LIFE
INSURANCE
SOLUTIONS

Canada Life™

Unlock your corporate investments

Pay less tax, keep more money with corporate life insurance

Corporate estate transfer

You've worked hard to grow a successful business, but if you have corporate investments not actively used to run your business, you may be paying more than you need to in taxes.

While passive corporate investments can grow quickly and be accessed easily, here are some other things to keep in mind:

- **You pay the highest corporate tax rate.**
- **You or your shareholders may pay an additional 30 per cent in personal taxes if these investments are paid to you as dividend income.**
- **You may pass on less money than intended to your estate, surviving shareholders and heirs.**

What's a tax-efficient way to enhance the value of your estate using your company's assets?

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Permanent life insurance can help you get more from your company's assets and reach your long-term financial goals.

Growth in a permanent life insurance policy isn't taxed as long as funds remain in the policy.[1] When you use all or some money tied up in passive investments to purchase a corporate life insurance policy on your life or the life of another shareholder, your company benefits from the tax-deferred growth allowed in a life insurance policy. The company may also pay less annual tax.

When you or the insured shareholder dies, the corporation receives the proceeds (or death benefit) tax-free. The death benefit payment in excess of the adjusted cost basis (ACB) of the policy goes to your company's capital dividend account.[2] The company can then distribute the dividend from the capital dividend account tax-free to shareholders or a shareholder's estate.

Less money is lost to taxes, which means you could have more funds to spend while you're alive, and your estate (or shareholders) could receive more when you die.[3]

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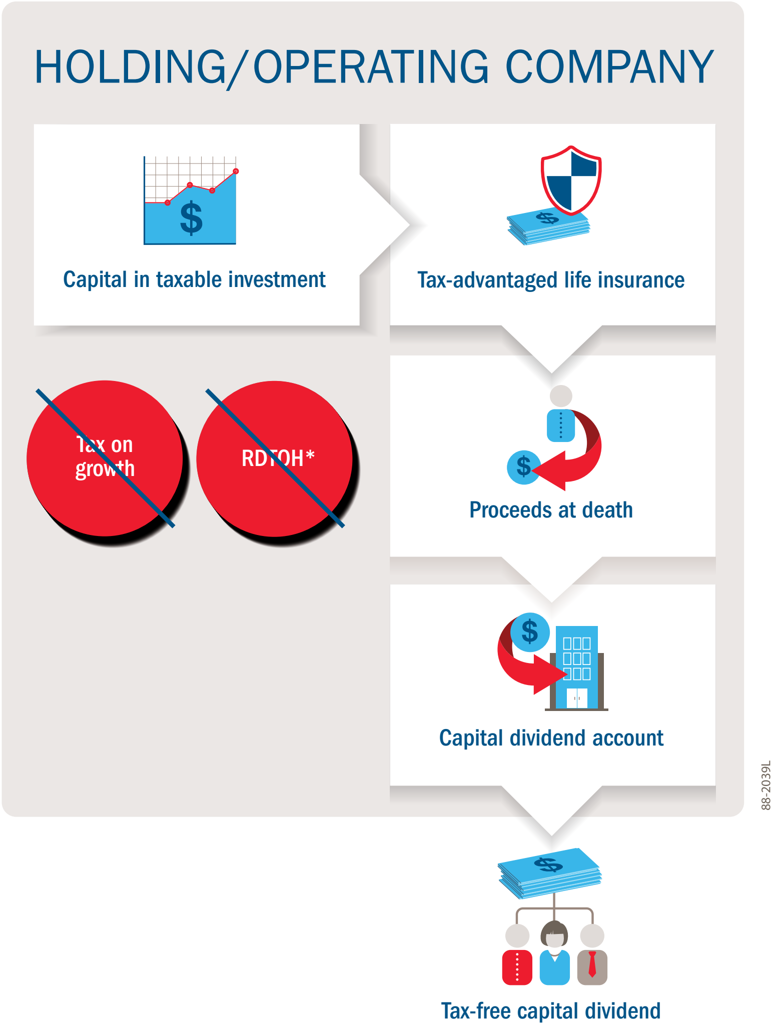

Permanent life insurance can help you:

- Reduce annual taxes payable
- Manage risk by diversifying corporate assets
- Grow your total net worth

Ask your advisor how permanent life insurance can work for your business.

*Refundable dividend tax on hand (RDTOH) is a notional account used to calculate the tax refund available to a private corporation when it pays a taxable dividend. RDTOH doesn't apply to a death benefit.

Income tax rates vary by province and RDTOH varies based on the nature of income.

1. Within legislative limits. Growth remains tax-deferred as long as funds aren't withdrawn from the policy.
2. ACB represents the cost amount of a policyowner's interest in the insurance policy, determined using a complex formula provided in the Income Tax Act.
3. Any money you borrow or withdraw from your policy reduces both the cash value and death benefit.

