNED TAXABLE INVESTMENT LOAN BY SHAREHOLDER

## VALUE AT LIQUIDATION (UPON DEATH)

End of Year	M/40/P	Portfolio Balance EoY	Net liquidation value including RDTOH	Non-taxable capital dividend (CDA)	Taxable dividend (EoY)	Additional refund from RDTOH paid as Taxable Dividend (EoY)	Total Taxable dividend upon portfolio liquidation	Tax paid on taxable dividend (EoY)	Net shareholder/Estate value (EoY)
1	41	55 885 \$	55 583 \$	668 \$	54 916 \$	251 \$	55 167 \$	26 337 \$	29 498 \$
2	42	113 880 \$	112 990 \$	1 971 \$	111 019 \$	772 \$	111 791 \$	53 369 \$	60 393 \$
3	43	174 057 \$	172 303 \$	3 885 \$	168 418 \$	1 590 \$	170 008 \$	81 162 \$	92 731 \$
4	44	236 381 \$	233 571 \$	6 224 \$	227 347 \$	2 707 \$	230 054 \$	109 828 \$	126 450 \$
5	45	301 038 \$	296 865 \$	9 242 \$	287 623 \$	4 149 \$	291 772 \$	139 292 \$	161 722 \$
6	46	368 111 \$	362 325 \$	12 812 \$	349 513 \$	5 982 \$	355 495 \$	169 713 \$	198 594 \$
7	47	437 414 \$	430 021 \$	16 373 \$	413 648 \$	8 128 \$	421 776 \$	201 356 \$	236 793 \$
8	48	509 307 \$	499 870 \$	20 901 \$	478 969 \$	9 653 \$	489 621 \$	233 745 \$	276 777 \$
9	49	583 888 \$	572 168 \$	25 956 \$	546 211 \$	13 000 \$	559 899 \$	267 296 \$	318 560 \$
10	50	660 809 \$	647 062 \$	30 445 \$	616 617 \$	17 022 \$	633 639 \$	302 499 \$	361 585 \$
11	51	714 201 \$	697 920 \$	36 057 \$	661 863 \$	20 072 \$	682 535 \$	325 842 \$	392 750 \$
12	52	769 587 \$	750 672 \$	41 890 \$	708 782 \$	24 809 \$	733 632 \$	350 236 \$	425 286 \$
13	53	826 446 \$	805 579 \$	46 215 \$	759 364 \$	26 052 \$	788 516 \$	376 437 \$	458 293 \$
14	54	885 461 \$	861 833 \$	52 328 \$	809 501 \$	33 801 \$	843 306 \$	402 594 \$	493 039 \$
15	55	946 708 \$	920 200 \$	58 707 \$	860 493 \$	35 006 \$	900 589 \$	429 941 \$	529 355 \$
16	56	980 087 \$	951 792 \$	62 665 \$	889 127 \$	44 326 \$	933 452 \$	445 630 \$	550 488 \$
17	57	1 014 765 \$	983 742 \$	68 708 \$	915 034 \$	49 796 \$	964 830 \$	460 610 \$	572 928 \$
18	58	1 050 788 \$	1 017 041 \$	74 741 \$	942 300 \$	55 891 \$	998 191 \$	476 536 \$	596 395 \$
19	59	1 087 417 \$	1 052 270 \$	77 839 \$	974 431 \$	61 828 \$	1 036 259 \$	494 710 \$	619 388 \$
20	60	1 125 512 \$	1 087 715 \$	81 000 \$	1 000 006 \$	68 017 \$	1 072 022 \$	511 784 \$	643 948 \$
21	61	1 165 115 \$	1 124 639 \$	89 643 \$	1 034 995 \$	74 919 \$	1 109 914 \$	529 873 \$	669 685 \$
22	62	1 205 431 \$	1 163 787 \$	92 277 \$	1 071 560 \$	81 597 \$	1 153 157 \$	550 517 \$	694 867 \$
23	63	1 247 387 \$	1 203 075 \$	98 008 \$	1 104 937 \$	88 543 \$	1 193 481 \$	569 768 \$	721 851 \$
24	64	1 291 029 \$	1 243 991 \$	104 174 \$	1 139 817 \$	96 293 \$	1 236 111 \$	590 119 \$	750 165 \$
25	65	1 244 399 \$	1 199 620 \$	99 000 \$	1 100 447 \$	104 399 \$	1 204 846 \$	575 193 \$	728 825 \$
26	66	1 163 809 \$	1 120 950 \$	94 919 \$	1 026 031 \$	100 467 \$	1 126 498 \$	537 790 \$	683 627 \$
27	67	1 064 563 \$	1 025 081 \$	87 441 \$	937 640 \$	82 011 \$	1 019 651 \$	486 781 \$	620 311 \$
28	68	992 463 \$	957 763 \$	76 849 \$	880 914 \$	63 745 \$	944 659 \$	450 980 \$	570 528 \$
29	69	907 757 \$	876 427 \$	69 388 \$	807 039 \$	42 562 \$	849 601 \$	405 599 \$	513 389 \$
30	70	821 207 \$	793 258 \$	61 897 \$	731 361 \$	20 299 \$	751 661 \$	358 843 \$	454 715 \$
31	71	730 752 \$	707 372 \$	51 781 \$	655 590 \$	5 957 \$	661 547 \$	315 823 \$	397 506 \$
32	72	612 636 \$	593 033 \$	43 414 \$	549 620 \$	5 358 \$	554 977 \$	264 946 \$	333 445 \$
33	73	457 433 \$	442 239 \$	33 651 \$	408 588 \$	4 840 \$	413 428 \$	197 370 \$	249 708 \$
34	74	292 021 \$	282 592 \$	20 882 \$	261 710 \$	3 758 \$	265 468 \$	126 735 \$	159 616 \$



