

# CORPORATE INSURED RETIREMENT PLAN

## LOAN BY CORPORATION

Have your corporate-owned life insurance work for your retirement

Entreprise ABC Inc,

**Prepared by:**  
Représentant Invité  
Life and Health Insurance Advisor

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# SCENARIOS AND ASSUMPTIONS

## Age of analysis

The analysis is based on projected life expectancy of age 82 for Nouveau Client1, which occurs at a duration of 37 years.

## Insured

Nouveau Client1  
Male, 45, Preferred / Non-smoker  
Life expectancy: 82

## Policyowner

Entreprise ABC Inc,

## Collateral Loan Details

Loan by	Corporation
Loan Interest Rate	5,00 %
Loan Index Rate	0,00 %
Loan Start Age	65
Loan End Age	85
Max. Ratio Loan / CSV	85,00 %
Maximum First Annual Loan Amount	60 517 \$
Chosen First Year Annual Loan Amount	60 517 \$

## Illustration

Product	Participating Life Insurance
Coverage Category	Permanent Life
Coverage Type	Individual
Coverage	Estate Enhancer – 20 Pay
Amount	1 000 000 \$
Annual Premium	32 280,00 \$

## Dividend Option

Paid-Up Additions (PUA)

Dividend scenario Current

Premium Offset No

## Tax Information (Quebec)

Personal Marginal Tax Rate	53,31 %
Personal Dividend Tax Rate	48,70 %
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 %		

## 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 your corporation has significant taxable investments that generate 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 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 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 life insurance 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 or if your corporation needs funds for business or investment purposes, the corporation can pledge the cash values of the policy to obtain a loan, which is often structured as a line of credit, from a financial institution. Your corporation may have the option not to pay interest during your lifetime, if this is the case, the interest charge will be added to the loan balance.
- Your corporation takes advantage of the non-taxable cash flow from the loan to pay you a dividend to help you realize your retirement dreams. The dividend becomes part of your taxable income during your retirement.
- Upon your death, the non-taxable death benefit is paid to your corporation as the beneficiary. This allows your corporation to pay off the collateral loan.
- The excess of the death benefit over the policy's adjusted cost basis is credited to your corporation's capital dividend account. After the loan has been paid, your corporation can 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 can distribute the funds from your corporation 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 CORPORATION

- 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 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 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 overall 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. This can reduce the amount of taxes paid by your corporation during your lifetime as the tax-preferred growth inside the policy does not contribute to the passive investment income calculation. Decreasing 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.

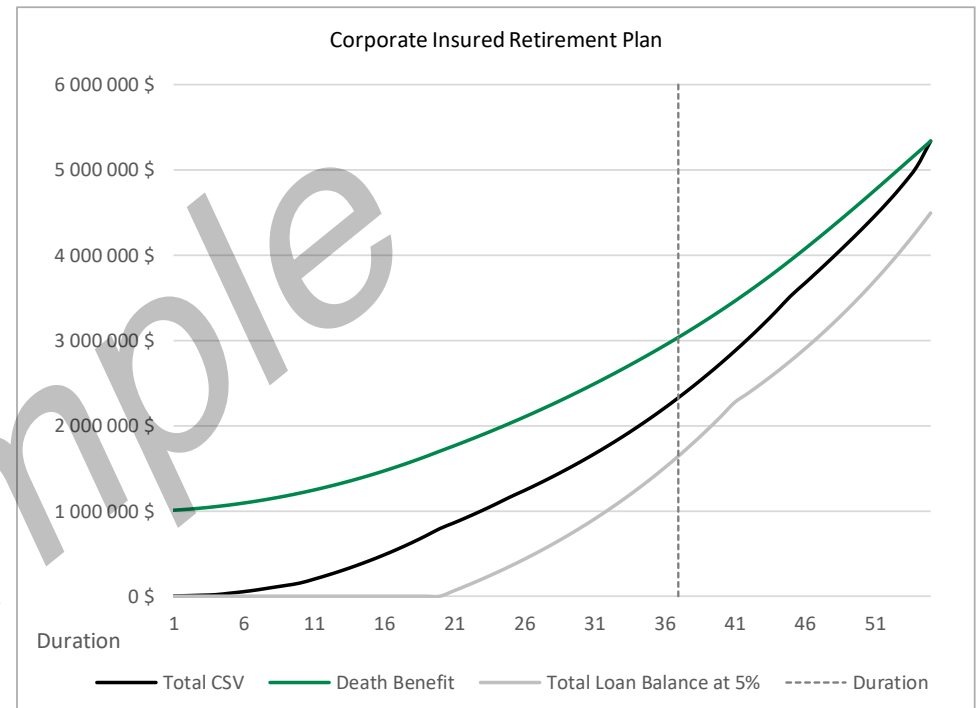
**Use the Corporate Insured Retirement Plan to enjoy additional retirement income and leave a tax-advantaged inheritance!**

# YOUR SITUATION LOAN BY CORPORATION

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 your corporation takes out the loan, which is often 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 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 the 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.

On your death, your corporation receives the non-taxable death benefit of the life insurance policy. The excess of the death benefit over the policy's adjusted cost basis is credited to your corporation's capital dividend account. After the loan has been paid, your corporation can 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 will distribute the dividend proceeds, along with other assets in your estate, to your family and chosen heirs according to your wishes, based on instructions you provide during your lifetime.



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.

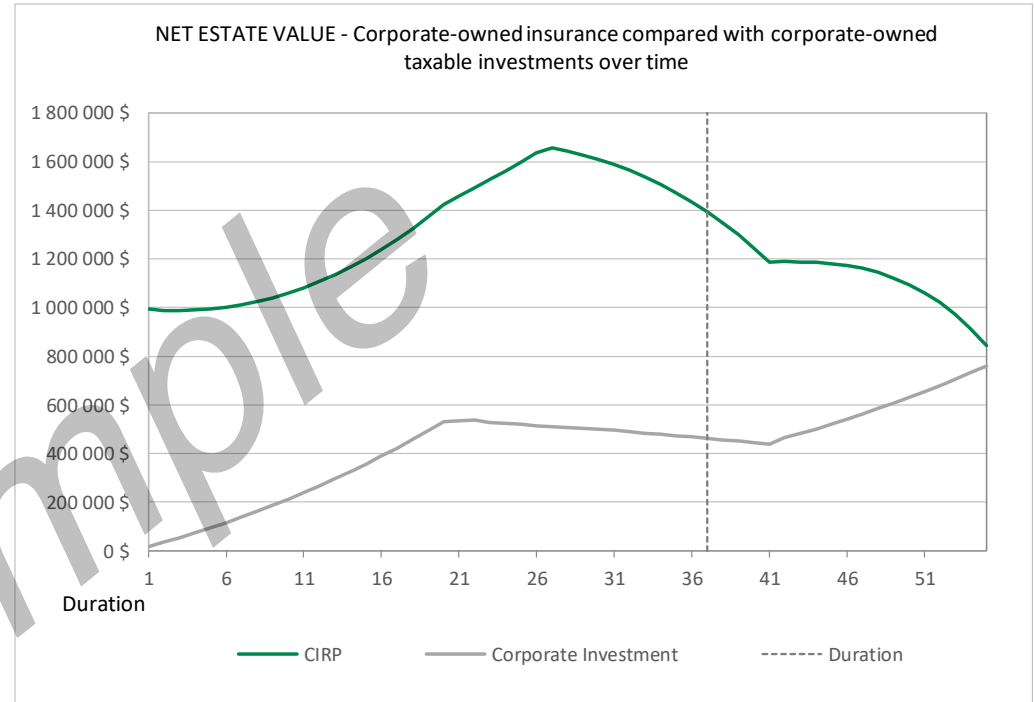
# YOUR NET ESTATE VALUE LOAN BY CORPORATION

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.

