Corporate Insured Retirement Program

When opportunity knocks will your company's future be locked?

TThe Corporate Insured Retirement Program is a financial planning strategy designed to meet your clients need for life insurance protection today and access to tax-advantaged cash in the future.

WHO IS IT FOR?

Shareholders of a private Canadian Corporation who:

•Have Corporate funds to Invest

•Are in good health

•Need permanent life insurance protection

•Want to supplement retirement income

•Are receptive to long term planning strategies

HOW DOES IT WORK?

Your client's corporation purchases an exempt life insurance policy. With your client as the life insured and the corporation named as the beneficiary. The corporation deposits amounts into the policy in excess of what is required to pay the policy charges, creating cash value. At retirement, the life insurance policy is used to secure a loan, structured as a line of credit, or as collateral to a financial instiution. The borrowed funds can be used to supplement your client's retirement income. At death, the insurance proceeds are used to repay the line of credit.

WHY DOES IT WORK?

•Provide life insurance protection (i.e., buy-sell funding, capital gains tax liability

•Creates cash value that grows on a tax-deferred basis

•Provides security for the loan

•Provides flexibility for structuring personal or corporate loans

•Insurance proceeds repay loan at death

•insurance proceeds generate a credit to the corporation's Capital Dividend Account

•Insurance proceeds in excess of loan balance available to your client's estate

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An Example

Paul is the sole shareholder of a private Canadian company. He is a healthy 43 year old who doesn't smoke. Paul requires $1,000,000 of life insurance protection and will need a retirement income supplement from the age of 65 to 83. His company will deposit $40,000 into the life insurance policy for 15 years. At retirement, his company will borrow against the cash value of the life insurance policy and use the borrowed funds to pay him a taxable dividened.

The Assumptions ...

Current Insurance required:	$1,000,000
Annual Deposits (15 years)	$40,000
Personal Tax Rate	45%
Personal Dividend Tax Rate:	35%
Corporate Tax Rate on Investment Income	47%
Life Expectancy :	83
Rate of Return:	5%
Loan Rate:	6%
Loan Rate (Assuming interest deductibility):	3.18%

The Benefits...

Cash Surrender Value at age 83:	1,660,297
Death Benefit at age 83	2,660,297
Capital Dividend Account Credit At Age 83	2,660,297
Loan Advances to Company from age 65 to 83:	50,711
After-Tax Dividend to shareholder:	32,962
Repayment of loan balance at age 83	1.245,217
Funds available at death:	1,415,080

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