# CORPORATE-OWNED TAXABLE INVESTMENT LOAN BY SHAREHOLDER

## VALUE AT LIQUIDATION (UPON DEATH)

End of Year	M/40/P	Portfolio Balance EoY	Net liquidation value including RDTOH	Non-taxable capital dividend (CDA)	Taxable dividend (EoY)	Additional refund from RDTOH paid as Taxable Dividend (EoY)	Total Taxable dividend upon portfolio liquidation	Tax paid on taxable dividend (EoY)	Net shareholder/Estate value (EoY)
35	75	113 422 \$	109 637 \$	8 381 \$	101 256 \$	2 860 \$	104 116 \$	49 705 \$	62 792 \$
36	76	3 283 \$	3 112 \$	378 \$	2 734 \$	286 \$	3 021 \$	1 442 \$	1 956 \$
37	77	0 \$	0 \$	- 0 \$	0 \$	0 \$	0 \$	0 \$	- 0 \$
38	78	0 \$	0 \$	- 0 \$	0 \$	0 \$	0 \$	0 \$	- 0 \$
39	79	0 \$	0 \$	- 0 \$	0 \$	0 \$	0 \$	0 \$	- 0 \$
40	80	0 \$	0 \$	- 0 \$	0 \$	0 \$	0 \$	0 \$	- 0 \$
41	81	0 \$	0 \$	- 0 \$	0 \$	0 \$	0 \$	0 \$	- 0 \$
42	82	0 \$	0 \$	- 0 \$	0 \$	0 \$	0 \$	0 \$	- 0 \$
43	83	0 \$	0 \$	- 0 \$	0 \$	0 \$	0 \$	0 \$	- 0 \$
44	84	0 \$	0 \$	- 0 \$	0 \$	0 \$	0 \$	0 \$	- 0 \$
45	85	0 \$	0 \$	- 0 \$	0 \$	0 \$	0 \$	0 \$	- 0 \$
46	86	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
47	87	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
48	88	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
49	89	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
50	90	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
51	91	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
52	92	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
53	93	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
54	94	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
55	95	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
56	96	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
57	97	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
58	98	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
59	99	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
60	100	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$

# LOAN RATE SENSITIVITY ANALYSIS

## LOAN INTEREST RATE SENSITIVITY

When a permanent life insurance policy is assigned as collateral for a loan, the loan interest rate will be determined by the lending institution in accordance with its lending practices, which can vary over time. Changes in the economy or the borrower's circumstances may affect the amount and timing of the loan advances. The loan interest rate and the performance of the policy may be different than those shown in the concept report. Loan advances may increase if the loan interest rate is lower or the product performance is better than projected in the concept report. Conversely, if the loan interest rate is higher or the product performance is lower than projected, loan advances may be decreased by the lending institution. The **LOAN RATE SENSITIVITY ANALYSIS** shows the annual loan amount based on a 1% and 2% increase in the loan interest rate assuming the same cash surrender value under each scenario and that the outstanding bank loan balance never exceeds the selected percentage of the cash surrender value prior to the end of the life of the policy.

If the insured individual lives beyond the end of the projected life of the policy (age 100), loan interest will continue to accrue. The lending institution may require interest payments, additional collateral, or the loan may be called. This may result in a taxable policy disposition if the corporate-owned permanent life insurance policy is surrendered.

Sample

LOAN RATE SENSITIVITY ANALYSIS LOAN BY SHAREHOLDER



End of Year	M/40/P	Cash Surrender Value (CSV) (EoY)	Annual loan at 5%	Total loan balance at 5%	Loan Balance/CSV Ratio at 5 %	Annual loan at 6%	Total loan balance at 6%	Loan Balance/CSV Ratio at 6 %	Annual loan at 7%	Total loan balance at 7%	Loan Balance/CSV Ratio at 7 %
1	41	26 668 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
2	42	55 771 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
3	43	87 432 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
4	44	121 819 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
5	45	167 447 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
6	46	215 473 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
7	47	268 803 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
8	48	327 612 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
9	49	387 881 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
10	50	452 573 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
11	51	510 526 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
12	52	572 887 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
13	53	639 851 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
14	54	711 690 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
15	55	760 249 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
16	56	812 544 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
17	57	868 756 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
18	58	929 031 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
19	59	993 597 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
20	60	1 091 006 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
21	61	1 174 025 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
22	62	1 261 786 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
23	63	1 354 596 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
24	64	1 452 590 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
25	65	1 555 910 \$	84 959 \$	89 207 \$	5,73 %	66 056 \$	70 019 \$	4,50 %	50 994 \$	54 564 \$	3,51 %
26	66	1 652 834 \$	86 658 \$	184 658 \$	11,17 %	67 377 \$	145 640 \$	8,81 %	52 014 \$	114 038 \$	6,90 %
27	67	1 754 892 \$	88 391 \$	286 701 \$	16,04 %	68 724 \$	227 226 \$	12,95 %	53 054 \$	178 788 \$	10,19 %
28	68	1 862 154 \$	90 159 \$	395 703 \$	21,25 %	70 099 \$	315 164 \$	16,92 %	54 115 \$	249 207 \$	13,38 %
29	69	1 974 958 \$	91 962 \$	512 048 \$	25,93 %	71 501 \$	409 865 \$	20,75 %	55 198 \$	325 713 \$	16,49 %
30	70	2 093 562 \$	93 801 \$	636 142 \$	30,39 %	72 931 \$	511 763 \$	24,44 %	56 301 \$	408 755 \$	19,52 %
31	71	2 221 730 \$	95 677 \$	768 410 \$	34,59 %	74 389 \$	621 322 \$	27,97 %	57 427 \$	498 815 \$	22,45 %
32	72	2 356 238 \$	97 591 \$	909 301 \$	38,59 %	75 877 \$	739 031 \$	31,36 %	58 576 \$	596 409 \$	25,31 %
33	73	2 497 323 \$	99 543 \$	1 059 286 \$	42,42 %	77 395 \$	865 411 \$	34,65 %	59 748 \$	702 087 \$	28,11 %
34	74	2 645 142 \$	101 533 \$	1 218 860 \$	46,08 %	78 943 \$	1 001 015 \$	37,84 %	60 943 \$	816 442 \$	30,87 %

