CORPORATE INSURED RETIREMENT PLAN

LOAN BY SHAREHOLDER

Have your corporate-owned life insurance work for your retirement

Company Example

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Life and Health Insurance Advisor

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Sample

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SCENARIOS AND ASSUMPTIONS

Age of analysis

The analysis is based on projected life expectancy of age 82 for Sample Client, which occurs at a duration of 47 years.

Insured

Sample Client
Male, 35, Preferred / Non-smoker
Life expectancy: 82

Policyowner

Company

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	0.00%
Loan Start Age	65
Loan End Age	85
Max. Ratio Loan / CSV	85.00%
Maximum First Annual Loan Amount	$82,678
Chosen First Year Annual Loan Amount	$82,678

Illustration

Product	Participating Life Insurance
Coverage Category	Permanent Life
Coverage Type	Individual
Coverage	Estate Enhancer – 20 Pay
Amount	$1,000,000
Annual Premium	$25,110.00

Dividend Option

Paid-Up Additions (PUA)

Dividend scenario Current

Premium Offset 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%		

Sample

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 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.[1]
- 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.

Sample

BENEFITS OF PERMANENT LIFE INSURANCE LOAN BY SHAREHOLDER

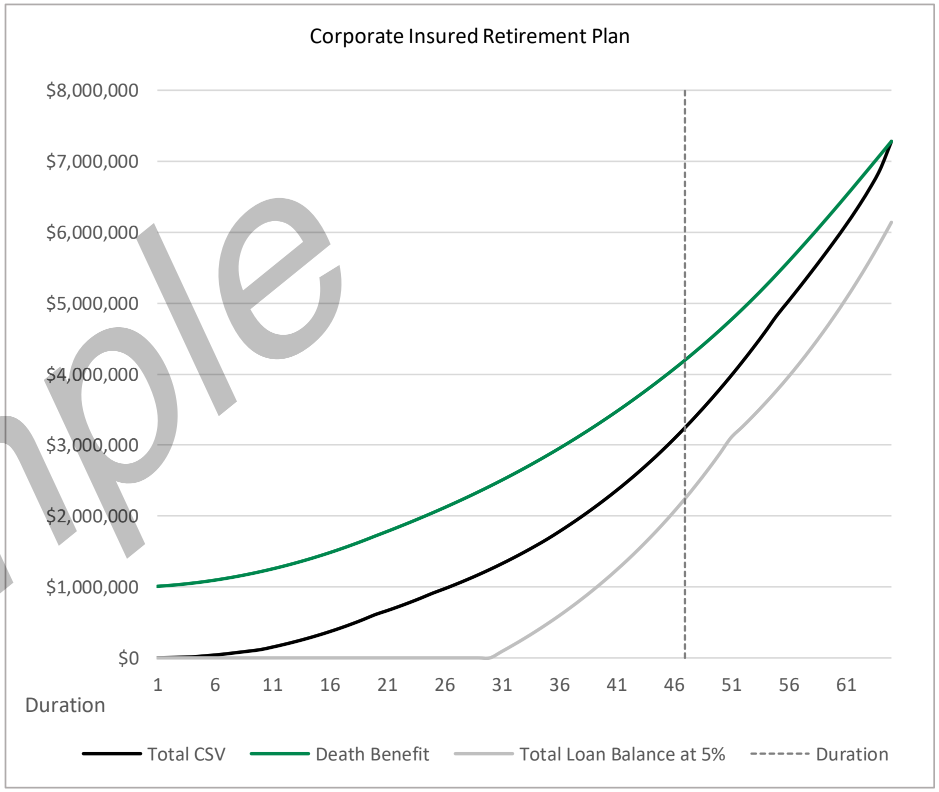
- Permanent life insurance can provide your corporation with immediate liquidity to meet financial obligations that arise on your death. The amount payable on death can grow significantly on a tax-efficient basis, providing life-long protection for your corporation. On death, the total death benefit 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. 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!

Sample

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.

Sample

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.

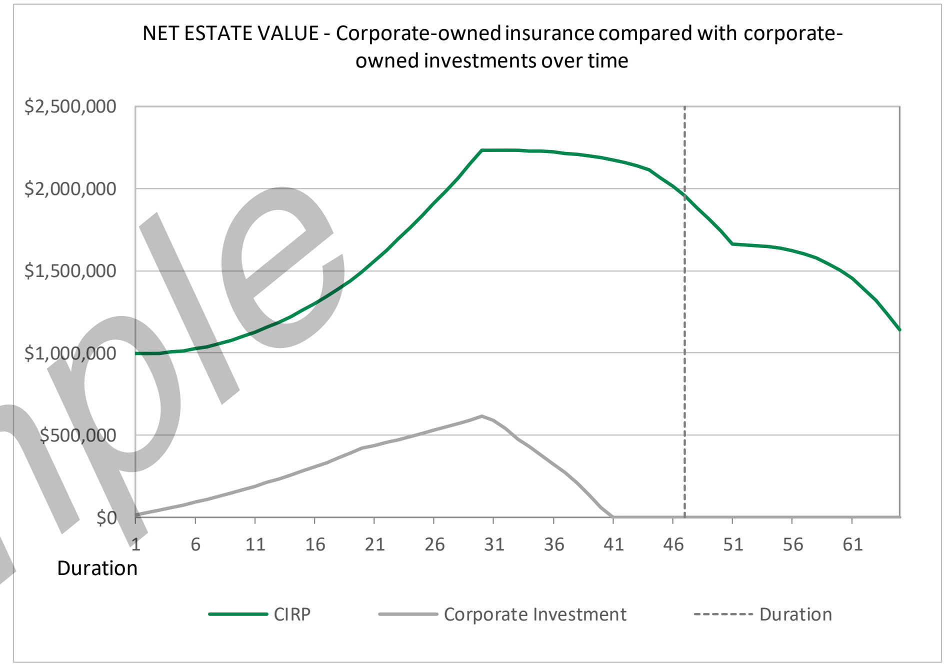
YOUR NET ESTATE VALUE LOAN BY SHAREHOLDER

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 a 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 $1,953,006, while your Net Estate Value using the equivalent corporate-owned taxable investment will be $0.