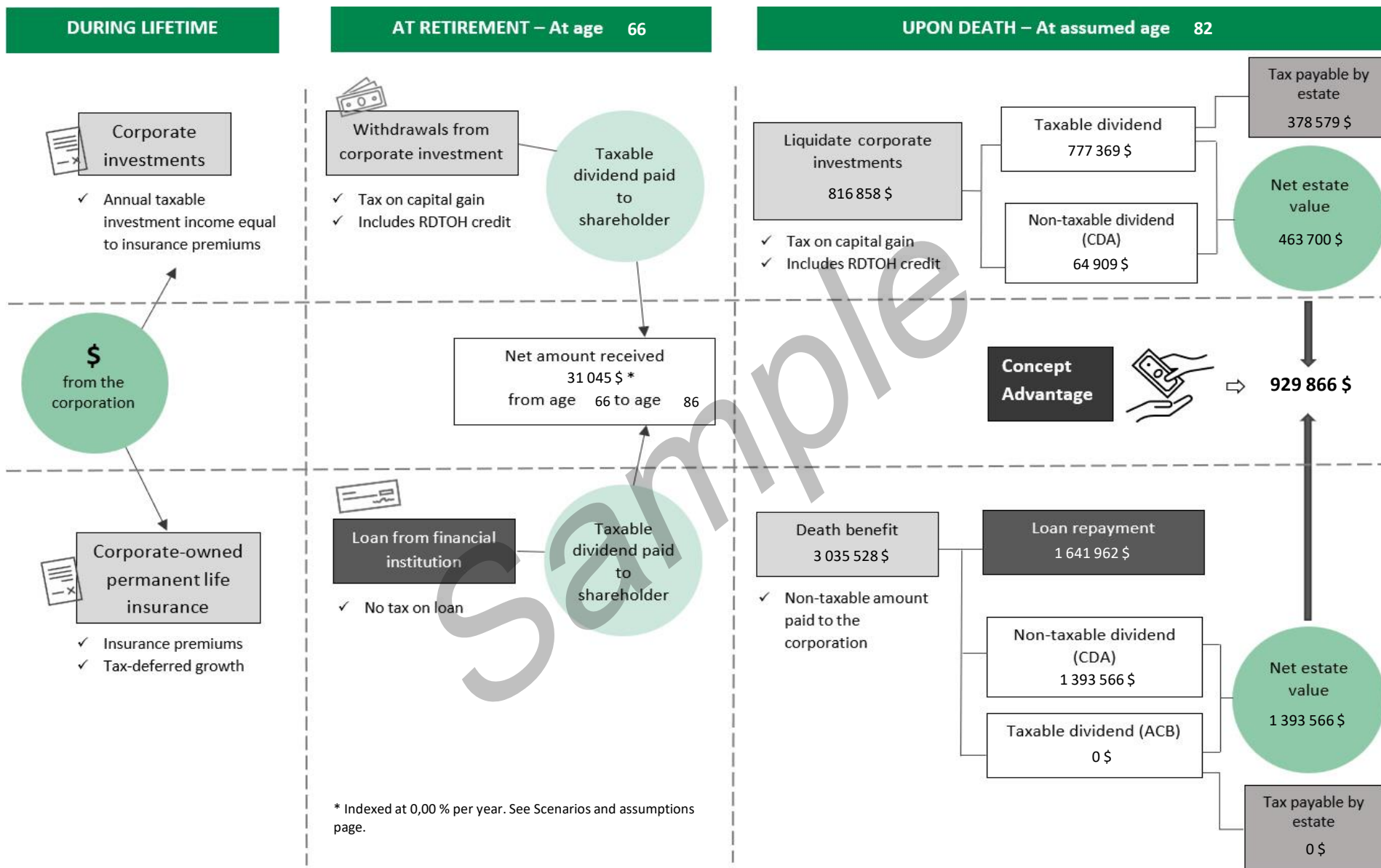
This graph shows your Net Estate Value after implementing the Corporate Insured Retirement Plan versus an equivalent corporate-owned taxable investment. The taxable investment is funded by an amount equal to the annual insurance premiums and managed as part of your corporation's investment portfolio. The dotted line is the duration date (projected life expectancy) 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 from your corporation during your lifetime. The non-taxable death benefit received by your corporation will allow it to pay off the loan and any accrued interest. 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-owned taxable investment will be subject to tax on the investment earnings that it may generate, including any capital gains that may be triggered when investments are sold or otherwise liquidated each year to fund your retirement. On death, this taxable 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 your estate via a dividend that may or may not be taxable, 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 1 393 566 \$, while your Net Estate Value using the equivalent corporate-owned taxable investment will be 463 700 \$.



\* Indexed at 0,00 % per year. See Scenarios and assumptions page.



## DURING LIFETIME - On retirement at age 66

CORPORATE-OWNED  
PERMANENT LIFE INSURANCE  
Cumulative premiums or  
deposits paid by company

645 600 \$

Cash surrender value (CSV)  
at age 66

793 122 \$

FINANCIAL INSTITUTION  
Non-taxable loan to company  
guaranteed by CSV

60 517 \$ \*

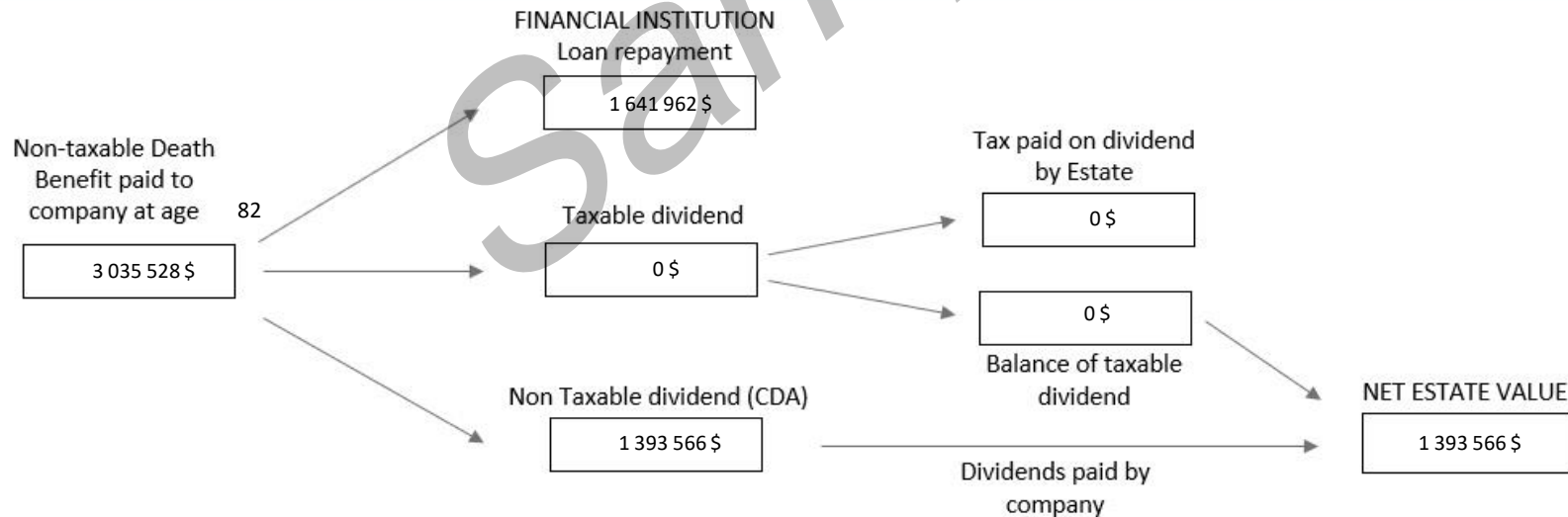
SHAREHOLDER  
After-tax annual  
retirement income