# LOAN RATE SENSITIVITY ANALYSIS LOAN BY SHAREHOLDER

End of Year	M/40/P	Cash Surrender Value (CSV) (EoY)	Annual loan at 5%	Total loan balance at 5%	Loan Balance/CSV Ratio at 5 %	Annual loan at 6%	Total loan balance at 6%	Loan Balance/CSV Ratio at 6 %	Annual loan at 7%	Total loan balance at 7%	Loan Balance/CSV Ratio at 7 %
35	75	2 799 701 \$	103 564 \$	1 388 545 \$	49,60 %	80 522 \$	1 146 429 \$	40,95 %	62 161 \$	940 105 \$	33,58 %
36	76	2 961 288 \$	105 635 \$	1 568 890 \$	52,98 %	82 132 \$	1 302 275 \$	43,98 %	63 405 \$	1 073 756 \$	36,26 %
37	77	3 129 743 \$	107 748 \$	1 760 470 \$	56,25 %	83 775 \$	1 469 212 \$	46,94 %	64 673 \$	1 218 118 \$	38,92 %
38	78	3 305 147 \$	109 903 \$	1 963 892 \$	59,42 %	85 450 \$	1 647 942 \$	49,86 %	65 966 \$	1 373 970 \$	41,57 %
39	79	3 487 541 \$	112 101 \$	2 179 793 \$	62,50 %	87 159 \$	1 839 207 \$	52,74 %	67 285 \$	1 542 144 \$	44,22 %
40	80	3 677 299 \$	114 343 \$	2 408 843 \$	65,51 %	88 902 \$	2 043 796 \$	55,58 %	68 631 \$	1 723 529 \$	46,87 %
41	81	3 874 897 \$	116 630 \$	2 651 746 \$	68,43 %	90 680 \$	2 262 545 \$	58,39 %	70 004 \$	1 919 080 \$	49,53 %
42	82	4 080 677 \$	118 963 \$	2 909 244 \$	71,29 %	92 494 \$	2 496 340 \$	61,17 %	71 404 \$	2 129 818 \$	52,19 %
43	83	4 295 157 \$	121 342 \$	3 182 115 \$	74,09 %	94 344 \$	2 746 120 \$	63,94 %	72 832 \$	2 356 836 \$	54,87 %
44	84	4 518 491 \$	123 769 \$	3 471 178 \$	76,82 %	96 231 \$	3 008 898 \$	66,68 %	74 289 \$	2 601 303 \$	57,57 %
45	85	4 750 976 \$	126 244 \$	3 777 294 \$	79,51 %	98 155 \$	3 297 700 \$	69,41 %	75 774 \$	2 864 473 \$	60,29 %
46	86	4 992 857 \$	0 \$	3 966 158 \$	79,44 %	0 \$	3 507 580 \$	70,01 %	0 \$	3 064 986 \$	61,39 %
47	87	5 244 502 \$	0 \$	4 164 466 \$	79,41 %	0 \$	3 701 315 \$	70,65 %	0 \$	3 279 535 \$	62,53 %
48	88	5 506 769 \$	0 \$	4 372 690 \$	79,41 %	0 \$	3 921 334 \$	71,32 %	0 \$	3 509 102 \$	63,72 %
49	89	5 780 249 \$	0 \$	4 591 324 \$	79,43 %	0 \$	4 163 292 \$	72,03 %	0 \$	3 754 739 \$	64,96 %
50	90	6 066 086 \$	0 \$	4 820 890 \$	79,47 %	0 \$	4 413 089 \$	72,75 %	0 \$	4 017 571 \$	66,23 %
51	91	6 331 253 \$	0 \$	5 061 935 \$	79,95 %	0 \$	4 677 874 \$	73,89 %	0 \$	4 298 801 \$	67,90 %
52	92	6 602 335 \$	0 \$	5 315 032 \$	80,50 %	0 \$	4 958 547 \$	75,10 %	0 \$	4 599 717 \$	69,67 %
53	93	6 879 838 \$	0 \$	5 580 783 \$	81,12 %	0 \$	5 256 060 \$	76,40 %	0 \$	4 921 697 \$	71,54 %
54	94	7 164 713 \$	0 \$	5 859 822 \$	81,79 %	0 \$	5 571 423 \$	77,76 %	0 \$	5 266 216 \$	73,50 %
55	95	7 457 674 \$	0 \$	6 152 813 \$	82,50 %	0 \$	5 905 709 \$	79,19 %	0 \$	5 634 851 \$	75,56 %
56	96	7 760 496 \$	0 \$	6 460 454 \$	83,25 %	0 \$	6 260 051 \$	80,67 %	0 \$	6 029 291 \$	77,69 %
57	97	8 078 026 \$	0 \$	6 783 477 \$	83,97 %	0 \$	6 635 654 \$	82,14 %	0 \$	6 451 341 \$	79,86 %
58	98	8 418 374 \$	0 \$	7 122 651 \$	84,60 %	0 \$	7 033 794 \$	83,55 %	0 \$	6 902 935 \$	82,00 %
59	99	8 798 568 \$	0 \$	7 478 783 \$	85,00 %	0 \$	7 455 821 \$	84,74 %	0 \$	7 386 141 \$	83,95 %
60	100	9 297 848 \$	0 \$	7 852 722 \$	84,46 %	0 \$	7 903 170 \$	85,00 %	0 \$	7 903 170 \$	85,00 %