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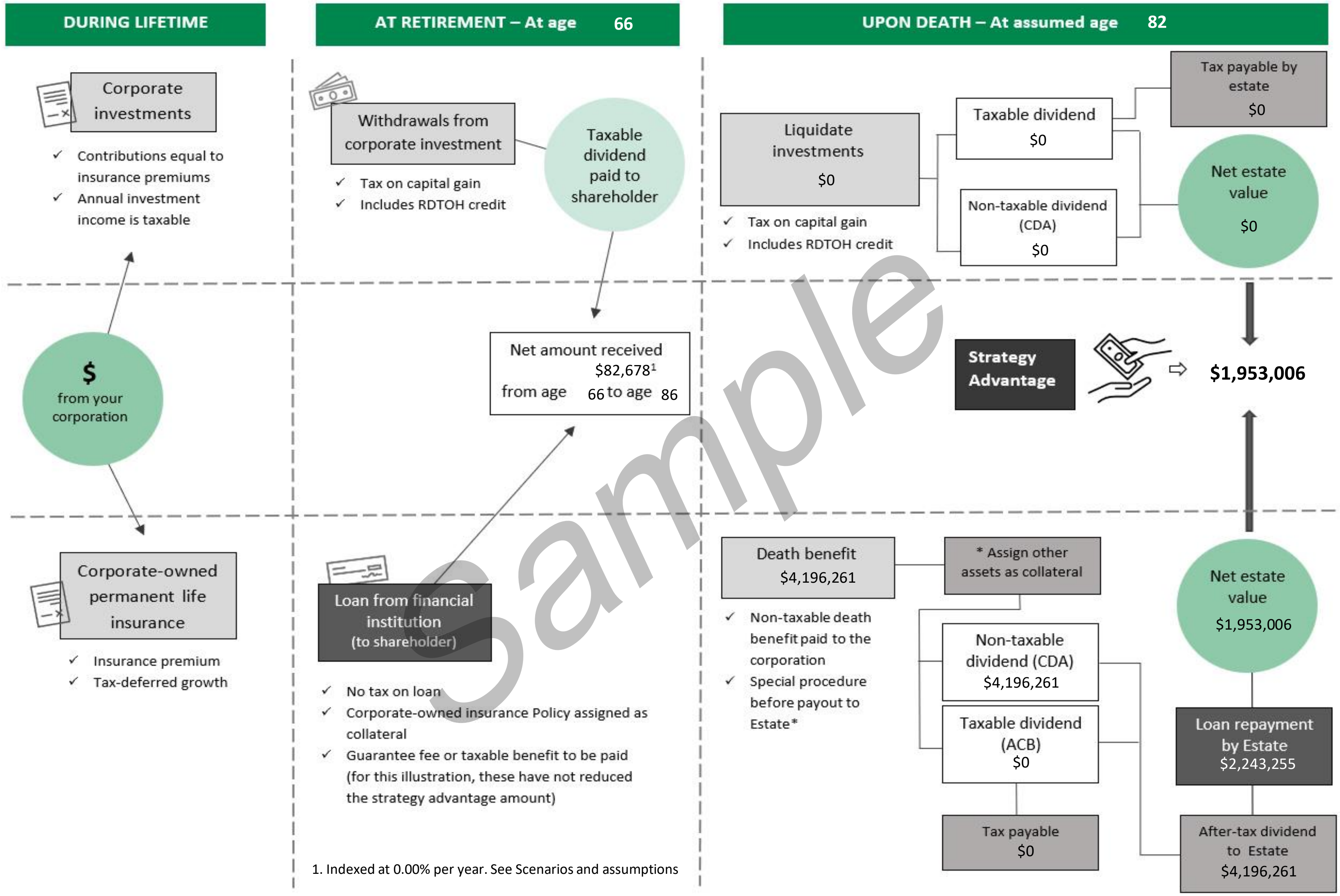
CORPORATE INSURED RETIREMENT PLAN LOAN BY SHAREHOLDER

Desjardins Insurance
Life • Health • Retirement



Sample

COMPARISON LOAN BY SHAREHOLDER

Desjardins Insurance
Life • Health • Retirement

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/35/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
$25,110	$0	$26,064	$13,757	1	36	$0	$0	$1,008,624	$996,847	$996,847	**$983,090**
$25,110	$0	$53,112	$28,166	2	37	$0	$0	$1,020,220	$996,710	$996,710	**$968,543**
$25,110	$0	$81,177	$43,248	3	38	$0	$0	$1,034,695	$999,473	$999,473	**$956,225**
$25,110	$0	$110,244	$58,974	4	39	$0	$0	$1,052,002	$1,005,094	$1,005,094	**$946,120**
$25,110	$0	$140,399	$75,424	5	40	$0	$0	$1,072,132	$1,013,569	$1,013,569	**$938,145**
$25,110	$0	$171,680	$92,621	6	41	$0	$0	$1,095,117	$1,024,930	$1,024,930	**$932,309**
$25,110	$0	$204,002	$110,436	7	42	$0	$0	$1,120,914	$1,039,152	$1,039,152	**$928,716**
$25,110	$0	$237,532	$129,084	8	43	$0	$0	$1,149,565	$1,056,282	$1,056,282	**$927,199**
$25,110	$0	$272,315	$148,570	9	44	$0	$0	$1,181,024	$1,076,286	$1,076,286	**$927,715**
$25,110	$0	$308,190	$168,637	10	45	$0	$0	$1,215,354	$1,099,228	$1,099,228	**$930,592**
$25,110	$0	$345,410	$189,674	11	46	$0	$0	$1,252,523	$1,125,093	$1,125,093	**$935,418**
$25,110	$0	$384,027	$211,659	12	47	$0	$0	$1,292,585	$1,153,938	$1,153,938	**$942,280**
$25,110	$0	$423,799	$234,174	13	48	$0	$0	$1,335,522	$1,185,766	$1,185,766	**$951,592**
$25,110	$0	$465,074	$257,825	14	49	$0	$0	$1,381,308	$1,220,558	$1,220,558	**$962,732**
$25,110	$0	$507,904	$282,548	15	50	$0	$0	$1,430,002	$1,258,394	$1,258,394	**$975,846**
$25,110	$0	$551,965	$307,744	16	51	$0	$0	$1,481,627	$1,299,310	$1,299,310	**$991,566**
$25,110	$0	$597,702	$334,266	17	52	$0	$0	$1,536,151	$1,343,253	$1,343,253	**$1,008,987**
$25,110	$0	$645,174	$362,001	18	53	$0	$0	$1,593,613	$1,390,274	$1,390,274	**$1,028,273**
$25,110	$0	$693,964	$390,142	19	54	$0	$0	$1,654,049	$1,440,423	$1,440,423	**$1,050,281**
$25,110	$0	$744,625	$419,826	20	55	$0	$0	$1,717,474	$1,493,728	$1,493,728	**$1,073,902**
$0	$0	$771,156	$437,127	21	56	$0	$0	$1,779,598	$1,557,912	$1,557,912	**$1,120,786**
$0	$0	$798,128	$454,102	22	57	$0	$0	$1,843,282	$1,623,900	$1,623,900	**$1,169,797**
$0	$0	$826,170	$472,201	23	58	$0	$0	$1,908,615	$1,691,804	$1,691,804	**$1,219,603**
$0	$0	$855,317	$491,156	24	59	$0	$0	$1,975,714	$1,761,778	$1,761,778	**$1,270,622**
$0	$0	$884,977	$509,710	25	60	$0	$0	$2,044,686	$1,833,970	$1,833,970	**$1,324,261**
$0	$0	$915,838	$529,572	26	61	$0	$0	$2,115,519	$1,908,407	$1,908,407	**$1,378,835**
$0	$0	$947,934	$550,405	27	62	$0	$0	$2,188,360	$1,985,286	$1,985,286	**$1,434,880**
$0	$0	$980,624	$570,779	28	63	$0	$0	$2,263,327	$2,064,776	$2,064,776	**$1,493,997**
$0	$0	$1,014,654	$592,640	29	64	$0	$0	$2,340,481	$2,146,995	$2,146,995	**$1,554,355**
$0	$0	$1,050,060	$615,594	30	65	$0	$0	$2,419,908	$2,232,096	$2,232,096	**$1,616,502**
$0	$82,678	$997,436	$588,942	31	66	$82,678	$86,812	$2,501,715	$2,320,256	$2,233,444	**$1,644,503**
$0	$82,678	$911,225	$538,290	32	67	$82,678	$177,965	$2,585,960	$2,411,613	$2,233,649	**$1,695,359**
$0	$82,678	$813,761	$478,240	33	68	$82,678	$273,675	$2,672,740	$2,506,349	$2,232,674	**$1,754,434**
$0	$82,678	$742,386	$429,003	34	69	$82,678	$374,171	$2,762,138	$2,604,634	$2,230,463	**$1,801,460**

