

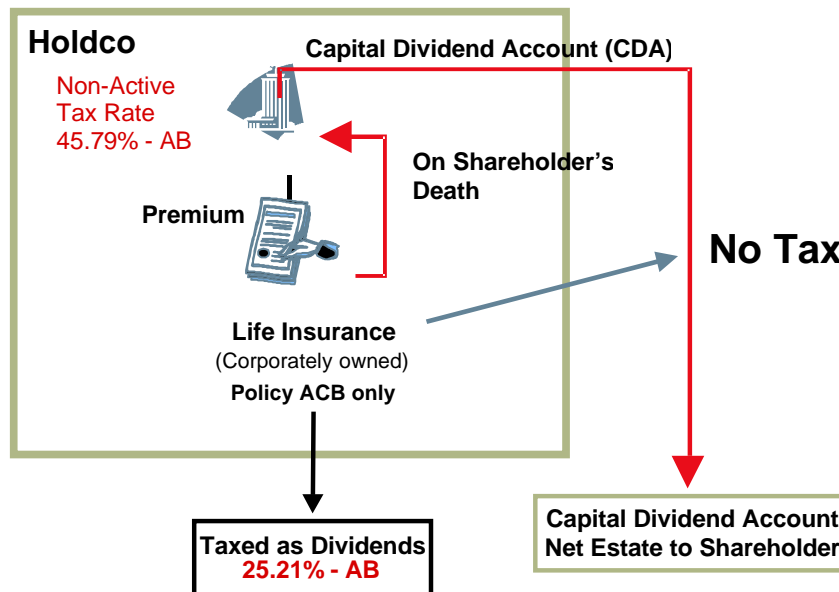
## Corporate Estate Reallocation

### Insurance as an effective tax sheltering tool.

Traditionally insurance is often looked upon as a survivor tool or as a means to cover expenses in a business. For affluent business owners with high cash flow needs, insurance can be utilized for its unique ability to tax-shelter assets and to pay a tax-free benefit to beneficiaries.

The Corporate Estate Reallocation strategy makes use of the growth of assets in an insurance policy. Deposits built up in your corporation can be used to fund your retirement or build your estate in an efficient manner.

### How it works:



The investment income, or growth, is taxed at 45.79%. Over time, the tax loss while alive and on death can be significant. In order to minimize taxes, some of the assets are sheltered in a tax exempt insurance contract – creating another pool of capital.

A portion of the corporate savings is sheltered in an insurance contract. The amount sheltered needs to be affordable. This strategy only works if the client is able to keep the strategy in place for a minimum of 10 years. However, the strategy is very efficient while alive and on death.

### It is all about tax, efficiency, and transfer.

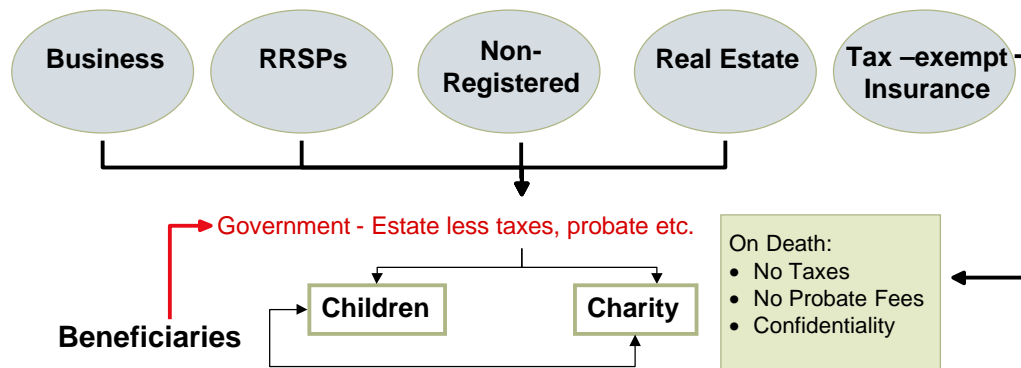
The following example, based on a Male age 45 and Female age 49 with deposits of \$50,000 per year for 10 years from the Corporate Account, compares the Corporate Estate Reallocation strategy at current dividend less 1% VERSUS a traditional Investment earning linear 6% rate of return before tax for life; assuming very conservative returns for the whole life insurance policy and very optimistic returns for the alternative investment.



Whole Life Insurance Policy (Initial face value of \$972,793)				
Age	Deposit	Cash Value	Death Benefit	Alternative Investment at 6%
46/49	\$50,000	\$29,553	\$1,127,661	\$51,626
47/50	\$50,000	\$61,212	\$1,280,394	\$104,932
48/51	\$50,000	\$95,288	\$1,432,166	\$159,971
49/52	\$50,000	\$133,820	\$1,592,592	\$216,801
50/53	\$50,000	\$175,830	\$1,755,304	\$275,479
51/54	\$50,000	\$228,846	\$1,926,275	\$336,065
52/55	\$50,000	\$295,526	\$2,100,343	\$398,622
53/56	\$50,000	\$358,863	\$2,280,376	\$463,214
54/57	\$50,000	\$427,557	\$2,461,072	\$529,907
55/58	\$50,000	\$507,775	\$2,645,758	\$598,769
<b>59/62</b>		<b>\$686,726</b>	<b>\$2,728,954</b>	<b>\$680,555</b>
65/68		\$1,149,239	\$3,121,830	\$702,691
75/78		\$2,162,375	\$4,170,037	\$1,135,741
80/83		\$2,887,924	\$4,818,935	\$1,332,859
<b>87/90</b>		<b>\$4,181,199</b>	<b>\$5,933,492</b>	<b>\$1,667,597</b>
		Total Deposit: \$500,000		

By age 59/62 (14 years) the cash value in the insurance policy is greater than the alternative investment. In addition, the Estate Value (Death Benefit) is always greater, growing to \$5.9million by life expectancy versus the alternative investment at \$1.6million. The portion of your non-registered assets reallocated into another pool of capital is a more tax-efficient solution than traditional investments.

### Your Pools of Capital



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