## TAXABLE BENEFIT DURING LIFETIME – SHAREHOLDER LOAN USING THE CORPORATE-OWNED POLICY AS COLLATERAL

Under the current tax rules, a taxable benefit is incurred if a corporation pledges a corporate asset, such as a life insurance policy, as security for a personal loan taken by a shareholder and the shareholder does not pay the corporation sufficient compensation (guarantee fee) regarding this benefit. The taxable benefit could be either:

- The fee that an arm's length party would charge to provide such a guarantee
- The difference between the interest on the personal loan with and without the collateral

The shareholder and their corporation are responsible to establish the amount of the taxable benefit or guarantee fee regarding the use of the corporation's life insurance policy as a collateral for their personal loan. The client's corporation is responsible to issue the applicable tax slips to the shareholder. The shareholder is responsible to include the taxable benefit in their income. The determination of a taxable benefit or guarantee fee to pay is a question of fact. Factors that may affect the value of a taxable benefit or the guarantee fee to be paid may include changes in the shareholder's credit status over time, other guarantees given on the loan, the payment of a guarantee fee and whether the fee is considered reasonable by the taxation authorities, prevailing financial service industry practices with respect to such loans, and other relevant considerations. The tax consequences of using a corporate-owned policy as security for a shareholder loan can vary over time. A taxable benefit is not deductible for the corporation. It is important to consult with your legal and taxation advisors to support you with your tax obligations.

The position of the Canada Revenue Agency may change over time and may be different from that of Revenu Québec, which is not bound by the views of its federal counterpart. The value of the taxable benefit could be disputed in the case of an audit. You may have to pay professional fees to support you in the event of a dispute.

Each of the following two tables demonstrates different approaches to calculating the value to the shareholder. It is recommended that you consult an independent taxation advisor to determine if one of these methods is suited to your circumstances. Desjardins does not assume responsibility with respect to the establishment and calculation of the taxable benefit or the guarantee fee.

The **GUARANTEE FEE** table shows the effect of the shareholder paying a guarantee fee of 1,00 % to the corporation for the duration of the personal loan. The guarantee fee used in this concept report is for illustration purposes only. The guarantee fee will be taxable income for the corporation. With the exception of the figures shown in this table, the other values shown in this concept report do not show the impact of any guarantee fees paid by the shareholder to the corporation.

The **LOAN INTEREST RATE SPREAD** table shows the effect of any potential loan interest rate spread generated by assigning the corporate-owned policy as collateral for the shareholder's personal loan. The tax payable on this benefit is then calculated at the shareholder's marginal tax rate. With the exception of the figures shown in this table, the other values shown in this concept report do not show the impact of taxes payable on the shareholder benefit. As the values of these tables are based on a percentage of the outstanding loan amount, they can become significant over time. It is advisable to consult with an independent tax advisor to properly assess their impact and determine whether this is the best solution. The results shown in these tables are based on the assumptions you have agreed upon with your advisor.

## TAXABLE BENEFIT ON DEATH – SHAREHOLDER LOAN USING THE CORPORATE-OWNED POLICY AS COLLATERAL

When a shareholder has obtained a personal loan using the pledge of a corporate-owned life insurance policy as security, there may be a taxable benefit if the insurance proceeds of the corporate-owned policy are used directly to pay the loan. Current best practices, at the time of the writing of this concept report, are for the shareholder's estate to provide collateral to the lending institution in order to release the collateral from the life insurance policy. The policy death benefit is then paid to the corporation as the named beneficiary. The corporation may pay the proceeds of the death benefit to the shareholder's estate, who then can utilize these funds to discharge the loan. These transactions in this particular order are what has been assumed to occur in this concept report.