Sample

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/35/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	$82,678	$662,101	$374,684	35	70	$82,678	$479,691	$2,854,243	$2,706,654	$2,226,963	**$1,852,279**
$0	$82,678	$581,827	$320,113	36	71	$82,678	$590,488	$2,949,143	$2,812,604	$2,222,115	**$1,902,003**
$0	$82,678	$499,850	$271,791	37	72	$82,678	$706,825	$3,046,919	$2,922,662	$2,215,837	**$1,944,046**
$0	$82,678	$382,125	$208,103	38	73	$82,678	$828,978	$3,147,669	$3,037,042	$2,208,064	**$1,999,961**
$0	$82,678	$246,834	$135,023	39	74	$82,678	$957,239	$3,251,265	$3,155,726	$2,198,487	**$2,063,465**
$0	$82,678	$105,551	$58,157	40	75	$82,678	$1,091,913	$3,358,008	$3,279,128	$2,187,216	**$2,129,059**
$0	$63,099	$847	$505	41	76	$82,678	$1,233,320	$3,467,976	$3,407,441	$2,174,120	**$2,173,615**
$0	$5,273	$0	$0	42	77	$82,678	$1,381,799	$3,581,019	$3,540,629	$2,158,831	**$2,158,831**
$0	$0	$0	$0	43	78	$82,678	$1,537,701	$3,697,461	$3,679,126	$2,141,426	**$2,141,426**
$0	$0	$0	$0	44	79	$82,678	$1,701,398	$3,817,132	$3,817,132	$2,115,734	**$2,115,734**
$0	$0	$0	$0	45	80	$82,678	$1,873,280	$3,940,087	$3,940,087	$2,066,808	**$2,066,808**
$0	$0	$0	$0	46	81	$82,678	$2,053,756	$4,066,384	$4,066,384	$2,012,628	**$2,012,628**
$0	$0	$0	$0	47	82	$82,678	$2,243,255	$4,196,261	$4,196,261	$1,953,006	**$1,953,006**
$0	$0	$0	$0	48	83	$82,678	$2,442,230	$4,330,591	$4,330,591	$1,888,361	**$1,888,361**
$0	$0	$0	$0	49	84	$82,678	$2,651,154	$4,469,252	$4,469,252	$1,818,098	**$1,818,098**
$0	$0	$0	$0	50	85	$82,678	$2,870,524	$4,612,736	$4,612,736	$1,742,213	**$1,742,213**
$0	$0	$0	$0	51	86	$82,678	$3,100,862	$4,760,892	$4,760,892	$1,660,030	**$1,660,030**
$0	$0	$0	$0	52	87	$0	$3,255,905	$4,914,274	$4,914,274	$1,658,369	**$1,658,369**
$0	$0	$0	$0	53	88	$0	$3,418,700	$5,072,725	$5,072,725	$1,654,025	**$1,654,025**
$0	$0	$0	$0	54	89	$0	$3,589,635	$5,236,858	$5,236,858	$1,647,223	**$1,647,223**
$0	$0	$0	$0	55	90	$0	$3,769,117	$5,406,924	$5,406,924	$1,637,807	**$1,637,807**
$0	$0	$0	$0	56	91	$0	$3,957,573	$5,581,193	$5,581,193	$1,623,620	**$1,623,620**
$0	$0	$0	$0	57	92	$0	$4,155,452	$5,759,142	$5,759,142	$1,603,690	**$1,603,690**
$0	$0	$0	$0	58	93	$0	$4,363,224	$5,940,624	$5,940,624	$1,577,400	**$1,577,400**
$0	$0	$0	$0	59	94	$0	$4,581,385	$6,125,121	$6,125,121	$1,543,736	**$1,543,736**
$0	$0	$0	$0	60	95	$0	$4,810,455	$6,312,535	$6,312,535	$1,502,081	**$1,502,081**
$0	$0	$0	$0	61	96	$0	$5,050,977	$6,502,699	$6,502,699	$1,451,722	**$1,451,722**
$0	$0	$0	$0	62	97	$0	$5,303,526	$6,695,366	$6,695,366	$1,391,840	**$1,391,840**
$0	$0	$0	$0	63	98	$0	$5,568,702	$6,889,587	$6,889,587	$1,320,885	**$1,320,885**
$0	$0	$0	$0	64	99	$0	$5,847,138	$7,084,630	$7,084,630	$1,237,493	**$1,237,493**
$0	$0	$0	$0	65	100	$0	$6,139,494	$7,280,401	$7,280,401	$1,140,906	**$1,140,906**

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.