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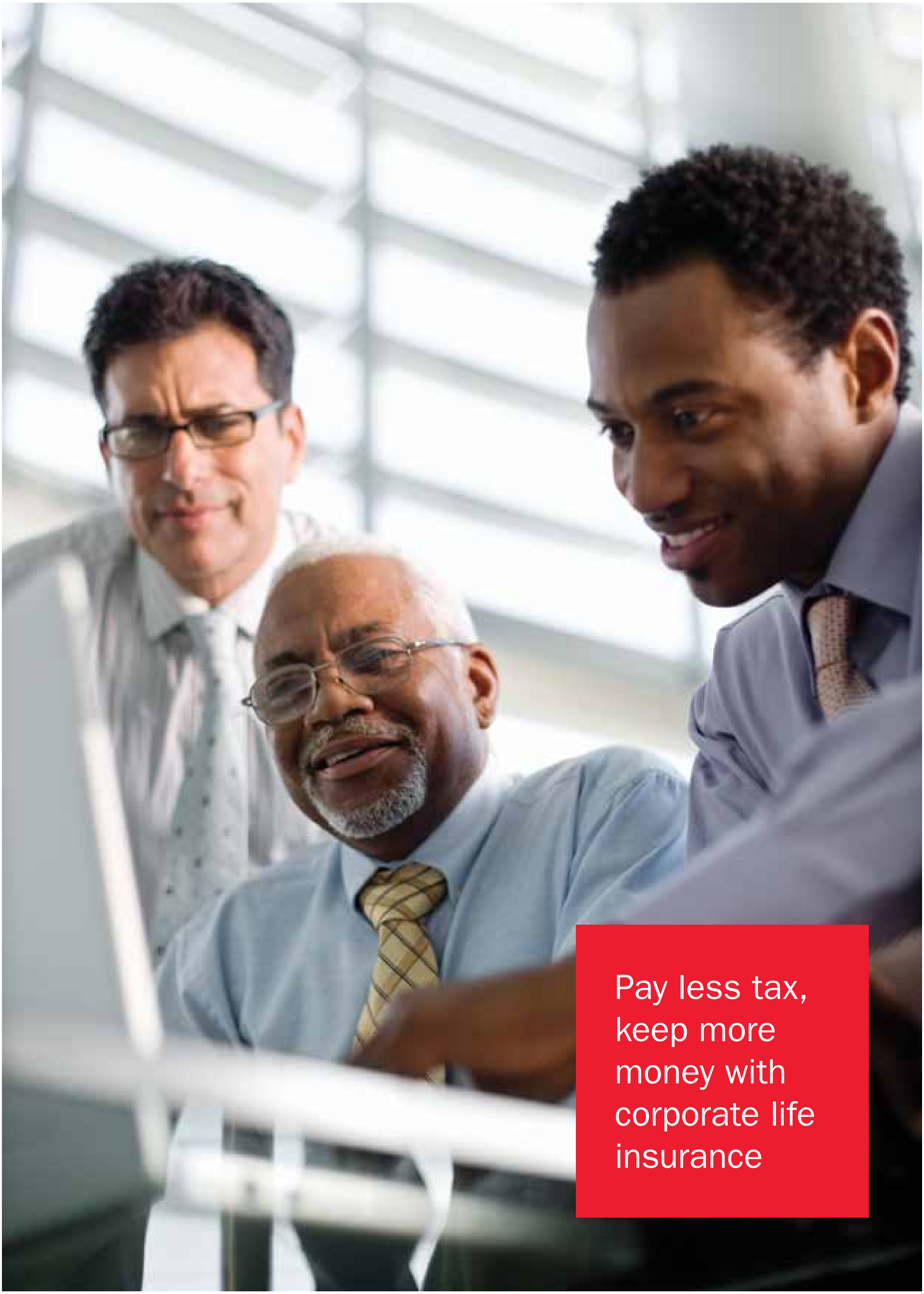

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The information provided is based on current tax legislation and interpretations for Canadian residents and is accurate to the best of our knowledge as of May 2015. Future changes to tax legislation and interpretations may affect this information. This information is general in nature and is not intended to be legal or tax advice. For specific situations, you should consult the appropriate legal, accounting or tax advisor.

The Canada Life Assurance Company, a subsidiary of The Great-West Life Assurance Company and a member of the Power Financial Corporation group of companies, provides insurance and wealth management products and services. Founded in 1847, Canada Life is the country's first domestic life insurance company.

In Quebec, advisor refers to a financial security advisor for individual insurance and segregated fund policies; and to an advisor in group insurance/annuity plans for group products.

Helping people achieve more™

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