# FIXED ANNUAL GUARANTEE FEE INFORMATION

## Loan by shareholder

End of Year	M/40/P	Annual Loan (BoY)	Loan Balance at 5% (EoY)	Annual Guarantee Fee of 1 %*	Net cashflow to shareholder
1	41	0 \$	0 \$	0 \$	0 \$
2	42	0 \$	0 \$	0 \$	0 \$
3	43	0 \$	0 \$	0 \$	0 \$
4	44	0 \$	0 \$	0 \$	0 \$
5	45	0 \$	0 \$	0 \$	0 \$
6	46	0 \$	0 \$	0 \$	0 \$
7	47	0 \$	0 \$	0 \$	0 \$
8	48	0 \$	0 \$	0 \$	0 \$
9	49	0 \$	0 \$	0 \$	0 \$
10	50	0 \$	0 \$	0 \$	0 \$
11	51	0 \$	0 \$	0 \$	0 \$
12	52	0 \$	0 \$	0 \$	0 \$
13	53	0 \$	0 \$	0 \$	0 \$
14	54	0 \$	0 \$	0 \$	0 \$
15	55	0 \$	0 \$	0 \$	0 \$
16	56	0 \$	0 \$	0 \$	0 \$
17	57	0 \$	0 \$	0 \$	0 \$
18	58	0 \$	0 \$	0 \$	0 \$
19	59	0 \$	0 \$	0 \$	0 \$
20	60	0 \$	0 \$	0 \$	0 \$
21	61	0 \$	0 \$	0 \$	0 \$
22	62	0 \$	0 \$	0 \$	0 \$
23	63	0 \$	0 \$	0 \$	0 \$
24	64	0 \$	0 \$	0 \$	0 \$
25	65	84 959 \$	89 207 \$	892 \$	84 067 \$
26	66	86 658 \$	184 658 \$	1 847 \$	84 811 \$
27	67	88 391 \$	286 701 \$	2 867 \$	85 524 \$
28	68	90 159 \$	395 703 \$	3 957 \$	86 202 \$
29	69	91 962 \$	512 048 \$	5 120 \$	86 842 \$
30	70	93 801 \$	636 142 \$	6 361 \$	87 440 \$
31	71	95 677 \$	768 410 \$	7 684 \$	87 993 \$
32	72	97 591 \$	909 301 \$	9 093 \$	88 498 \$
33	73	99 543 \$	1 059 286 \$	10 593 \$	88 950 \$
34	74	101 533 \$	1 218 860 \$	12 189 \$	89 345 \$

# FIXED ANNUAL GUARANTEE FEE INFORMATION

## Loan by shareholder

End of Year	M/40/P	Annual Loan (BoY)	Loan Balance at 5% (EoY)	Annual Guarantee Fee of 1 %*	Net cashflow to shareholder
35	75	103 564 \$	1 388 545 \$	13 885 \$	89 679 \$
36	76	105 635 \$	1 568 890 \$	15 689 \$	89 947 \$
37	77	107 748 \$	1 760 470 \$	17 605 \$	90 143 \$
38	78	109 903 \$	1 963 892 \$	19 639 \$	90 264 \$
39	79	112 101 \$	2 179 793 \$	21 798 \$	90 303 \$
40	80	114 343 \$	2 408 843 \$	24 088 \$	90 255 \$
41	81	116 630 \$	2 651 746 \$	26 517 \$	90 113 \$
42	82	118 963 \$	2 909 244 \$	29 092 \$	89 870 \$
43	83	121 342 \$	3 182 115 \$	31 821 \$	89 521 \$
44	84	123 769 \$	3 471 178 \$	34 712 \$	89 057 \$
45	85	126 244 \$	3 777 294 \$	37 773 \$	88 471 \$
46	86	0 \$	3 966 158 \$	39 662 \$	- 39 662 \$
47	87	0 \$	4 164 466 \$	41 645 \$	- 41 645 \$
48	88	0 \$	4 372 690 \$	43 727 \$	- 43 727 \$
49	89	0 \$	4 591 324 \$	45 913 \$	- 45 913 \$
50	90	0 \$	4 820 890 \$	48 209 \$	- 48 209 \$
51	91	0 \$	5 061 935 \$	50 619 \$	- 50 619 \$
52	92	0 \$	5 315 022 \$	53 150 \$	- 53 150 \$
53	93	0 \$	5 581 783 \$	55 808 \$	- 55 808 \$
54	94	0 \$	5 859 827 \$	58 598 \$	- 58 598 \$
55	95	0 \$	6 152 413 \$	61 528 \$	- 61 528 \$
56	96	0 \$	6 460 146 \$	64 605 \$	- 64 605 \$
57	97	0 \$	6 783 477 \$	67 835 \$	- 67 835 \$
58	98	0 \$	7 122 651 \$	71 227 \$	- 71 227 \$
59	99	0 \$	7 478 783 \$	74 788 \$	- 74 788 \$
60	100	0 \$	7 852 722 \$	78 527 \$	- 78 527 \$

\* For the purposes of the report and the calculation of the strategy advantage, the guarantee fees and the taxes payable by the corporation on the payments are not considered.



# TAXABLE BENEFIT BASED ON A LOAN RATE SPREAD\*

## Loan by shareholder

End of Year	M/40/P	Annual Loan (BoY)	Loan Balance at 5% (EoY)	Assumed Loan Balance at 7% (EoY)	Taxable benefit assuming a 2% spread loan rate	Tax to be paid assuming a 53,53% Tax Rate**	Net cashflow to shareholder
1	41	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
2	42	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
3	43	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
4	44	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
5	45	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
6	46	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
7	47	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
8	48	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
9	49	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
10	50	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
11	51	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
12	52	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
13	53	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
14	54	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
15	55	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
16	56	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
17	57	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
18	58	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
19	59	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
20	60	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
21	61	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
22	62	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
23	63	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
24	64	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
25	65	84 959 \$	89 207 \$	90 906 \$	1 699 \$	910 \$	84 049 \$
26	66	86 658 \$	184 658 \$	189 993 \$	3 636 \$	1 946 \$	84 711 \$
27	67	88 391 \$	286 701 \$	297 871 \$	5 834 \$	3 123 \$	85 268 \$
28	68	90 159 \$	395 703 \$	415 192 \$	8 319 \$	4 453 \$	85 706 \$
29	69	91 962 \$	512 048 \$	542 655 \$	11 118 \$	5 951 \$	86 011 \$
30	70	93 801 \$	636 142 \$	681 008 \$	14 259 \$	7 633 \$	86 168 \$
31	71	95 677 \$	768 410 \$	831 053 \$	17 777 \$	9 516 \$	86 161 \$
32	72	97 591 \$	909 301 \$	993 649 \$	21 705 \$	11 619 \$	85 972 \$
33	73	99 543 \$	1 059 286 \$	1 169 715 \$	26 081 \$	13 961 \$	85 581 \$
34	74	101 533 \$	1 218 860 \$	1 360 236 \$	30 946 \$	16 566 \$	84 968 \$