Sample

CORPORATE INSURED RETIREMENT PLAN CONCEPT DETAILS LOAN BY SHAREHOLDER

Desjardins Insurance
Life • Health • Retirement

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/35/P	Annual loan to shareholder (BoY)	Cumulative loan balance (EoY)	Loan to CSV ratio (EoY)	Death benefit payable to corporation (EoY)	After-tax death benefit received by Estate	Tax paid on dividend (EoY)	Net Worth for Estate after Shareholder Loan Repayment
$25,110	$2,070	$24,670	1	36	$0	$0	0.00%	$1,008,624	$996,847	$11,777	$996,847
$25,110	$4,997	$49,246	2	37	$0	$0	0.00%	$1,020,220	$996,710	$23,510	$996,710
$25,110	$8,833	$73,778	3	38	$0	$0	0.00%	$1,034,695	$999,473	$35,222	$999,473
$25,110	$13,640	$98,257	4	39	$0	$0	0.00%	$1,052,002	$1,005,094	$46,908	$1,005,094
$25,110	$26,671	$122,671	5	40	$0	$0	0.00%	$1,072,132	$1,013,569	$58,563	$1,013,569
$25,110	$40,267	$147,021	6	41	$0	$0	0.00%	$1,095,117	$1,024,930	$70,188	$1,024,930
$25,110	$56,792	$171,266	7	42	$0	$0	0.00%	$1,120,914	$1,039,152	$81,763	$1,039,152
$25,110	$76,349	$195,398	8	43	$0	$0	0.00%	$1,149,565	$1,056,282	$93,283	$1,056,282
$25,110	$95,407	$219,393	9	44	$0	$0	0.00%	$1,181,024	$1,076,286	$104,738	$1,076,286
$25,110	$116,453	$243,246	10	45	$0	$0	0.00%	$1,215,354	$1,099,228	$116,126	$1,099,228
$25,110	$150,562	$266,925	11	46	$0	$0	0.00%	$1,252,523	$1,125,093	$127,430	$1,125,093
$25,110	$187,605	$290,420	12	47	$0	$0	0.00%	$1,292,585	$1,153,938	$138,647	$1,153,938
$25,110	$227,736	$313,692	13	48	$0	$0	0.00%	$1,335,522	$1,185,766	$149,757	$1,185,766
$25,110	$271,118	$336,720	14	49	$0	$0	0.00%	$1,381,308	$1,220,558	$160,750	$1,220,558
$25,110	$317,931	$359,465	15	50	$0	$0	0.00%	$1,430,002	$1,258,394	$171,608	$1,258,394
$25,110	$368,342	$381,896	16	51	$0	$0	0.00%	$1,481,627	$1,299,310	$182,317	$1,299,310
$25,110	$422,566	$404,061	17	52	$0	$0	0.00%	$1,536,151	$1,343,253	$192,899	$1,343,253
$25,110	$480,780	$425,931	18	53	$0	$0	0.00%	$1,593,613	$1,390,274	$203,339	$1,390,274
$25,110	$543,219	$447,479	19	54	$0	$0	0.00%	$1,654,049	$1,440,423	$213,626	$1,440,423
$25,110	$610,081	$468,676	20	55	$0	$0	0.00%	$1,717,474	$1,493,728	$223,746	$1,493,728
$0	$663,779	$464,360	21	56	$0	$0	0.00%	$1,779,598	$1,557,912	$221,685	$1,557,912
$0	$720,601	$459,536	22	57	$0	$0	0.00%	$1,843,282	$1,623,900	$219,382	$1,623,900
$0	$780,725	$454,149	23	58	$0	$0	0.00%	$1,908,615	$1,691,804	$216,811	$1,691,804
$0	$844,287	$448,126	24	59	$0	$0	0.00%	$1,975,714	$1,761,778	$213,935	$1,761,778
$0	$911,416	$441,382	25	60	$0	$0	0.00%	$2,044,686	$1,833,970	$210,716	$1,833,970
$0	$971,756	$433,833	26	61	$0	$0	0.00%	$2,115,519	$1,908,407	$207,112	$1,908,407
$0	$1,035,328	$425,376	27	62	$0	$0	0.00%	$2,188,360	$1,985,286	$203,075	$1,985,286
$0	$1,102,271	$415,902	28	63	$0	$0	0.00%	$2,263,327	$2,064,776	$198,551	$2,064,776
$0	$1,172,698	$405,290	29	64	$0	$0	0.00%	$2,340,481	$2,146,995	$193,486	$2,146,995
$0	$1,246,681	$393,406	30	65	$0	$0	0.00%	$2,419,908	$2,232,096	$187,812	$2,232,096
$0	$1,324,368	$380,098	31	66	$82,678	$86,812	6.55%	$2,501,715	$2,320,256	$181,459	$2,233,444
$0	$1,405,852	$365,201	32	67	$82,678	$177,965	12.66%	$2,585,960	$2,411,613	$174,347	$2,233,649
$0	$1,491,251	$348,535	33	68	$82,678	$273,675	18.35%	$2,672,740	$2,506,349	$166,391	$2,232,674
$0	$1,580,686	$329,922	34	69	$82,678	$374,171	23.67%	$2,762,138	$2,604,634	$157,505	$2,230,463

Sample

CORPORATE INSURED RETIREMENT PLAN CONCEPT DETAILS LOAN BY SHAREHOLDER

Desjardins Insurance
Life • Health • Retirement

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/35/P	Annual loan to shareholder (BoY)	Cumulative loan balance (EoY)	Loan to CSV ratio (EoY)	Death benefit payable to corporation (EoY)	After-tax death benefit received by Estate	Tax paid on dividend (EoY)	Net Worth for Estate after Shareholder Loan Repayment
$0	$1,674,286	$309,151	35	70	$82,678	$479,691	28.65%	$2,854,243	$2,706,654	$147,589	$2,226,963
$0	$1,775,690	$286,007	36	71	$82,678	$590,488	33.25%	$2,949,143	$2,812,604	$136,540	$2,222,115
$0	$1,881,707	$260,280	37	72	$82,678	$706,825	37.56%	$3,046,919	$2,922,662	$124,258	$2,215,837
$0	$1,992,503	$231,729	38	73	$82,678	$828,978	41.60%	$3,147,669	$3,037,042	$110,627	$2,208,064
$0	$2,108,169	$200,123	39	74	$82,678	$957,239	45.41%	$3,251,265	$3,155,726	$95,538	$2,198,487
$0	$2,229,022	$165,227	40	75	$82,678	$1,091,913	48.99%	$3,358,008	$3,279,128	$78,879	$2,187,216
$0	$2,355,327	$126,803	41	76	$82,678	$1,233,320	52.36%	$3,467,976	$3,407,441	$60,536	$2,174,120
$0	$2,487,194	$84,603	42	77	$82,678	$1,381,799	55.56%	$3,581,019	$3,540,629	$40,389	$2,158,831
$0	$2,625,147	$38,404	43	78	$82,678	$1,537,701	58.58%	$3,697,461	$3,679,126	$18,334	$2,141,426
$0	$2,769,396	$0	44	79	$82,678	$1,701,398	61.44%	$3,817,132	$3,817,132	$0	$2,115,734
$0	$2,920,378	$0	45	80	$82,678	$1,873,280	64.15%	$3,940,087	$3,940,087	$0	$2,066,808
$0	$3,078,634	$0	46	81	$82,678	$2,053,756	66.71%	$4,066,384	$4,066,384	$0	$2,012,628
$0	$3,243,784	$0	47	82	$82,678	$2,243,255	69.16%	$4,196,261	$4,196,261	$0	$1,953,006
$0	$3,415,682	$0	48	83	$82,678	$2,442,230	71.50%	$4,330,591	$4,330,591	$0	$1,888,361
$0	$3,594,173	$0	49	84	$82,678	$2,651,154	73.76%	$4,469,252	$4,469,252	$0	$1,818,098
$0	$3,779,741	$0	50	85	$82,678	$2,870,524	75.94%	$4,612,736	$4,612,736	$0	$1,742,213
$0	$3,972,316	$0	51	86	$82,678	$3,100,862	78.06%	$4,760,892	$4,760,892	$0	$1,660,030
$0	$4,172,523	$0	52	87	$0	$3,255,905	78.03%	$4,914,274	$4,914,274	$0	$1,658,369
$0	$4,380,442	$0	53	88	$0	$3,418,700	78.04%	$5,072,725	$5,072,725	$0	$1,654,025
$0	$4,596,933	$0	54	89	$0	$3,589,635	78.09%	$5,236,858	$5,236,858	$0	$1,647,223
$0	$4,823,100	$0	55	90	$0	$3,769,117	78.15%	$5,406,924	$5,406,924	$0	$1,637,807
$0	$5,023,585	$0	56	91	$0	$3,957,573	78.78%	$5,581,193	$5,581,193	$0	$1,623,620
$0	$5,227,143	$0	57	92	$0	$4,155,452	79.50%	$5,759,142	$5,759,142	$0	$1,603,690
$0	$5,435,392	$0	58	93	$0	$4,363,224	80.27%	$5,940,624	$5,940,624	$0	$1,577,400
$0	$5,648,118	$0	59	94	$0	$4,581,385	81.11%	$6,125,121	$6,125,121	$0	$1,543,736
$0	$5,866,249	$0	60	95	$0	$4,810,455	82.00%	$6,312,535	$6,312,535	$0	$1,502,081
$0	$6,092,105	$0	61	96	$0	$5,050,977	82.91%	$6,502,699	$6,502,699	$0	$1,451,722
$0	$6,329,983	$0	62	97	$0	$5,303,526	83.78%	$6,695,366	$6,695,366	$0	$1,391,840
$0	$6,587,290	$0	63	98	$0	$5,568,702	84.54%	$6,889,587	$6,889,587	$0	$1,320,885
$0	$6,878,985	$0	64	99	$0	$5,847,138	85.00%	$7,084,630	$7,084,630	$0	$1,237,493
$0	$7,280,401	$0	65	100	$0	$6,139,494	84.33%	$7,280,401	$7,280,401	$0	$1,140,906