31 045 \$ \*  
FROM AGE 66 TO 86

Dividend paid  
by company to  
shareholder

\*Indexed at 0,00% per year according to  
your assumptions

## ON DEATH - At assumed age 82





# COMPARISON LOAN BY CORPORATION

## 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/45/P	Annual loan (BoY)	Cumulative loan balance (EOY)	Death benefit payable to company	Net worth for Estate after Corporate Loan Repayment	Benefit of CIRP
32 280 \$	0 \$	33 506 \$	17 367 \$	1	46	0 \$	0 \$	1 008 336 \$	992 903 \$	975 536 \$
32 280 \$	0 \$	68 277 \$	35 561 \$	2	47	0 \$	0 \$	1 019 568 \$	988 807 \$	953 245 \$
32 280 \$	0 \$	104 357 \$	54 610 \$	3	48	0 \$	0 \$	1 033 613 \$	987 610 \$	933 000 \$
32 280 \$	0 \$	141 723 \$	74 474 \$	4	49	0 \$	0 \$	1 050 418 \$	989 268 \$	914 794 \$
32 280 \$	0 \$	180 488 \$	95 258 \$	5	50	0 \$	0 \$	1 069 997 \$	993 796 \$	898 537 \$
32 280 \$	0 \$	220 702 \$	116 988 \$	6	51	0 \$	0 \$	1 092 326 \$	1 001 182 \$	884 194 \$
32 280 \$	0 \$	262 253 \$	139 497 \$	7	52	0 \$	0 \$	1 117 388 \$	1 011 425 \$	871 928 \$
32 280 \$	0 \$	305 357 \$	163 065 \$	8	53	0 \$	0 \$	1 145 170 \$	1 024 521 \$	861 456 \$
32 280 \$	0 \$	350 072 \$	187 694 \$	9	54	0 \$	0 \$	1 175 721 \$	1 040 537 \$	852 843 \$
32 280 \$	0 \$	396 191 \$	213 047 \$	10	55	0 \$	0 \$	1 209 019 \$	1 059 470 \$	846 423 \$
32 280 \$	0 \$	444 040 \$	239 639 \$	11	56	0 \$	0 \$	1 245 124 \$	1 081 399 \$	841 760 \$
32 280 \$	0 \$	493 683 \$	267 427 \$	12	57	0 \$	0 \$	1 284 038 \$	1 106 351 \$	838 923 \$
32 280 \$	0 \$	544 813 \$	295 871 \$	13	58	0 \$	0 \$	1 325 832 \$	1 134 421 \$	838 550 \$
32 280 \$	0 \$	597 872 \$	325 768 \$	14	59	0 \$	0 \$	1 370 518 \$	1 165 652 \$	839 884 \$
32 280 \$	0 \$	652 932 \$	357 019 \$	15	60	0 \$	0 \$	1 418 118 \$	1 200 103 \$	843 084 \$
32 280 \$	0 \$	709 575 \$	388 843 \$	16	61	0 \$	0 \$	1 468 728 \$	1 237 906 \$	849 063 \$
32 280 \$	0 \$	768 372 \$	422 369 \$	17	62	0 \$	0 \$	1 522 320 \$	1 278 967 \$	856 597 \$
32 280 \$	0 \$	829 400 \$	457 427 \$	18	63	0 \$	0 \$	1 578 931 \$	1 323 349 \$	865 922 \$
32 280 \$	0 \$	892 122 \$	492 963 \$	19	64	0 \$	0 \$	1 638 606 \$	1 371 123 \$	878 160 \$
32 280 \$	0 \$	957 248 \$	530 484 \$	20	65	0 \$	0 \$	1 701 398 \$	1 422 369 \$	891 884 \$
0 \$	31 045 \$	958 277 \$	534 924 \$	21	66	60 517 \$	63 543 \$	1 763 110 \$	1 456 040 \$	921 116 \$
0 \$	31 045 \$	958 675 \$	538 141 \$	22	67	60 517 \$	130 262 \$	1 826 645 \$	1 490 461 \$	952 321 \$
0 \$	31 045 \$	937 035 \$	525 999 \$	23	68	60 517 \$	200 318 \$	1 892 045 \$	1 525 656 \$	999 657 \$
0 \$	31 045 \$	932 641 \$	523 055 \$	24	69	60 517 \$	273 876 \$	1 959 389 \$	1 561 681 \$	1 038 626 \$
0 \$	31 045 \$	929 292 \$	520 222 \$	25	70	60 517 \$	351 113 \$	2 028 741 \$	1 598 587 \$	1 078 365 \$
0 \$	31 045 \$	921 583 \$	515 258 \$	26	71	60 517 \$	432 211 \$	2 100 152 \$	1 636 406 \$	1 121 148 \$
0 \$	31 045 \$	916 058 \$	511 643 \$	27	72	60 517 \$	517 364 \$	2 173 693 \$	1 656 330 \$	1 144 686 \$
0 \$	31 045 \$	912 036 \$	508 382 \$	28	73	60 517 \$	606 774 \$	2 249 422 \$	1 642 647 \$	1 134 266 \$
0 \$	31 045 \$	903 590 \$	502 946 \$	29	74	60 517 \$	700 656 \$	2 327 272 \$	1 626 617 \$	1 123 671 \$
0 \$	31 045 \$	897 326 \$	498 853 \$	30	75	60 517 \$	799 231 \$	2 407 436 \$	1 608 205 \$	1 109 352 \$
0 \$	31 045 \$	892 547 \$	495 104 \$	31	76	60 517 \$	902 735 \$	2 489 963 \$	1 587 228 \$	1 092 124 \$
0 \$	31 045 \$	883 337 \$	489 169 \$	32	77	60 517 \$	1 011 414 \$	2 574 770 \$	1 563 355 \$	1 074 186 \$
0 \$	31 045 \$	876 278 \$	484 553 \$	33	78	60 517 \$	1 125 528 \$	2 662 060 \$	1 536 532 \$	1 051 979 \$
0 \$	31 045 \$	870 660 \$	480 261 \$	34	79	60 517 \$	1 245 346 \$	2 751 735 \$	1 506 389 \$	1 026 127 \$

# COMPARISON LOAN BY CORPORATION

## 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/45/P	Annual loan (BoY)	Cumulative loan balance (EOY)	Death benefit payable to company	Net worth for Estate after Corporate Loan Repayment	Benefit of CIRP
0 \$	31 045 \$	860 642 \$	473 790 \$	35	80	60 517 \$	1 371 156 \$	2 843 815 \$	1 472 659 \$	<b>998 869 \$</b>
0 \$	31 045 \$	852 715 \$	468 598 \$	36	81	60 517 \$	1 503 257 \$	2 938 345 \$	1 435 088 \$	<b>966 491 \$</b>
0 \$	31 045 \$	846 166 \$	463 700 \$	37	82	60 517 \$	1 641 962 \$	3 035 528 \$	1 393 566 \$	<b>929 866 \$</b>
0 \$	31 045 \$	835 276 \$	456 644 \$	38	83	60 517 \$	1 787 603 \$	3 135 989 \$	1 348 387 \$	<b>891 743 \$</b>
0 \$	31 045 \$	826 394 \$	450 812 \$	39	84	60 517 \$	1 940 525 \$	3 239 655 \$	1 299 130 \$	<b>848 318 \$</b>
0 \$	31 045 \$	818 809 \$	445 240 \$	40	85	60 517 \$	2 101 094 \$	3 346 883 \$	1 245 789 \$	<b>800 550 \$</b>
0 \$	31 045 \$	806 963 \$	437 540 \$	41	86	60 517 \$	2 269 691 \$	3 457 583 \$	1 187 892 \$	<b>750 352 \$</b>
0 \$	0 \$	851 809 \$	464 170 \$	42	87	0 \$	2 383 176 \$	3 572 127 \$	1 188 952 \$	<b>724 782 \$</b>
0 \$	0 \$	881 220 \$	482 163 \$	43	88	0 \$	2 502 335 \$	3 690 448 \$	1 188 114 \$	<b>705 951 \$</b>
0 \$	0 \$	911 833 \$	501 505 \$	44	89	0 \$	2 627 451 \$	3 812 962 \$	1 185 511 \$	<b>684 006 \$</b>
0 \$	0 \$	943 682 \$	521 804 \$	45	90	0 \$	2 758 824 \$	3 939 861 \$	1 181 037 \$	<b>659 233 \$</b>
0 \$	0 \$	976 133 \$	541 597 \$	46	91	0 \$	2 896 765 \$	4 069 950 \$	1 173 185 \$	<b>631 588 \$</b>
0 \$	0 \$	1 009 924 \$	562 913 \$	47	92	0 \$	3 041 603 \$	4 202 822 \$	1 161 218 \$	<b>598 306 \$</b>
0 \$	0 \$	1 045 089 \$	585 300 \$	48	93	0 \$	3 193 683 \$	4 338 331 \$	1 144 647 \$	<b>559 347 \$</b>
0 \$	0 \$	1 080 933 \$	607 119 \$	49	94	0 \$	3 353 368 \$	4 476 132 \$	1 122 764 \$	<b>515 646 \$</b>
0 \$	0 \$	1 118 266 \$	630 645 \$	50	95	0 \$	3 521 036 \$	4 616 134 \$	1 095 098 \$	<b>464 453 \$</b>
0 \$	0 \$	1 157 123 \$	655 365 \$	51	96	0 \$	3 697 088 \$	4 758 187 \$	1 061 099 \$	<b>405 734 \$</b>
0 \$	0 \$	1 196 742 \$	679 451 \$	52	97	0 \$	3 881 942 \$	4 902 067 \$	1 020 124 \$	<b>340 674 \$</b>
0 \$	0 \$	1 238 013 \$	705 441 \$	53	98	0 \$	4 076 039 \$	5 047 016 \$	970 977 \$	<b>265 536 \$</b>
0 \$	0 \$	1 280 975 \$	732 760 \$	54	99	0 \$	4 279 841 \$	5 192 348 \$	912 506 \$	<b>179 747 \$</b>
0 \$	0 \$	1 324 786 \$	759 371 \$	55	100	0 \$	4 493 833 \$	5 337 639 \$	843 805 \$	<b>84 434 \$</b>