# TAXABLE BENEFIT BASED ON A LOAN RATE SPREAD\*

## Loan by shareholder

End of Year	M/40/P	Annual Loan (BoY)	Loan Balance at 5% (EoY)	Assumed Loan Balance at 7% (EoY)	Taxable benefit assuming a 2% spread loan rate	Tax to be paid assuming a 53,53% Tax Rate**	Net cashflow to shareholder
35	75	103 564 \$	1 388 545 \$	1 566 266 \$	36 345 \$	19 455 \$	84 109 \$
36	76	105 635 \$	1 568 890 \$	1 788 934 \$	42 324 \$	22 656 \$	82 979 \$
37	77	107 748 \$	1 760 470 \$	2 029 450 \$	48 936 \$	26 195 \$	81 553 \$
38	78	109 903 \$	1 963 892 \$	2 289 108 \$	56 236 \$	30 103 \$	79 800 \$
39	79	112 101 \$	2 179 793 \$	2 569 294 \$	64 285 \$	34 412 \$	77 689 \$
40	80	114 343 \$	2 408 843 \$	2 871 492 \$	73 148 \$	39 156 \$	75 187 \$
41	81	116 630 \$	2 651 746 \$	3 197 290 \$	82 895 \$	44 374 \$	72 256 \$
42	82	118 963 \$	2 909 244 \$	3 548 391 \$	93 602 \$	50 105 \$	68 857 \$
43	83	121 342 \$	3 182 115 \$	3 926 614 \$	105 352 \$	56 395 \$	64 947 \$
44	84	123 769 \$	3 471 178 \$	4 333 909 \$	118 235 \$	63 290 \$	60 479 \$
45	85	126 244 \$	3 777 294 \$	4 772 364 \$	131 340 \$	70 841 \$	55 403 \$
46	86	0 \$	3 966 158 \$	5 106 430 \$	145 001 \$	77 726 \$	- 77 726 \$
47	87	0 \$	4 164 466 \$	5 463 880 \$	159 142 \$	85 189 \$	- 85 189 \$
48	88	0 \$	4 372 690 \$	5 846 351 \$	174 248 \$	93 275 \$	- 93 275 \$
49	89	0 \$	4 591 324 \$	6 255 596 \$	190 510 \$	102 034 \$	- 102 034 \$
50	90	0 \$	4 820 890 \$	6 693 115 \$	208 326 \$	111 517 \$	- 111 517 \$
51	91	0 \$	5 061 935 \$	7 162 035 \$	227 500 \$	121 781 \$	- 121 781 \$
52	92	0 \$	5 315 032 \$	7 663 374 \$	248 245 \$	132 886 \$	- 132 886 \$
53	93	0 \$	5 580 783 \$	8 198 600 \$	270 685 \$	144 897 \$	- 144 897 \$
54	94	0 \$	5 859 822 \$	8 773 795 \$	294 948 \$	157 885 \$	- 157 885 \$
55	95	0 \$	6 152 813 \$	9 387 913 \$	321 175 \$	171 925 \$	- 171 925 \$
56	96	0 \$	6 460 454 \$	10 043 120 \$	349 517 \$	187 096 \$	- 187 096 \$
57	97	0 \$	6 783 477 \$	10 748 278 \$	380 136 \$	203 487 \$	- 203 487 \$
58	98	0 \$	7 122 651 \$	11 500 658 \$	413 206 \$	221 189 \$	- 221 189 \$
59	99	0 \$	7 478 783 \$	12 305 704 \$	448 914 \$	240 303 \$	- 240 303 \$
60	100	0 \$	7 852 722 \$	13 167 103 \$	487 460 \$	260 937 \$	- 260 937 \$

\* Taxable benefit for the Shareholder.

\*\* For the purposes of the report and the calculation of the strategy advantage, the taxes payable on the shareholder benefit are not considered.

# IMPORTANT INFORMATION

This **Corporate Insured Retirement Plan** concept presentation is only complete if it contains all the pages. It must be accompanied by the complete illustration of the appropriate life insurance product prepared within 30 days of the date of this concept presentation as they are an integral part of the document.

This concept presentation was prepared for information purposes using personal and financial information provided by you and your corporation. It is important that this information is as accurate as possible as even small discrepancies in this information can have an impact on any recommendations made. Desjardins Insurance is not responsible for the results obtained from the use of the information you have provided and cannot guarantee or warrant the timeliness, accuracy or correctness of such information. The concept presentation is to be used only to demonstrate the potential tax benefits arising from the implementation of the financial product solution as set out in the concept presentation based on information provided by you and your corporation and specified assumptions taken from the attached life insurance product illustration. It is not an insurance offer or contract, nor is it a legal or tax opinion.

The benefits shown in the concept presentation are based on a set of assumptions that are certain to change over time, and which may or may not be achieved depending on actual performance. No warranty can be made as to the applicability of assumptions used. Assumptions which may be affected by actual experience may include, without limitation, one or more of the following, if applicable: the amount and timing of deposits to life insurance policies; tax rates; interest rates; performance credit scales; inflation; the tax treatment that applies to the life insurance policies and income, dividend and capital gains taxes. If actual experience is less favourable than that shown in the concept presentation and the attached life insurance product illustration, cash values available at time of retirement could be lower than projected. Please refer to the attached life insurance product illustration for limitations on policy values and guarantees.