Sample

CORPORATE-OWNED TAXABLE INVESTMENT DETAILS LOAN BY SHAREHOLDER

Desjardins Insurance
Life • Health • Retirement

DURING LIFETIME

End of Year	M/35/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	36	$25,110	$1,244	$0	$0	$0	$0	$291	$0	$0	$26,064
2	37	$25,110	$2,543	$0	$0	$0	$0	$605	$0	$0	$53,112
3	38	$25,110	$3,898	$0	$0	$0	$0	$954	$0	$0	$81,177
4	39	$25,110	$5,267	$0	$0	$0	$0	$1,309	$0	$0	$110,244
5	40	$25,110	$6,736	$0	$0	$0	$0	$1,691	$0	$0	$140,399
6	41	$25,110	$8,268	$0	$0	$0	$0	$2,165	$0	$0	$171,680
7	42	$25,110	$9,751	$0	$0	$0	$0	$2,538	$0	$0	$204,002
8	43	$25,110	$11,405	$0	$0	$0	$0	$2,985	$0	$0	$237,532
9	44	$25,110	$13,129	$0	$0	$0	$0	$3,619	$0	$0	$272,315
10	45	$25,110	$14,737	$0	$0	$0	$0	$3,969	$0	$0	$308,190
11	46	$25,110	$16,593	$0	$0	$0	$0	$4,482	$0	$0	$345,410
12	47	$25,110	$18,526	$0	$0	$0	$0	$5,306	$0	$0	$384,027
13	48	$25,110	$20,273	$0	$0	$0	$0	$5,604	$0	$0	$423,799
14	49	$25,110	$22,349	$0	$0	$0	$0	$6,185	$0	$0	$465,074
15	50	$25,110	$24,511	$0	$0	$0	$0	$7,228	$0	$0	$507,904
16	51	$25,110	$26,411	$0	$0	$0	$0	$7,449	$0	$0	$551,965
17	52	$25,110	$28,729	$0	$0	$0	$0	$8,102	$0	$0	$597,702
18	53	$25,110	$31,145	$0	$0	$0	$0	$9,394	$0	$0	$645,174
19	54	$25,110	$33,212	$0	$0	$0	$0	$9,518	$0	$0	$693,964
20	55	$25,110	$35,798	$0	$0	$0	$0	$10,248	$0	$0	$744,625
21	56	$0	$37,248	$0	$0	$0	$0	$11,545	$0	$0	$771,156
22	57	$0	$38,210	$0	$0	$0	$0	$11,219	$0	$0	$798,128
23	58	$0	$39,737	$0	$0	$0	$0	$11,695	$0	$0	$826,170
24	59	$0	$41,327	$0	$0	$0	$0	$13,203	$0	$0	$855,317
25	60	$0	$42,380	$0	$0	$0	$0	$12,697	$0	$0	$884,977
26	61	$0	$44,058	$0	$0	$0	$0	$13,197	$0	$0	$915,838
27	62	$0	$45,807	$0	$0	$0	$0	$14,907	$0	$0	$947,934
28	63	$0	$46,969	$0	$0	$0	$0	$14,253	$0	$0	$980,624
29	64	$0	$48,818	$0	$0	$0	$0	$14,787	$0	$0	$1,014,654
30	65	$0	$50,745	$0	$0	$0	$0	$16,707	$0	$0	$1,050,060
31	66	$0	$47,780	$85,756	$82,678	$0	$0	$17,696	$82,678	$82,678	$997,436
32	67	$0	$43,871	$116,705	$50,054	$62,427	$23,928	$17,601	$112,481	$82,678	$911,225
33	68	$0	$39,405	$148,910	$15,970	$127,646	$48,927	$18,402	$143,616	$82,678	$813,761
34	69	$0	$35,556	$145,093	$19,733	$120,447	$46,167	$15,647	$140,179	$82,678	$742,386

Sample

CORPORATE-OWNED TAXABLE INVESTMENT DETAILS LOAN BY SHAREHOLDER

Desjardins Insurance
Life • Health • Retirement

DURING LIFETIME

End of Year	M/35/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	70	$0	$31,871	$148,850	$15,529	$128,490	$49,250	$14,303	$144,019	$82,678	$662,101
36	71	$0	$28,175	$149,470	$14,631	$130,208	$49,909	$13,651	$144,839	$82,678	$581,827
37	72	$0	$23,930	$148,785	$15,105	$129,302	$20,772	$11,388	$144,407	$82,678	$499,850
38	73	$0	$18,407	$151,555	$12,159	$134,939	$8,365	$9,806	$147,098	$82,678	$382,125
39	74	$0	$12,020	$152,215	$11,548	$136,108	$7,209	$8,464	$147,656	$82,678	$246,834
40	75	$0	$5,054	$152,041	$11,771	$135,681	$6,158	$6,077	$147,452	$82,678	$105,551
41	76	$0	$50	$111,709	$9,887	$101,822	$4,426	$3,330	$111,709	$63,099	$847
42	77	$0	$0	$5,273	$5,273	$0	$0	$26	$5,273	$5,273	$0
43	78	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
44	79	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
45	80	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
46	81	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
47	82	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
48	83	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
49	84	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
50	85	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
51	86	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
52	87	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
53	88	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
54	89	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
55	90	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
56	91	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
57	92	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
58	93	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
59	94	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
60	95	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
61	96	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
62	97	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
63	98	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
64	99	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
65	100	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Sample

VALUE AT LIQUIDATION (UPON DEATH)