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 CORPORATION

## CORPORATE-OWNED PERMANENT LIFE INSURANCE

## CORPORATE LOAN (From Financial institution)

## UPON DEATH

Premium or Deposit (BoY)	Cash Surrender Value (CSV) (EoY)	Adjusted Cost Basis (ACB) (EoY)	End of Year	M/45/P	Annual loan to corporation (BoY)	After-tax dividend to shareholder (BoY)	Cumulative loan balance (EoY)	Loan to CSV ratio (EoY)	Death benefit payable to corporation (EoY)	Balance available to pay Dividend after Corporate Loan Repayment	Tax paid on dividend (EoY)	Net Worth for Estate after Corporate Loan Repayment
32 280 \$	2 690 \$	31 690 \$	1	46	0 \$	0 \$	0 \$	0,00 %	1 008 336 \$	1 008 336 \$	15 433 \$	992 903 \$
32 280 \$	6 503 \$	63 165 \$	2	47	0 \$	0 \$	0 \$	0,00 %	1 019 568 \$	1 019 568 \$	30 762 \$	988 807 \$
32 280 \$	11 502 \$	94 462 \$	3	48	0 \$	0 \$	0 \$	0,00 %	1 033 613 \$	1 033 613 \$	46 003 \$	987 610 \$
32 280 \$	17 765 \$	125 565 \$	4	49	0 \$	0 \$	0 \$	0,00 %	1 050 418 \$	1 050 418 \$	61 150 \$	989 268 \$
32 280 \$	35 104 \$	156 470 \$	5	50	0 \$	0 \$	0 \$	0,00 %	1 069 997 \$	1 069 997 \$	76 201 \$	993 796 \$
32 280 \$	53 135 \$	187 154 \$	6	51	0 \$	0 \$	0 \$	0,00 %	1 092 326 \$	1 092 326 \$	91 144 \$	1 001 182 \$
32 280 \$	75 049 \$	217 584 \$	7	52	0 \$	0 \$	0 \$	0,00 %	1 117 388 \$	1 117 388 \$	105 964 \$	1 011 425 \$
32 280 \$	100 972 \$	247 738 \$	8	53	0 \$	0 \$	0 \$	0,00 %	1 145 170 \$	1 145 170 \$	120 648 \$	1 024 521 \$
32 280 \$	126 074 \$	277 584 \$	9	54	0 \$	0 \$	0 \$	0,00 %	1 175 721 \$	1 175 721 \$	135 183 \$	1 040 537 \$
32 280 \$	153 706 \$	307 082 \$	10	55	0 \$	0 \$	0 \$	0,00 %	1 209 019 \$	1 209 019 \$	149 549 \$	1 059 470 \$
32 280 \$	198 789 \$	336 191 \$	11	56	0 \$	0 \$	0 \$	0,00 %	1 245 124 \$	1 245 124 \$	163 725 \$	1 081 399 \$
32 280 \$	247 587 \$	364 862 \$	12	57	0 \$	0 \$	0 \$	0,00 %	1 284 038 \$	1 284 038 \$	177 688 \$	1 106 351 \$
32 280 \$	300 312 \$	393 041 \$	13	58	0 \$	0 \$	0 \$	0,00 %	1 325 832 \$	1 325 832 \$	191 411 \$	1 134 421 \$
32 280 \$	357 108 \$	420 669 \$	14	59	0 \$	0 \$	0 \$	0,00 %	1 370 518 \$	1 370 518 \$	204 866 \$	1 165 652 \$
32 280 \$	418 138 \$	447 668 \$	15	60	0 \$	0 \$	0 \$	0,00 %	1 418 118 \$	1 418 118 \$	218 014 \$	1 200 103 \$
32 280 \$	483 582 \$	473 967 \$	16	61	0 \$	0 \$	0 \$	0,00 %	1 468 728 \$	1 468 728 \$	230 822 \$	1 237 906 \$
32 280 \$	553 633 \$	499 698 \$	17	62	0 \$	0 \$	0 \$	0,00 %	1 522 320 \$	1 522 320 \$	243 353 \$	1 278 967 \$
32 280 \$	628 457 \$	524 809 \$	18	63	0 \$	0 \$	0 \$	0,00 %	1 578 931 \$	1 578 931 \$	255 582 \$	1 323 349 \$
32 280 \$	708 240 \$	549 246 \$	19	64	0 \$	0 \$	0 \$	0,00 %	1 638 606 \$	1 638 606 \$	267 483 \$	1 371 123 \$
32 280 \$	793 122 \$	572 955 \$	20	65	0 \$	0 \$	0 \$	0,00 %	1 701 398 \$	1 701 398 \$	279 029 \$	1 422 369 \$
0 \$	860 005 \$	563 598 \$	21	66	60 517 \$	31 045 \$	63 543 \$	7,39 %	1 763 110 \$	1 699 567 \$	243 527 \$	1 456 040 \$
0 \$	930 337 \$	553 099 \$	22	67	60 517 \$	31 045 \$	130 262 \$	14,00 %	1 826 645 \$	1 696 383 \$	205 922 \$	1 490 461 \$
0 \$	1 004 197 \$	541 327 \$	23	68	60 517 \$	31 045 \$	200 318 \$	19,95 %	1 892 045 \$	1 691 728 \$	166 072 \$	1 525 656 \$
0 \$	1 081 695 \$	528 150 \$	24	69	60 517 \$	31 045 \$	273 876 \$	25,32 %	1 959 389 \$	1 685 513 \$	123 832 \$	1 561 681 \$
0 \$	1 162 905 \$	513 416 \$	25	70	60 517 \$	31 045 \$	351 113 \$	30,19 %	2 028 741 \$	1 677 629 \$	79 042 \$	1 598 587 \$
0 \$	1 237 982 \$	496 966 \$	26	71	60 517 \$	31 045 \$	432 211 \$	34,91 %	2 100 152 \$	1 667 942 \$	31 536 \$	1 636 406 \$
0 \$	1 316 538 \$	478 645 \$	27	72	60 517 \$	31 045 \$	517 364 \$	39,30 %	2 173 693 \$	1 656 330 \$	0 \$	1 656 330 \$
0 \$	1 398 680 \$	458 277 \$	28	73	60 517 \$	31 045 \$	606 774 \$	43,38 %	2 249 422 \$	1 642 647 \$	0 \$	1 642 647 \$
0 \$	1 484 492 \$	435 690 \$	29	74	60 517 \$	31 045 \$	700 656 \$	47,20 %	2 327 272 \$	1 626 617 \$	0 \$	1 626 617 \$
0 \$	1 574 173 \$	410 711 \$	30	75	60 517 \$	31 045 \$	799 231 \$	50,77 %	2 407 436 \$	1 608 205 \$	0 \$	1 608 205 \$
0 \$	1 667 910 \$	383 164 \$	31	76	60 517 \$	31 045 \$	902 735 \$	54,12 %	2 489 963 \$	1 587 228 \$	0 \$	1 587 228 \$
0 \$	1 765 794 \$	352 865 \$	32	77	60 517 \$	31 045 \$	1 011 414 \$	57,28 %	2 574 770 \$	1 563 355 \$	0 \$	1 563 355 \$
0 \$	1 868 175 \$	319 648 \$	33	78	60 517 \$	31 045 \$	1 125 528 \$	60,25 %	2 662 060 \$	1 536 532 \$	0 \$	1 536 532 \$
0 \$	1 975 228 \$	283 337 \$	34	79	60 517 \$	31 045 \$	1 245 346 \$	63,05 %	2 751 735 \$	1 506 389 \$	0 \$	1 506 389 \$