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The use of this concept presentation does not guarantee acceptance of the coverage amount or amounts applied for. The proposed insured must satisfy medical and financial underwriting requirements and must qualify for the coverage once the application has been submitted.

# KEY CONSIDERATIONS LOAN BY SHAREHOLDER

The concept presentation is only complete if it includes all pages and is accompanied by the product illustration. It has been prepared for information purposes only and does not constitute an offer of insurance or an insurance contract. The scope of the benefits illustrated may be affected by possible changes in tax laws. Please consult your legal and tax advisors.

## Loan Considerations

- ☐ The shareholder may obtain a loan from a third party lending institution that is guaranteed by the corporation. The corporation will have to pledge the corporate-owned life insurance policy as security for the loan, which may be arranged as a line of credit.
- ☐ Using the cash value of the corporate-owned policy as collateral for a third party loan is not guaranteed. The borrower will have to meet the lending criteria of the financial institution that will issue the loan. There may be conditions, fees and costs associated with arranging the loan. The lending institution will set the loan limit as well as the loan structure, which may be for a lump sum or a series of payments over time, similar to a line of credit.
- ☐ The lending institution will determine a percentage of the policy's cash value as the maximum amount that can be borrowed without additional collateral. Variations in the actual performance of the life insurance contract from those shown in the concept presentation will affect the loan maximum and collateral requirements.
- ☐ The loan interest rate is not guaranteed and may vary. If loan interest rates are higher than those shown in the concept presentation, the loan to cash value ratio may exceed the lending institution's pre-determined maximum. Additional collateral by the borrower may be required.
- ☐ If the insured person lives beyond the maximum age shown in this concept presentation, the loan to cash value ratio may exceed the lending institution's pre-determined maximum. Additional collateral by the borrower may be required.
- ☐ If the loan to cash value ratio exceeds the lending institution's pre-determined maximum, the lending institution may require periodic loan payments to reduce the loan balance or the assignment of other assets as collateral. If the borrower is unable to meet these requirements, the lending institution can require policy withdrawals or the surrender of the insurance contract to pay off the loan. This could result in a taxable disposition for the corporation as the policy holder, and the corporation would be required to pay the taxes due. The act of the corporation paying off the loan would be deemed a shareholder benefit and have further tax implications for the shareholder.

## Tax Considerations

- ☐ Under the *Income Tax Act* (Canada), a loan secured by a life insurance policy is not considered a disposition of an interest in the policy for tax purposes, and therefore does not trigger tax reporting of any accumulated gains within the policy. This means that the borrower will not have to pay taxes on the values in the policy because of the loan. However, the tax treatment of loans secured by a life insurance policy may change between now and the time the loan is taken out or, once taken out, is reimbursed. Typically, changes by the tax authorities do not exempt arrangements in existence at the time of the change.
- ☐ If the corporation has acquired the life insurance policy with the sole purpose of meeting its obligations to an employee at, after or in anticipation of a material change in the employee's services, such as retirement or loss of employment, the tax authorities may consider the policy to be a retirement compensation arrangement with potentially significant tax consequences.
- ☐ A corporate-owned life insurance policy with cash value may affect the valuation of the corporation's shares for tax purposes. The policy will be a passive asset, which may affect eligibility for the lifetime capital gains exemption. In the valuation of the corporation's shares at death for tax purposes, the value of the policy is based on the cash surrender value of the policy just prior to death, or on the valuation principles established by the tax authorities.
- ☐ Interest on the loan may be deductible if the interest is paid or payable on borrowed money used to produce income from a business or property or to acquire property that will be used in producing such income. If the loan proceeds are used to supplement retirement income, this requirement will not be met.
- ☐ If the corporate-owned life insurance policy is pledged as security for a personal loan of the shareholder, this may be deemed a shareholder benefit. It is recommended that an independent tax advisor is consulted prior to the establishment of such a strategy. The shareholder and their corporation are responsible to establish the amount of the required guarantee fee or taxable benefit regarding the use of the corporation's life insurance policy as a collateral for their personal loan. The determination of the required guarantee fee or taxable benefit is a question of fact. The amount of the guarantee fee or taxable benefit should be determined by the shareholder's tax advisors at the time of the loan and from time to time while the loan remains in place. The value of the taxable benefit could be disputed in the case of an audit. You may have to pay professional fees to support you in the event of a dispute. Desjardins does not assume responsibility with respect to the establishment and calculation of the guarantee fee or taxable benefit.

# KEY CONSIDERATIONS LOAN BY SHAREHOLDER

☐ The deductibility of premiums on a life insurance policy assigned as collateral for a loan will not be available as the borrower is not the same entity as the policyholder.

☐ If the corporate-owned life insurance policy is pledged as security for a personal loan of the shareholder, there may be a taxable benefit on the shareholder's death if the insurance proceeds of the corporate-owned policy are used directly to pay the loan. The legal, taxation and accounting advisors of the shareholder's estate, the financial institution and the corporation should work together to ensure implement a post-mortem process to avoid this result. While the actual steps taken by the parties will vary based on the facts, the general approach would entail the estate making arrangements with the financial institution to accept alternative collateral as security for the outstanding loan balance, so that the corporation can receive the life insurance proceeds on a non-taxable basis. The proceeds in excess of the policy's adjusted cost basis (ACB) will be credited to the corporation's capital dividend account, which will enable the corporation to pay a non-taxable capital dividend to its shareholders, including the estate of the deceased shareholder. The deceased shareholder's estate will use dividend proceeds to pay off the loan and retain the remainder for distribution to the beneficiaries of the estate.