End of Year	M/35/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	36	$26,064	$25,923	$311	$25,612	$117	$25,729	$12,283	$13,757
2	37	$53,112	$52,697	$919	$51,777	$360	$52,137	$24,890	$28,166
3	38	$81,177	$80,359	$1,812	$78,547	$742	$79,289	$37,852	$43,248
4	39	$110,244	$108,933	$2,903	$106,030	$1,262	$107,293	$51,222	$58,974
5	40	$140,399	$138,452	$4,310	$134,142	$1,935	$136,077	$64,963	$75,424
6	41	$171,680	$168,982	$5,975	$163,007	$2,790	$165,797	$79,151	$92,621
7	42	$204,002	$200,554	$7,636	$192,918	$3,791	$196,709	$93,909	$110,436
8	43	$237,532	$233,130	$9,748	$223,382	$4,968	$228,350	$109,015	$129,084
9	44	$272,315	$266,849	$12,106	$254,743	$6,384	$261,127	$124,662	$148,570
10	45	$308,190	$301,778	$14,199	$287,579	$7,939	$295,518	$141,080	$168,637
11	46	$345,410	$337,751	$16,963	$320,788	$9,696	$330,484	$157,773	$189,674
12	47	$384,027	$375,009	$19,971	$355,038	$11,758	$366,796	$175,108	$211,659
13	48	$423,799	$413,682	$22,407	$391,275	$13,943	$405,218	$193,451	$234,174
14	49	$465,074	$453,423	$25,802	$427,621	$16,358	$443,979	$211,955	$257,825
15	50	$507,904	$494,607	$29,447	$465,160	$19,151	$484,312	$231,210	$282,548
16	51	$551,965	$537,441	$32,165	$505,276	$22,046	$527,322	$251,744	$307,744
17	52	$597,702	$581,360	$36,193	$545,166	$25,198	$570,365	$272,292	$334,266
18	53	$645,174	$626,894	$40,484	$586,410	$28,815	$615,225	$293,709	$362,001
19	54	$693,964	$674,347	$43,447	$630,900	$32,503	$663,403	$316,709	$390,142
20	55	$744,625	$722,893	$48,130	$674,763	$36,480	$711,243	$339,548	$419,826
21	56	$771,156	$747,323	$52,782	$694,541	$40,905	$735,446	$351,102	$437,127
22	57	$798,128	$773,140	$55,341	$717,799	$45,234	$763,033	$364,272	$454,102
23	58	$826,170	$799,156	$59,829	$739,327	$49,751	$789,078	$376,706	$472,201
24	59	$855,317	$826,261	$64,348	$761,913	$54,787	$816,700	$389,893	$491,156
25	60	$884,977	$854,982	$66,428	$788,554	$59,669	$848,223	$404,942	$509,710
26	61	$915,838	$883,826	$70,896	$812,930	$64,750	$877,680	$419,005	$529,572
27	62	$947,934	$913,869	$75,444	$838,424	$70,418	$908,843	$433,882	$550,405
28	63	$980,624	$945,751	$77,233	$868,518	$75,887	$944,405	$450,859	$570,779
29	64	$1,014,654	$977,710	$81,819	$895,891	$81,570	$977,460	$466,640	$592,640
30	65	$1,050,060	$1,010,990	$86,528	$924,462	$87,911	$1,012,373	$483,307	$615,594
31	66	$997,436	$960,887	$80,943	$879,944	$92,116	$972,060	$464,061	$588,942
32	67	$911,225	$877,134	$75,501	$801,632	$83,918	$885,550	$422,762	$538,290
33	68	$813,761	$783,309	$67,442	$715,867	$70,199	$786,065	$375,268	$478,240
34	69	$742,386	$716,495	$57,341	$659,154	$52,024	$711,178	$339,516	$429,003

Sample

Desjardins Insurance
Life • Health • Retirement

VALUE AT LIQUIDATION (UPON DEATH)

End of Year	M/35/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	70	$662,101	$639,514	$50,025	$589,489	$31,749	$621,238	$296,579	$374,684
36	71	$581,827	$562,421	$42,979	$519,441	$10,856	$530,297	$253,164	$320,113
37	72	$499,850	$484,355	$34,317	$450,039	$4,371	$454,410	$216,935	$271,791
38	73	$382,125	$370,088	$26,658	$343,431	$3,767	$347,198	$165,752	$208,103
39	74	$246,834	$238,706	$18,000	$220,706	$3,218	$223,925	$106,902	$135,023
40	75	$105,551	$102,209	$7,401	$94,808	$2,313	$97,121	$46,365	$58,157
41	76	$847	$804	$96	$708	$74	$782	$373	$505
42	77	$0	$0	$0	$0	$0	$0	$0	$0
43	78	$0	$0	$0	$0	$0	$0	$0	$0
44	79	$0	$0	$0	$0	$0	$0	$0	$0
45	80	$0	$0	$0	$0	$0	$0	$0	$0
46	81	$0	$0	$0	$0	$0	$0	$0	$0
47	82	$0	$0	$0	$0	$0	$0	$0	$0
48	83	$0	$0	$0	$0	$0	$0	$0	$0
49	84	$0	$0	$0	$0	$0	$0	$0	$0
50	85	$0	$0	$0	$0	$0	$0	$0	$0
51	86	$0	$0	$0	$0	$0	$0	$0	$0
52	87	$0	$0	$0	$0	$0	$0	$0	$0
53	88	$0	$0	$0	$0	$0	$0	$0	$0
54	89	$0	$0	$0	$0	$0	$0	$0	$0
55	90	$0	$0	$0	$0	$0	$0	$0	$0
56	91	$0	$0	$0	$0	$0	$0	$0	$0
57	92	$0	$0	$0	$0	$0	$0	$0	$0
58	93	$0	$0	$0	$0	$0	$0	$0	$0
59	94	$0	$0	$0	$0	$0	$0	$0	$0
60	95	$0	$0	$0	$0	$0	$0	$0	$0
61	96	$0	$0	$0	$0	$0	$0	$0	$0
62	97	$0	$0	$0	$0	$0	$0	$0	$0
63	98	$0	$0	$0	$0	$0	$0	$0	$0
64	99	$0	$0	$0	$0	$0	$0	$0	$0
65	100	$0	$0	$0	$0	$0	$0	$0	$0

Sample

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

Desjardins Insurance
Life • Health • Retirement

End of Year	M/35/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	36	$2,070	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
2	37	$4,997	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
3	38	$8,833	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
4	39	$13,640	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
5	40	$26,671	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
6	41	$40,267	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
7	42	$56,792	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
8	43	$76,349	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
9	44	$95,407	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
10	45	$116,453	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
11	46	$150,562	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
12	47	$187,605	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
13	48	$227,736	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
14	49	$271,118	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
15	50	$317,931	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
16	51	$368,342	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
17	52	$422,566	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
18	53	$480,780	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
19	54	$543,219	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
20	55	$610,081	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
21	56	$663,779	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
22	57	$720,601	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
23	58	$780,725	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
24	59	$844,287	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
25	60	$911,416	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
26	61	$971,756	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
27	62	$1,035,328	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
28	63	$1,102,271	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
29	64	$1,172,698	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
30	65	$1,246,681	$0	$0	0.00%	$0	$0	0.00%	$0	$0	0.00%
31	66	$1,324,368	$82,678	$86,812	6.55%	$64,566	$68,440	5.17%	$49,993	$53,492	4.04%
32	67	$1,405,852	$82,678	$177,965	12.66%	$64,566	$140,987	10.03%	$49,993	$110,729	7.88%
33	68	$1,491,251	$82,678	$273,675	18.35%	$64,566	$217,886	14.61%	$49,993	$171,973	11.53%
34	69	$1,580,686	$82,678	$374,171	23.67%	$64,566	$299,399	18.94%	$49,993	$237,503	15.03%