# CORPORATE INSURED RETIREMENT PLAN CONCEPT DETAILS LOAN BY CORPORATION

**CORPORATE-OWNED  
PERMANENT LIFE INSURANCE**

**CORPORATE LOAN (From Financial institution)**

**UPON DEATH**

Premium or Deposit (BoY)	Cash Surrender Value (CSV) (EoY)	Adjusted Cost Basis (ACB) (EoY)	End of Year	M/45/P	Annual loan to corporation (BoY)	After-tax dividend to shareholder (BoY)	Cumulative loan balance (EoY)	Loan to CSV ratio (EoY)	Death benefit payable to corporation (EoY)	Balance available to pay Dividend after Corporate Loan Repayment	Tax paid on dividend (EoY)	Net Worth for Estate after Corporate Loan Repayment
0 \$	2 087 244 \$	243 772 \$	35	80	60 517 \$	31 045 \$	1 371 156 \$	65,69 %	2 843 815 \$	1 472 659 \$	0 \$	1 472 659 \$
0 \$	2 204 630 \$	200 795 \$	36	81	60 517 \$	31 045 \$	1 503 257 \$	68,19 %	2 938 345 \$	1 435 088 \$	0 \$	1 435 088 \$
0 \$	2 327 234 \$	154 261 \$	37	82	60 517 \$	31 045 \$	1 641 962 \$	70,55 %	3 035 528 \$	1 393 566 \$	0 \$	1 393 566 \$
0 \$	2 455 090 \$	104 031 \$	38	83	60 517 \$	31 045 \$	1 787 603 \$	72,81 %	3 135 989 \$	1 348 387 \$	0 \$	1 348 387 \$
0 \$	2 588 167 \$	49 970 \$	39	84	60 517 \$	31 045 \$	1 940 525 \$	74,98 %	3 239 655 \$	1 299 130 \$	0 \$	1 299 130 \$
0 \$	2 726 893 \$	0 \$	40	85	60 517 \$	31 045 \$	2 101 094 \$	77,05 %	3 346 883 \$	1 245 789 \$	0 \$	1 245 789 \$
0 \$	2 871 359 \$	0 \$	41	86	60 517 \$	31 045 \$	2 269 691 \$	79,05 %	3 457 583 \$	1 187 892 \$	0 \$	1 187 892 \$
0 \$	3 022 142 \$	0 \$	42	87	0 \$	0 \$	2 383 176 \$	78,86 %	3 572 127 \$	1 188 952 \$	0 \$	1 188 952 \$
0 \$	3 179 561 \$	0 \$	43	88	0 \$	0 \$	2 502 335 \$	78,70 %	3 690 448 \$	1 188 114 \$	0 \$	1 188 114 \$
0 \$	3 344 517 \$	0 \$	44	89	0 \$	0 \$	2 627 451 \$	78,56 %	3 812 962 \$	1 185 511 \$	0 \$	1 185 511 \$
0 \$	3 518 251 \$	0 \$	45	90	0 \$	0 \$	2 758 824 \$	78,41 %	3 939 861 \$	1 181 037 \$	0 \$	1 181 037 \$
0 \$	3 666 141 \$	0 \$	46	91	0 \$	0 \$	2 896 765 \$	79,01 %	4 069 950 \$	1 173 185 \$	0 \$	1 173 185 \$
0 \$	3 816 603 \$	0 \$	47	92	0 \$	0 \$	3 041 603 \$	79,69 %	4 202 822 \$	1 161 218 \$	0 \$	1 161 218 \$
0 \$	3 970 672 \$	0 \$	48	93	0 \$	0 \$	3 193 683 \$	80,43 %	4 338 331 \$	1 144 647 \$	0 \$	1 144 647 \$
0 \$	4 128 195 \$	0 \$	49	94	0 \$	0 \$	3 353 368 \$	81,23 %	4 476 132 \$	1 122 764 \$	0 \$	1 122 764 \$
0 \$	4 289 783 \$	0 \$	50	95	0 \$	0 \$	3 521 036 \$	82,08 %	4 616 134 \$	1 095 098 \$	0 \$	1 095 098 \$
0 \$	4 456 991 \$	0 \$	51	96	0 \$	0 \$	3 697 088 \$	82,95 %	4 758 187 \$	1 061 099 \$	0 \$	1 061 099 \$
0 \$	4 632 732 \$	0 \$	52	97	0 \$	0 \$	3 881 942 \$	83,79 %	4 902 067 \$	1 020 124 \$	0 \$	1 020 124 \$
0 \$	4 822 033 \$	0 \$	53	98	0 \$	0 \$	4 076 039 \$	84,53 %	5 047 016 \$	970 977 \$	0 \$	970 977 \$
0 \$	5 035 107 \$	0 \$	54	99	0 \$	0 \$	4 279 841 \$	85,00 %	5 192 348 \$	912 506 \$	0 \$	912 506 \$
0 \$	5 337 639 \$	0 \$	55	100	0 \$	0 \$	4 493 833 \$	84,19 %	5 337 639 \$	843 805 \$	0 \$	843 805 \$

