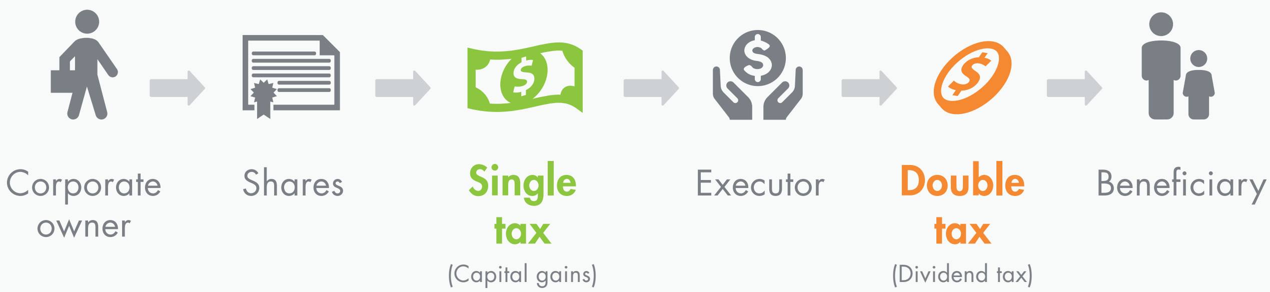
CORPORATE PREFERRED ESTATE TRANSFER™

It's the kind of preferential treatment you want. Don't get caught in the double tax trap.

THE DOUBLE TAX TRAP

The double tax trap impacts the transfer of your shares from your corporation to your estate.



Single tax: When the owner of a corporation dies, there is a deemed disposition of their shares and capital gains tax is payable.[1]

Double tax: When the executor of the owner's will makes payments from the corporation to the beneficiary, dividend tax is payable.

THE *CORPORATE* PREFERRED ESTATE TRANSFER

The *Corporate* Preferred Estate Transfer uses life insurance to reduce the impact of the double tax trap. Simply redirect some or all of the corporation's surplus from taxable investments into a permanent life insurance policy.

PUT THE *CORPORATE* PREFERRED ESTATE TRANSFER TO WORK FOR YOU

Reduce the fair market value (FMV) of the corporation, while increasing your estate value

- The value of the owner's shares is based on the FMV of the corporation's assets.
- Redirecting corporate surplus from taxable investments into a life insurance policy reduces the FMV because only the policy's cash surrender value is included in the calculation.
- This creates a larger estate and may reduce the capital gains tax payable.

Generate tax-free capital dividends

- When the proceeds of the life insurance policy are paid to the corporation, amounts in excess of the policy ACB[2] are credited to the capital dividend account.[3]
- The capital dividend account is a corporate tax account which tracks money that may be paid out to owners or their beneficiaries tax free.

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CORPORATE PREFERRED ESTATE TRANSFER™

The *Corporate* Preferred Estate Transfer can reduce both ends of the double tax trap. It can be an effective technique to help tax professionals create a post-mortem tax plan for you and your business.

IT'S THE RIGHT SOLUTION FOR YOU IF …

- ☑ You are the owner or majority shareholder of a Canadian corporation.
- ☑ You have taken care of your retirement plan.
- ☑ The corporation has taxable investments.
- ☑ You need life insurance to protect your business.
- ☑ You want a tax-efficient way to transfer assets to your heirs.
- ☑ You have an up-to-date will.

Your advisor can show you how the *Corporate* Preferred Estate Transfer can work for you.

[1] Unless deferred by spousal rollover. [2] Adjusted Cost Base (ACB) is essentially the taxable investments that are reallocated into the insurance policy less some insurance costs. The ACB is the taxable portion of the dividend that is paid to the shareholder. [3]The capital dividend account may not be recorded in the corporation's financial statements. Always consult your accountant or tax professional when dealing with capital dividend calculations and payments.

The Corporate Preferred Estate Transfer is a concept. It is not a product or contract. It is based on current tax rules. However, please note that the increased refundable tax rates on investment income earned by private corporations and the related refund rates that are scheduled to be effective January 1, 2016, have been incorporated into this concept illustration. This information does not constitute legal, tax, investment or other professional advice. ® or ™ denotes a trademark of The Equitable Life Insurance Company of Canada.

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Works for me.®