Sample

LOAN RATE SENSITIVITY ANALYSIS LOAN BY SHAREHOLDER

Desjardins Insurance
Life • Health • Retirement

End of Year	M/35/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	70	$1,674,286	$82,678	$479,691	28.65%	$64,566	$385,804	23.04%	$49,993	$307,621	18.37%
36	71	$1,775,690	$82,678	$590,488	33.25%	$64,566	$477,392	26.88%	$49,993	$382,647	21.55%
37	72	$1,881,707	$82,678	$706,825	37.56%	$64,566	$574,476	30.53%	$49,993	$462,924	24.60%
38	73	$1,992,503	$82,678	$828,978	41.60%	$64,566	$677,384	34.00%	$49,993	$548,821	27.54%
39	74	$2,108,169	$82,678	$957,239	45.41%	$64,566	$786,468	37.31%	$49,993	$640,731	30.39%
40	75	$2,229,022	$82,678	$1,091,913	48.99%	$64,566	$902,096	40.47%	$49,993	$739,075	33.16%
41	76	$2,355,327	$82,678	$1,233,320	52.36%	$64,566	$1,024,662	43.50%	$49,993	$844,302	35.85%
42	77	$2,487,194	$82,678	$1,381,799	55.56%	$64,566	$1,154,582	46.42%	$49,993	$956,896	38.47%
43	78	$2,625,147	$82,678	$1,537,701	58.58%	$64,566	$1,292,297	49.23%	$49,993	$1,077,371	41.04%
44	79	$2,769,396	$82,678	$1,701,398	61.44%	$64,566	$1,438,275	51.93%	$49,993	$1,206,279	43.56%
45	80	$2,920,378	$82,678	$1,873,280	64.15%	$64,566	$1,593,011	54.55%	$49,993	$1,344,211	46.03%
46	81	$3,078,634	$82,678	$2,053,756	66.71%	$64,566	$1,757,032	57.07%	$49,993	$1,491,798	48.46%
47	82	$3,243,784	$82,678	$2,243,255	69.16%	$64,566	$1,930,894	59.53%	$49,993	$1,649,717	50.86%
48	83	$3,415,682	$82,678	$2,442,230	71.50%	$64,566	$2,115,188	61.93%	$49,993	$1,818,689	53.25%
49	84	$3,594,173	$82,678	$2,651,154	73.76%	$64,566	$2,310,540	64.29%	$49,993	$1,999,490	55.63%
50	85	$3,779,741	$82,678	$2,870,524	75.94%	$64,566	$2,517,612	66.61%	$49,993	$2,192,946	58.02%
51	86	$3,972,316	$82,678	$3,100,862	78.06%	$64,566	$2,737,109	68.90%	$49,993	$2,399,945	60.42%
52	87	$4,172,523	$0	$3,255,905	78.03%	$0	$2,901,336	69.53%	$0	$2,567,941	61.54%
53	88	$4,380,442	$0	$3,418,700	78.04%	$0	$3,075,416	70.21%	$0	$2,747,697	62.73%
54	89	$4,596,933	$0	$3,589,635	78.09%	$0	$3,259,941	70.92%	$0	$2,940,036	63.96%
55	90	$4,823,100	$0	$3,769,117	78.15%	$0	$3,455,537	71.65%	$0	$3,145,838	65.22%
56	91	$5,023,585	$0	$3,957,573	78.78%	$0	$3,662,869	72.91%	$0	$3,366,047	67.00%
57	92	$5,227,143	$0	$4,155,452	79.50%	$0	$3,882,641	74.28%	$0	$3,601,670	68.90%
58	93	$5,435,392	$0	$4,363,224	80.27%	$0	$4,115,600	75.72%	$0	$3,853,787	70.90%
59	94	$5,648,118	$0	$4,581,385	81.11%	$0	$4,362,536	77.24%	$0	$4,123,553	73.01%
60	95	$5,866,249	$0	$4,810,455	82.00%	$0	$4,624,288	78.83%	$0	$4,412,201	75.21%
61	96	$6,092,105	$0	$5,050,977	82.91%	$0	$4,901,745	80.46%	$0	$4,721,055	77.49%
62	97	$6,329,983	$0	$5,303,526	83.78%	$0	$5,195,850	82.08%	$0	$5,051,529	79.80%
63	98	$6,587,290	$0	$5,568,702	84.54%	$0	$5,507,601	83.61%	$0	$5,405,136	82.05%
64	99	$6,878,985	$0	$5,847,138	85.00%	$0	$5,838,057	84.87%	$0	$5,783,496	84.07%
65	100	$7,280,401	$0	$6,139,494	84.33%	$0	$6,188,340	85.00%	$0	$6,188,340	85.00%

Sample

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.

Sample

FIXED ANNUAL GUARANTEE FEE INFORMATION

Desjardins Insurance
Life • Health • Retirement

Loan by shareholder

End of Year	M/35/P	Annual Loan (BoY)	Loan Balance at 5% (EoY)	Annual Guarantee Fee of 1 %*	Net cashflow to shareholder
1	36	$0	$0	$0	$0
2	37	$0	$0	$0	$0
3	38	$0	$0	$0	$0
4	39	$0	$0	$0	$0
5	40	$0	$0	$0	$0
6	41	$0	$0	$0	$0
7	42	$0	$0	$0	$0
8	43	$0	$0	$0	$0
9	44	$0	$0	$0	$0
10	45	$0	$0	$0	$0
11	46	$0	$0	$0	$0
12	47	$0	$0	$0	$0
13	48	$0	$0	$0	$0
14	49	$0	$0	$0	$0
15	50	$0	$0	$0	$0
16	51	$0	$0	$0	$0
17	52	$0	$0	$0	$0
18	53	$0	$0	$0	$0
19	54	$0	$0	$0	$0
20	55	$0	$0	$0	$0
21	56	$0	$0	$0	$0
22	57	$0	$0	$0	$0
23	58	$0	$0	$0	$0
24	59	$0	$0	$0	$0
25	60	$0	$0	$0	$0
26	61	$0	$0	$0	$0
27	62	$0	$0	$0	$0
28	63	$0	$0	$0	$0
29	64	$0	$0	$0	$0
30	65	$0	$0	$0	$0
31	66	$82,678	$86,812	$868	$81,810
32	67	$82,678	$177,965	$1,780	$80,899
33	68	$82,678	$273,675	$2,737	$79,941
34	69	$82,678	$374,171	$3,742	$78,936