Sample

# CORPORATE-OWNED TAXABLE INVESTMENT DETAILS LOAN BY CORPORATION



## DURING LIFETIME

End of Year	M/45/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	46	32 280 \$	1 599 \$	0 \$	0 \$	0 \$	0 \$	374 \$	0 \$	0 \$	33 506 \$
2	47	32 280 \$	3 269 \$	0 \$	0 \$	0 \$	0 \$	777 \$	0 \$	0 \$	68 277 \$
3	48	32 280 \$	5 010 \$	0 \$	0 \$	0 \$	0 \$	1 227 \$	0 \$	0 \$	104 357 \$
4	49	32 280 \$	6 770 \$	0 \$	0 \$	0 \$	0 \$	1 683 \$	0 \$	0 \$	141 723 \$
5	50	32 280 \$	8 659 \$	0 \$	0 \$	0 \$	0 \$	2 174 \$	0 \$	0 \$	180 488 \$
6	51	32 280 \$	10 628 \$	0 \$	0 \$	0 \$	0 \$	2 784 \$	0 \$	0 \$	220 702 \$
7	52	32 280 \$	12 535 \$	0 \$	0 \$	0 \$	0 \$	3 262 \$	0 \$	0 \$	262 253 \$
8	53	32 280 \$	14 662 \$	0 \$	0 \$	0 \$	0 \$	3 837 \$	0 \$	0 \$	305 357 \$
9	54	32 280 \$	16 877 \$	0 \$	0 \$	0 \$	0 \$	4 652 \$	0 \$	0 \$	350 072 \$
10	55	32 280 \$	18 945 \$	0 \$	0 \$	0 \$	0 \$	5 102 \$	0 \$	0 \$	396 191 \$
11	56	32 280 \$	21 331 \$	0 \$	0 \$	0 \$	0 \$	5 762 \$	0 \$	0 \$	444 040 \$
12	57	32 280 \$	23 816 \$	0 \$	0 \$	0 \$	0 \$	6 821 \$	0 \$	0 \$	493 683 \$
13	58	32 280 \$	26 061 \$	0 \$	0 \$	0 \$	0 \$	7 204 \$	0 \$	0 \$	544 813 \$
14	59	32 280 \$	28 730 \$	0 \$	0 \$	0 \$	0 \$	7 950 \$	0 \$	0 \$	597 872 \$
15	60	32 280 \$	31 510 \$	0 \$	0 \$	0 \$	0 \$	9 292 \$	0 \$	0 \$	652 932 \$
16	61	32 280 \$	33 952 \$	0 \$	0 \$	0 \$	0 \$	9 577 \$	0 \$	0 \$	709 575 \$
17	62	32 280 \$	36 933 \$	0 \$	0 \$	0 \$	0 \$	10 415 \$	0 \$	0 \$	768 372 \$
18	63	32 280 \$	40 038 \$	0 \$	0 \$	0 \$	0 \$	12 077 \$	0 \$	0 \$	829 400 \$
19	64	32 280 \$	42 696 \$	0 \$	0 \$	0 \$	0 \$	12 236 \$	0 \$	0 \$	892 122 \$
20	65	32 280 \$	46 020 \$	0 \$	0 \$	0 \$	0 \$	13 174 \$	0 \$	0 \$	957 248 \$
21	66	0 \$	46 301 \$	31 955 \$	31 045 \$	0 \$	0 \$	15 278 \$	31 045 \$	31 045 \$	958 277 \$
22	67	0 \$	45 896 \$	31 998 \$	31 045 \$	0 \$	0 \$	14 429 \$	31 045 \$	31 045 \$	958 675 \$
23	68	0 \$	45 082 \$	53 458 \$	9 176 \$	42 629 \$	16 340 \$	14 917 \$	51 805 \$	31 045 \$	937 035 \$
24	69	0 \$	45 090 \$	52 592 \$	10 085 \$	40 858 \$	15 661 \$	16 029 \$	50 943 \$	31 045 \$	932 641 \$
25	70	0 \$	44 498 \$	50 239 \$	12 507 \$	36 136 \$	13 851 \$	14 837 \$	48 644 \$	31 045 \$	929 292 \$
26	71	0 \$	44 339 \$	52 741 \$	9 976 \$	41 070 \$	15 742 \$	14 853 \$	51 046 \$	31 045 \$	921 583 \$
27	72	0 \$	44 287 \$	52 461 \$	10 277 \$	40 484 \$	15 517 \$	15 946 \$	50 761 \$	31 045 \$	916 058 \$
28	73	0 \$	43 676 \$	50 112 \$	12 683 \$	35 793 \$	13 720 \$	14 712 \$	48 476 \$	31 045 \$	912 036 \$
29	74	0 \$	43 475 \$	52 673 \$	10 088 \$	40 852 \$	15 659 \$	14 701 \$	50 940 \$	31 045 \$	903 590 \$
30	75	0 \$	43 383 \$	52 424 \$	10 350 \$	40 341 \$	15 463 \$	15 763 \$	50 691 \$	31 045 \$	897 326 \$
31	76	0 \$	42 745 \$	50 117 \$	12 706 \$	35 748 \$	13 702 \$	14 505 \$	48 454 \$	31 045 \$	892 547 \$
32	77	0 \$	42 503 \$	52 699 \$	10 086 \$	40 856 \$	15 660 \$	14 473 \$	50 942 \$	31 045 \$	883 337 \$
33	78	0 \$	42 366 \$	52 474 \$	10 319 \$	40 401 \$	15 486 \$	15 497 \$	50 720 \$	31 045 \$	876 278 \$
34	79	0 \$	41 698 \$	50 222 \$	12 615 \$	35 927 \$	13 771 \$	14 233 \$	48 541 \$	31 045 \$	870 660 \$

# CORPORATE-OWNED TAXABLE INVESTMENT DETAILS LOAN BY CORPORATION

## DURING LIFETIME

End of Year	M/45/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	80	0 \$	41 411 \$	52 790 \$	10 006 \$	41 013 \$	15 720 \$	14 182 \$	51 018 \$	31 045 \$	860 642 \$
36	81	0 \$	41 228 \$	52 587 \$	10 214 \$	40 606 \$	15 564 \$	15 162 \$	50 820 \$	31 045 \$	852 715 \$
37	82	0 \$	40 525 \$	50 402 \$	12 439 \$	36 270 \$	13 902 \$	13 904 \$	48 708 \$	31 045 \$	846 166 \$
38	83	0 \$	40 191 \$	52 933 \$	9 866 \$	41 285 \$	15 824 \$	13 834 \$	51 151 \$	31 045 \$	835 276 \$
39	84	0 \$	39 956 \$	52 749 \$	10 052 \$	40 921 \$	15 685 \$	14 765 \$	50 974 \$	31 045 \$	826 394 \$
40	85	0 \$	39 215 \$	50 641 \$	12 196 \$	36 742 \$	14 083 \$	13 521 \$	48 939 \$	31 045 \$	818 809 \$
41	86	0 \$	38 829 \$	53 116 \$	9 679 \$	41 649 \$	15 964 \$	13 431 \$	51 328 \$	31 045 \$	806 963 \$
42	87	0 \$	41 161 \$	0 \$	0 \$	0 \$	0 \$	13 341 \$	0 \$	0 \$	851 809 \$
43	88	0 \$	42 206 \$	0 \$	0 \$	0 \$	0 \$	12 772 \$	0 \$	0 \$	881 220 \$
44	89	0 \$	43 870 \$	0 \$	0 \$	0 \$	0 \$	13 256 \$	0 \$	0 \$	911 833 \$
45	90	0 \$	45 604 \$	0 \$	0 \$	0 \$	0 \$	14 976 \$	0 \$	0 \$	943 682 \$
46	91	0 \$	46 759 \$	0 \$	0 \$	0 \$	0 \$	14 280 \$	0 \$	0 \$	976 133 \$
47	92	0 \$	48 593 \$	0 \$	0 \$	0 \$	0 \$	14 802 \$	0 \$	0 \$	1 009 924 \$
48	93	0 \$	50 506 \$	0 \$	0 \$	0 \$	0 \$	16 726 \$	0 \$	0 \$	1 045 089 \$
49	94	0 \$	51 783 \$	0 \$	0 \$	0 \$	0 \$	15 908 \$	0 \$	0 \$	1 080 933 \$
50	95	0 \$	53 809 \$	0 \$	0 \$	0 \$	0 \$	16 476 \$	0 \$	0 \$	1 118 266 \$
51	96	0 \$	55 922 \$	0 \$	0 \$	0 \$	0 \$	18 619 \$	0 \$	0 \$	1 157 123 \$
52	97	0 \$	57 334 \$	0 \$	0 \$	0 \$	0 \$	17 681 \$	0 \$	0 \$	1 196 742 \$
53	98	0 \$	59 573 \$	0 \$	0 \$	0 \$	0 \$	18 303 \$	0 \$	0 \$	1 238 013 \$
54	99	0 \$	61 909 \$	0 \$	0 \$	0 \$	0 \$	20 684 \$	0 \$	0 \$	1 280 975 \$
55	100	0 \$	63 471 \$	0 \$	0 \$	0 \$	0 \$	19 622 \$	0 \$	0 \$	1 324 786 \$