## Insurance Policy Governance

☐ Once a life insurance contract has been assigned as collateral, the corporation, as the policyholder, will have to obtain the lending institution's prior consent before exercising certain ownership rights, including policy loans or withdrawals, surrendering the policy or making changes to the contract.

## General Information

☐ The cash values for the life insurance policy shown in this concept presentation are based on specific assumptions. Actual experience may differ. Unless otherwise indicated, the life insurance policy values are not guaranteed and will vary over time, which may affect the value illustrated in this concept presentation.

☐ Projections for the alternative investment are based on return assumptions that are not guaranteed and may change. Any changes in the yield assumptions may affect the values shown in this concept presentation.

☐ This concept presentation is only complete if it contains all the pages. It must be accompanied by the complete illustration of the appropriate life insurance product prepared within 30 days of the date of this concept presentation as they are an integral part of the document.

☐ The use of this concept presentation does not guarantee acceptance of the coverage amount applied for. The proposed insured must satisfy medical and financial underwriting requirements and must qualify for the coverage once the application has been submitted.

☐ All comments related to taxation are general in nature and are based on legislation and administrative policies published by the tax authorities as of the date of this concept presentation but do not cover every possible situation. Future changes to tax legislation and administrative policies may affect this information. Accordingly, the tax treatment of the Corporate Insured Retirement Plan concept and potential outcomes are subject to changes and are not guaranteed.

☐ Desjardins Insurance does not intend to provide legal, tax or accounting advice to clients or potential clients. The information contained in this concept presentation and accompanying product illustration is not intended to offer such advice, nor is it to replace the advice of independent legal, taxation and accounting professionals. Clients should consult with their legal, taxation, and accounting advisors to obtain advice that pertains to their particular circumstances.

**I acknowledge that the Corporate Insured Retirement Plan is a concept. It is not a product or a contract. This checklist is not a substitute for legal, tax or accounting advice. I need to consult with my legal, taxation, financial and accounting advisors about the risks and benefits of this concept. Desjardins Insurance is not providing tax, insurance or loan advice.**

\_\_\_\_\_, Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Policy-owner signature

\_\_\_\_\_, Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Advisor signature

## Insurance

**Adjusted Cost Basis (ACB):** the cost of a life insurance policy used for tax purposes. This is a complex formula that varies with different contracts depending upon when they were issued. Only the insurance carrier can provide up-to-date ACB for an in-force policy.

**Annualized premium:** The insurance policy offers a variety of premium payment options. The premium can be paid on a monthly, quarterly, semi-annual or annual basis. The annualized premium is the total amount of premium paid per year.

**Fair Market Value (FMV):** refers to the price we can obtain, given general market conditions, during the sale of a property between prudent, informed, unrestricted parties acting at arm's length. The FMV of a life insurance policy is to be determined by a professional valuation.

**Life insurance:** The insurance company guarantees payment of a non-taxable death benefit to the beneficiary upon death of the insured. Many types of coverage are available to meet the needs of both individuals and corporations.

**Net Cost of Pure Insurance (NCPI):** a measure of the cost of insurance for specific tax purposes. The NCPI generally increases each year and reflects the gradual increase in the probability of death of the insured.

**Policy Disposition:** the change of ownership, surrender (partial or total), policy loan or payout of a dividend of a life insurance policy is considered a disposition for tax purposes. There are no available rollovers for transfers between corporations and individuals, and very specific limitations for rollovers between corporations.

## Taxation

**Canadian-controlled private corporation (CCPC):** A private corporation that is resident in Canada for tax purposes and not a public corporation. It must have been either incorporated in Canada or resident in Canada from June 18, 1971 to the end of the tax year. A CCPC is not controlled directly or indirectly by one or more non-resident persons or by public corporations.

**Capital Dividend Account (CDA):** tracks certain non-taxable surpluses that can be passed on to Canadian resident shareholders as non-taxable capital dividends.

**Income Tax Act:** The federal statute that governs taxation of the income of individuals, corporations, partnerships, trusts and estates in Canada. The provinces and territories also levy income tax. The Income Tax Act is amended on a regular basis.

**Passive investment income:** This generally consists of corporate earnings not directly related to the business source. Passive investment income can come from certain types of interest, capital gains, net rental income, royalties or dividends received by a corporation (and its associated corporations).

**Refundable dividend tax on hand (RDTOH):** RDTOH is a notional tax account in which the refundable tax paid by a private corporation on its investments and dividend income accumulates. Since 2019, CCPCs maintain two RDTOH accounts: eligible RDTOH and non-eligible RDTOH. The accounts are refundable when the corporation pays a taxable eligible or non-eligible dividend to its shareholders.

**Small business deduction (SBD):** The small business deduction is a corporate tax reduction for Canadian-controlled private corporations (CCPCs). The reduced tax rate is available on active business income up to the corporation's business limit. The first 500 000 \$ of active business income is taxed at a lower rate at the federal level. The limit may be different in some provinces. It is reduced by 5 \$ for each 1 \$ of passive income exceeding 50 000 \$.

## Lending

**Collateral:** Collateral is an asset that a lender accepts as security for extending a loan. If the borrower defaults, then the lender may seize and sell the collateral to recoup their losses.

**Interest:** The interest rate is the amount that a lenders charges for the use of funds, as a percentage of the principal.

**Deductibility:** A tax deduction is a business expense that can lower the amount of tax payable on earned income. Business expenses that are reasonable and paid out to earn income are deductible for income tax purposes, unless specifically disallowed.

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