Sample

FIXED ANNUAL GUARANTEE FEE INFORMATION

Loan by shareholder

End of Year	M/35/P	Annual Loan (BoY)	Loan Balance at 5% (EoY)	Annual Guarantee Fee of 1 %*	Net cashflow to shareholder
35	70	$82,678	$479,691	$4,797	$77,881
36	71	$82,678	$590,488	$5,905	$76,773
37	72	$82,678	$706,825	$7,068	$75,610
38	73	$82,678	$828,978	$8,290	$74,388
39	74	$82,678	$957,239	$9,572	$73,106
40	75	$82,678	$1,091,913	$10,919	$71,759
41	76	$82,678	$1,233,320	$12,333	$70,345
42	77	$82,678	$1,381,799	$13,818	$68,860
43	78	$82,678	$1,537,701	$15,377	$67,301
44	79	$82,678	$1,701,398	$17,014	$65,664
45	80	$82,678	$1,873,280	$18,733	$63,945
46	81	$82,678	$2,053,756	$20,538	$62,141
47	82	$82,678	$2,243,255	$22,433	$60,246
48	83	$82,678	$2,442,230	$24,422	$58,256
49	84	$82,678	$2,651,154	$26,512	$56,167
50	85	$82,678	$2,870,524	$28,705	$53,973
51	86	$82,678	$3,100,862	$31,009	$51,670
52	87	$0	$3,255,905	$32,559	-$32,559
53	88	$0	$3,418,700	$34,187	-$34,187
54	89	$0	$3,589,635	$35,896	-$35,896
55	90	$0	$3,769,117	$37,691	-$37,691
56	91	$0	$3,957,573	$39,576	-$39,576
57	92	$0	$4,155,452	$41,555	-$41,555
58	93	$0	$4,363,224	$43,632	-$43,632
59	94	$0	$4,581,385	$45,814	-$45,814
60	95	$0	$4,810,455	$48,105	-$48,105
61	96	$0	$5,050,977	$50,510	-$50,510
62	97	$0	$5,303,526	$53,035	-$53,035
63	98	$0	$5,568,702	$55,687	-$55,687
64	99	$0	$5,847,138	$58,471	-$58,471
65	100	$0	$6,139,494	$61,395	-$61,395

Sample

* For the purposes of the report and the calculation of the stategy 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*

Desjardins Insurance
Life • Health • Retirement

Loan by shareholder

End of Year	M/35/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	36	$0	$0	$0	$0	$0	$0
2	37	$0	$0	$0	$0	$0	$0
3	38	$0	$0	$0	$0	$0	$0
4	39	$0	$0	$0	$0	$0	$0
5	40	$0	$0	$0	$0	$0	$0
6	41	$0	$0	$0	$0	$0	$0
7	42	$0	$0	$0	$0	$0	$0
8	43	$0	$0	$0	$0	$0	$0
9	44	$0	$0	$0	$0	$0	$0
10	45	$0	$0	$0	$0	$0	$0
11	46	$0	$0	$0	$0	$0	$0
12	47	$0	$0	$0	$0	$0	$0
13	48	$0	$0	$0	$0	$0	$0
14	49	$0	$0	$0	$0	$0	$0
15	50	$0	$0	$0	$0	$0	$0
16	51	$0	$0	$0	$0	$0	$0
17	52	$0	$0	$0	$0	$0	$0
18	53	$0	$0	$0	$0	$0	$0
19	54	$0	$0	$0	$0	$0	$0
20	55	$0	$0	$0	$0	$0	$0
21	56	$0	$0	$0	$0	$0	$0
22	57	$0	$0	$0	$0	$0	$0
23	58	$0	$0	$0	$0	$0	$0
24	59	$0	$0	$0	$0	$0	$0
25	60	$0	$0	$0	$0	$0	$0
26	61	$0	$0	$0	$0	$0	$0
27	62	$0	$0	$0	$0	$0	$0
28	63	$0	$0	$0	$0	$0	$0
29	64	$0	$0	$0	$0	$0	$0
30	65	$0	$0	$0	$0	$0	$0
31	66	$82,678	$86,812	$88,466	$1,654	$885	$81,793
32	67	$82,678	$177,965	$183,124	$3,506	$1,877	$80,802
33	68	$82,678	$273,675	$284,408	$5,574	$2,984	$79,694
34	69	$82,678	$374,171	$392,782	$7,878	$4,217	$78,461

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TAXABLE BENEFIT BASED ON A LOAN RATE SPREAD*

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Loan by shareholder

End of Year	M/35/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	70	$82,678	$479,691	$508,743	$10,440	$5,588	$77,090
36	71	$82,678	$590,488	$632,820	$13,281	$7,109	$75,569
37	72	$82,678	$706,825	$765,583	$16,427	$8,793	$73,885
38	73	$82,678	$828,978	$907,640	$19,903	$10,654	$72,024
39	74	$82,678	$957,239	$1,059,640	$23,739	$12,708	$69,970
40	75	$82,678	$1,091,913	$1,222,281	$27,966	$14,970	$67,708
41	76	$82,678	$1,233,320	$1,396,306	$32,618	$17,460	$65,218
42	77	$82,678	$1,381,799	$1,582,513	$37,729	$20,196	$62,482
43	78	$82,678	$1,537,701	$1,781,755	$43,340	$23,200	$59,478
44	79	$82,678	$1,701,398	$1,994,943	$49,491	$26,493	$56,185
45	80	$82,678	$1,873,280	$2,223,055	$56,230	$30,100	$52,578
46	81	$82,678	$2,053,756	$2,467,134	$63,603	$34,047	$48,631
47	82	$82,678	$2,243,255	$2,728,299	$71,665	$38,362	$44,316
48	83	$82,678	$2,442,230	$3,007,746	$80,472	$43,077	$39,602
49	84	$82,678	$2,651,154	$3,306,753	$90,084	$48,222	$34,456
50	85	$82,678	$2,870,524	$3,626,692	$100,569	$53,834	$28,844
51	86	$82,678	$3,100,862	$3,969,026	$111,996	$59,951	$22,727
52	87	$0	$3,255,905	$4,246,858	$122,789	$65,729	-$65,729
53	88	$0	$3,418,700	$4,544,138	$134,485	$71,990	-$71,990
54	89	$0	$3,589,635	$4,862,227	$147,155	$78,772	-$78,772
55	90	$0	$3,769,117	$5,202,583	$160,874	$86,116	-$86,116
56	91	$0	$3,957,573	$5,566,764	$175,725	$94,066	-$94,066
57	92	$0	$4,155,452	$5,956,438	$191,795	$102,668	-$102,668
58	93	$0	$4,363,224	$6,373,388	$209,178	$111,973	-$111,973
59	94	$0	$4,581,385	$6,819,525	$227,976	$122,036	-$122,036
60	95	$0	$4,810,455	$7,296,892	$248,298	$132,914	-$132,914
61	96	$0	$5,050,977	$7,807,675	$270,260	$144,670	-$144,670
62	97	$0	$5,303,526	$8,354,212	$293,988	$157,372	-$157,372
63	98	$0	$5,568,702	$8,939,007	$319,619	$171,092	-$171,092
64	99	$0	$5,847,138	$9,564,737	$347,295	$185,907	-$185,907
65	100	$0	$6,139,494	$10,234,269	$377,175	$201,902	-$201,902

Sample

* Taxable benefit for the Shareholder.
** For the purposes of the report and the calculation of the stategy 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.

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.

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Desjardins Insurance Life • Health • Retirement

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 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 corporation as the policyholder, 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.

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- [ ] 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 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.

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.

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____ Date ____ / ____ / ____   ____ Date ____ / ____ / ____

Policy-owner signature   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.

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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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