# CORPORATE-OWNED TAXABLE INVESTMENT LOAN BY CORPORATION

## VALUE AT LIQUIDATION (UPON DEATH)

End of Year	M/45/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	46	33 506 \$	33 325 \$	400 \$	32 925 \$	148 \$	33 073 \$	16 106 \$	17 367 \$
2	47	68 277 \$	67 744 \$	1 182 \$	66 562 \$	454 \$	67 016 \$	32 637 \$	35 561 \$
3	48	104 357 \$	103 305 \$	2 329 \$	100 976 \$	936 \$	101 912 \$	49 631 \$	54 610 \$
4	49	141 723 \$	140 038 \$	3 732 \$	136 307 \$	1 593 \$	137 900 \$	67 157 \$	74 474 \$
5	50	180 488 \$	177 987 \$	5 541 \$	172 446 \$	2 442 \$	174 887 \$	85 170 \$	95 258 \$
6	51	220 702 \$	217 234 \$	7 682 \$	209 552 \$	3 521 \$	213 073 \$	103 766 \$	116 988 \$
7	52	262 253 \$	257 821 \$	9 816 \$	248 004 \$	4 784 \$	252 788 \$	123 108 \$	139 497 \$
8	53	305 357 \$	299 699 \$	12 531 \$	287 168 \$	6 270 \$	293 437 \$	142 904 \$	163 065 \$
9	54	350 072 \$	343 046 \$	15 562 \$	327 483 \$	8 056 \$	335 539 \$	163 408 \$	187 694 \$
10	55	396 191 \$	387 949 \$	18 254 \$	369 695 \$	10 018 \$	379 714 \$	184 921 \$	213 047 \$
11	56	444 040 \$	434 194 \$	21 807 \$	412 386 \$	12 236 \$	424 623 \$	206 791 \$	239 639 \$
12	57	493 683 \$	482 091 \$	25 674 \$	456 417 \$	14 837 \$	471 254 \$	229 501 \$	267 427 \$
13	58	544 813 \$	531 806 \$	28 805 \$	503 001 \$	17 595 \$	520 596 \$	253 530 \$	295 871 \$
14	59	597 872 \$	582 895 \$	33 170 \$	549 726 \$	20 642 \$	570 368 \$	277 769 \$	325 768 \$
15	60	652 932 \$	635 839 \$	37 855 \$	597 984 \$	24 168 \$	622 152 \$	302 988 \$	357 019 \$
16	61	709 575 \$	690 904 \$	41 350 \$	649 555 \$	27 820 \$	677 375 \$	329 882 \$	388 843 \$
17	62	768 372 \$	747 363 \$	46 528 \$	700 835 \$	31 799 \$	732 634 \$	356 793 \$	422 369 \$
18	63	829 400 \$	805 900 \$	52 045 \$	753 855 \$	36 363 \$	790 218 \$	384 836 \$	457 427 \$
19	64	892 122 \$	866 902 \$	55 853 \$	811 049 \$	41 017 \$	852 066 \$	414 956 \$	492 963 \$
20	65	957 248 \$	929 310 \$	61 873 \$	867 437 \$	46 035 \$	913 473 \$	444 861 \$	530 484 \$
21	66	958 277 \$	928 637 \$	65 645 \$	862 992 \$	51 783 \$	914 775 \$	445 496 \$	534 924 \$
22	67	958 675 \$	928 660 \$	66 473 \$	862 187 \$	57 242 \$	919 429 \$	447 762 \$	538 141 \$
23	68	937 035 \$	906 373 \$	67 907 \$	838 466 \$	54 501 \$	892 968 \$	434 875 \$	525 999 \$
24	69	932 641 \$	901 351 \$	69 299 \$	832 052 \$	52 464 \$	884 516 \$	430 759 \$	523 055 \$
25	70	929 292 \$	898 602 \$	67 969 \$	830 633 \$	50 951 \$	881 584 \$	429 331 \$	520 222 \$
26	71	921 583 \$	890 437 \$	68 979 \$	821 459 \$	48 481 \$	869 940 \$	423 661 \$	515 258 \$
27	72	916 058 \$	884 472 \$	69 955 \$	814 517 \$	46 474 \$	860 991 \$	419 303 \$	511 643 \$
28	73	912 036 \$	881 208 \$	68 276 \$	812 931 \$	44 974 \$	857 905 \$	417 800 \$	508 382 \$
29	74	903 590 \$	872 452 \$	68 962 \$	803 490 \$	42 482 \$	845 972 \$	411 988 \$	502 946 \$
30	75	897 326 \$	865 878 \$	69 646 \$	796 233 \$	40 429 \$	836 661 \$	407 454 \$	498 853 \$
31	76	892 547 \$	861 965 \$	67 729 \$	794 236 \$	38 854 \$	833 090 \$	405 715 \$	495 104 \$
32	77	883 337 \$	852 553 \$	68 176 \$	784 377 \$	36 272 \$	820 649 \$	399 656 \$	489 169 \$
33	78	876 278 \$	845 285 \$	68 639 \$	776 646 \$	34 104 \$	810 750 \$	394 835 \$	484 553 \$
34	79	870 660 \$	840 606 \$	66 561 \$	774 045 \$	32 389 \$	806 434 \$	392 733 \$	480 261 \$



# CORPORATE-OWNED TAXABLE INVESTMENT LOAN BY CORPORATION

## VALUE AT LIQUIDATION (UPON DEATH)

End of Year	M/45/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	80	860 642 \$	830 471 \$	66 819 \$	763 653 \$	29 663 \$	793 316 \$	386 345 \$	473 790 \$
36	81	852 715 \$	822 417 \$	67 101 \$	755 316 \$	27 328 \$	782 644 \$	381 148 \$	468 598 \$
37	82	846 166 \$	816 858 \$	64 909 \$	751 948 \$	25 421 \$	777 369 \$	378 579 \$	463 700 \$
38	83	835 276 \$	805 924 \$	65 005 \$	740 918 \$	22 509 \$	763 428 \$	371 789 \$	456 644 \$
39	84	826 394 \$	796 986 \$	65 129 \$	731 857 \$	19 963 \$	751 820 \$	366 136 \$	450 812 \$
40	85	818 809 \$	790 430 \$	62 852 \$	727 578 \$	17 818 \$	745 396 \$	363 008 \$	445 240 \$
41	86	806 963 \$	778 607 \$	62 798 \$	715 809 \$	14 682 \$	730 492 \$	355 749 \$	437 540 \$
42	87	851 809 \$	821 567 \$	66 976 \$	754 591 \$	19 665 \$	774 256 \$	377 063 \$	464 170 \$
43	88	881 220 \$	850 206 \$	68 686 \$	781 520 \$	24 478 \$	805 998 \$	392 521 \$	482 163 \$
44	89	911 833 \$	878 926 \$	72 880 \$	806 046 \$	29 480 \$	835 527 \$	406 901 \$	501 505 \$
45	90	943 682 \$	908 834 \$	77 177 \$	831 657 \$	35 063 \$	866 720 \$	422 093 \$	521 804 \$
46	91	976 133 \$	940 598 \$	78 699 \$	861 899 \$	40 435 \$	902 334 \$	439 437 \$	541 597 \$
47	92	1 009 924 \$	972 410 \$	83 082 \$	889 328 \$	46 014 \$	935 342 \$	455 511 \$	562 913 \$
48	93	1 045 089 \$	1 005 533 \$	87 603 \$	917 929 \$	52 240 \$	970 169 \$	472 472 \$	585 300 \$
49	94	1 080 933 \$	1 040 736 \$	89 025 \$	951 711 \$	58 219 \$	1 009 930 \$	491 836 \$	607 119 \$
50	95	1 118 266 \$	1 075 962 \$	93 690 \$	982 272 \$	64 423 \$	1 046 695 \$	509 741 \$	630 645 \$
51	96	1 157 123 \$	1 112 636 \$	98 525 \$	1 014 111 \$	71 348 \$	1 085 459 \$	528 618 \$	655 365 \$
52	97	1 196 742 \$	1 151 630 \$	99 909 \$	1 051 721 \$	77 989 \$	1 129 711 \$	550 169 \$	679 451 \$
53	98	1 238 013 \$	1 190 630 \$	104 939 \$	1 085 691 \$	84 877 \$	1 170 569 \$	570 067 \$	705 441 \$
54	99	1 280 975 \$	1 231 230 \$	110 169 \$	1 121 061 \$	92 566 \$	1 213 627 \$	591 036 \$	732 760 \$
55	100	1 324 786 \$	1 274 411 \$	111 566 \$	1 162 845 \$	99 933 \$	1 262 779 \$	614 973 \$	759 371 \$

## 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 CORPORATION

End of Year	M/45/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	46	2 690 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
2	47	6 503 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
3	48	11 502 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
4	49	17 765 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
5	50	35 104 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
6	51	53 135 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
7	52	75 049 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
8	53	100 972 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
9	54	126 074 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
10	55	153 706 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
11	56	198 789 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
12	57	247 587 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
13	58	300 312 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
14	59	357 108 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
15	60	418 138 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
16	61	483 582 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
17	62	553 633 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
18	63	628 457 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
19	64	708 240 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
20	65	793 122 \$	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %	0 \$	0 \$	0,00 %
21	66	860 005 \$	60 517 \$	63 543 \$	7,39 %	47 333 \$	50 173 \$	5,83 %	36 652 \$	39 218 \$	4,56 %
22	67	930 337 \$	60 517 \$	130 262 \$	14,00 %	47 333 \$	103 356 \$	11,11 %	36 652 \$	81 181 \$	8,73 %
23	68	1 004 197 \$	60 517 \$	200 318 \$	19,95 %	47 333 \$	159 731 \$	15,91 %	36 652 \$	126 082 \$	12,56 %
24	69	1 081 695 \$	60 517 \$	273 876 \$	25,32 %	47 333 \$	219 488 \$	20,29 %	36 652 \$	174 126 \$	16,10 %
25	70	1 162 905 \$	60 517 \$	351 113 \$	30,19 %	47 333 \$	282 830 \$	24,32 %	36 652 \$	225 533 \$	19,39 %
26	71	1 237 982 \$	60 517 \$	432 211 \$	34,91 %	47 333 \$	349 973 \$	28,27 %	36 652 \$	280 538 \$	22,66 %
27	72	1 316 538 \$	60 517 \$	517 364 \$	39,30 %	47 333 \$	421 144 \$	31,99 %	36 652 \$	339 394 \$	25,78 %
28	73	1 398 680 \$	60 517 \$	606 774 \$	43,38 %	47 333 \$	496 586 \$	35,50 %	36 652 \$	402 369 \$	28,77 %
29	74	1 484 492 \$	60 517 \$	700 656 \$	47,20 %	47 333 \$	576 554 \$	38,84 %	36 652 \$	469 753 \$	31,64 %
30	75	1 574 173 \$	60 517 \$	799 231 \$	50,77 %	47 333 \$	661 321 \$	42,01 %	36 652 \$	541 854 \$	34,42 %
31	76	1 667 910 \$	60 517 \$	902 735 \$	54,12 %	47 333 \$	751 173 \$	45,04 %	36 652 \$	619 002 \$	37,11 %
32	77	1 765 794 \$	60 517 \$	1 011 414 \$	57,28 %	47 333 \$	846 416 \$	47,93 %	36 652 \$	701 550 \$	39,73 %
33	78	1 868 175 \$	60 517 \$	1 125 528 \$	60,25 %	47 333 \$	947 374 \$	50,71 %	36 652 \$	789 876 \$	42,28 %
34	79	1 975 228 \$	60 517 \$	1 245 346 \$	63,05 %	47 333 \$	1 054 390 \$	53,38 %	36 652 \$	884 386 \$	44,77 %

# LOAN RATE SENSITIVITY ANALYSIS LOAN BY CORPORATION

End of Year	M/45/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	80	2 087 244 \$	60 517 \$	1 371 156 \$	65,69 %	47 333 \$	1 167 826 \$	55,95 %	36 652 \$	985 511 \$	47,22 %
36	81	2 204 630 \$	60 517 \$	1 503 257 \$	68,19 %	47 333 \$	1 288 069 \$	58,43 %	36 652 \$	1 093 715 \$	49,61 %
37	82	2 327 234 \$	60 517 \$	1 641 962 \$	70,55 %	47 333 \$	1 415 526 \$	60,82 %	36 652 \$	1 209 493 \$	51,97 %
38	83	2 455 090 \$	60 517 \$	1 787 603 \$	72,81 %	47 333 \$	1 550 630 \$	63,16 %	36 652 \$	1 333 375 \$	54,31 %
39	84	2 588 167 \$	60 517 \$	1 940 525 \$	74,98 %	47 333 \$	1 693 841 \$	65,45 %	36 652 \$	1 465 930 \$	56,64 %
40	85	2 726 893 \$	60 517 \$	2 101 094 \$	77,05 %	47 333 \$	1 845 645 \$	67,68 %	36 652 \$	1 607 763 \$	58,96 %
41	86	2 871 359 \$	60 517 \$	2 269 691 \$	79,05 %	47 333 \$	2 006 557 \$	69,88 %	36 652 \$	1 759 524 \$	61,28 %
42	87	3 022 142 \$	0 \$	2 383 176 \$	78,86 %	0 \$	2 126 950 \$	70,38 %	0 \$	1 882 691 \$	62,30 %
43	88	3 179 561 \$	0 \$	2 502 335 \$	78,70 %	0 \$	2 254 567 \$	70,91 %	0 \$	2 014 479 \$	63,36 %
44	89	3 344 517 \$	0 \$	2 627 451 \$	78,56 %	0 \$	2 389 841 \$	71,46 %	0 \$	2 155 493 \$	64,45 %
45	90	3 518 251 \$	0 \$	2 758 824 \$	78,41 %	0 \$	2 533 231 \$	72,00 %	0 \$	2 306 377 \$	65,55 %
46	91	3 666 141 \$	0 \$	2 896 765 \$	79,01 %	0 \$	2 685 225 \$	73,24 %	0 \$	2 467 823 \$	67,31 %
47	92	3 816 603 \$	0 \$	3 041 603 \$	79,69 %	0 \$	2 846 339 \$	74,58 %	0 \$	2 640 571 \$	69,19 %
48	93	3 970 672 \$	0 \$	3 193 683 \$	80,43 %	0 \$	3 017 119 \$	75,99 %	0 \$	2 825 411 \$	71,16 %
49	94	4 128 195 \$	0 \$	3 353 368 \$	81,23 %	0 \$	3 198 146 \$	77,47 %	0 \$	3 023 190 \$	73,23 %
50	95	4 289 783 \$	0 \$	3 521 036 \$	82,08 %	0 \$	3 390 035 \$	79,03 %	0 \$	3 234 813 \$	75,41 %
51	96	4 456 991 \$	0 \$	3 697 088 \$	82,95 %	0 \$	3 593 437 \$	80,62 %	0 \$	3 461 250 \$	77,66 %
52	97	4 632 732 \$	0 \$	3 881 942 \$	83,79 %	0 \$	3 809 043 \$	82,22 %	0 \$	3 703 538 \$	79,94 %
53	98	4 822 033 \$	0 \$	4 076 039 \$	84,53 %	0 \$	4 037 586 \$	83,73 %	0 \$	3 962 785 \$	82,18 %
54	99	5 035 107 \$	0 \$	4 279 841 \$	85,00 %	0 \$	4 279 841 \$	85,00 %	0 \$	4 240 180 \$	84,21 %
55	100	5 337 639 \$	0 \$	4 493 833 \$	84,19 %	0 \$	4 536 632 \$	84,99 %	0 \$	4 536 993 \$	85,00 %

Sample

# 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.

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. Desjardins Insurance expressly reserves the right to amend its comments, without notice, with respect to the tax implications outlined above in the event of any such change in legislation and administrative policies. While reasonable efforts have been made to ensure its accuracy and the information contained herein is presented here in good faith, errors and omissions are possible. Persons and/or corporations who are not residents of Canada or are resident in Canada but are citizens of another country, may be subject to different tax rules in Canada and may also be subject to taxes levied in jurisdictions other than Canada. For specific situations, you should consult the appropriate taxation, accounting or legal expert.

Desjardins Insurance does not intend to provide taxation, accounting or legal advice to clients or potential clients. The information contained in this concept presentation is not intended to offer such advice, nor is it to replace the advice of independent taxation, accounting and legal professionals. For individual circumstances, consult with your taxation, accounting and legal professional advisors. Considering the particularities or evolution of your own situation, Desjardins Insurance is not responsible for any harm, loss or damages that may arise in connection with the use you make of this concept presentation, including any detrimental reliance that you may place upon it.

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.

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 corporation may obtain a loan from a third party lending institution by pledging the corporate-owned life insurance policy as security. This loan may be arranged as a line of credit.
- Using the cash value of the 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 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 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 policyholder, and the corporation would be required to pay the taxes due.

## 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 accumulated gains within the policy. This means that the policyholder 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. Independent tax advice is required to determine the deductibility of the interest on the loan. The report and the calculation of the strategy advantage does not take into consideration such tax deduction.

- The deductibility of premiums of a life insurance policy (not exceeding the net cost of pure insurance) assigned as collateral for a loan is only available to the corporation if the loan interest is deductible and if assignment of the life insurance policy is a condition of the loan from an eligible lending institution as set out in the *Income Tax Act* (Canada). Independent tax advice is required to determine the deductibility of the premiums. The report and the calculation of the strategy advantage does not take into consideration such tax deduction.

## Insurance Policy Governance

- Once a life insurance contract has been assigned as collateral, the corporation will have to obtain the lending institution's prior consent or pay off the loan 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 values 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 such 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.

**As an officer of the corporation, I acknowledge on behalf of the corporation 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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