



Tax, Retirement &  
Estate Planning Services

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**CORPORATE INSURED  
RETIREMENT PROGRAM**

## Corporate Insured Retirement Program... A Client Profile

The Corporate Insured Retirement Program is a financial planning strategy designed to meet your client's need for life insurance protection today and access to tax-advantaged cash in the future.

### WHO IS IT FOR?

Shareholders of a private Canadian corporation who:

- have corporate funds to invest
- are in good health
- need permanent life insurance protection
- want to supplement retirement income
- are receptive to long term planning strategies
- are not averse to debt

### HOW DOES IT WORK?

Your client's corporation purchases an exempt life insurance policy, with your client as the life insured and the corporation named as the beneficiary. The corporation deposits amounts into the policy in excess of what is required to pay the policy charges, creating cash value. At retirement, the life insurance policy is used to secure a loan, structured as a line of credit from Manulife Bank. The borrowed funds can be used to supplement your client's retirement income. At death, the insurance proceeds are used to repay the line of credit.

### WHY DOES IT WORK?

- provides life insurance protection (i.e., buy-sell funding, capital gains tax liability)
- creates cash value that grows on a tax-deferred basis
- provides security for the loan
- provides flexibility for structuring personal or corporate loans
- insurance proceeds repay loan at death
- insurance proceeds generate a credit to the corporation's Capital Dividend Account
- insurance proceeds in excess of loan balance available to your client's estate



## AN EXAMPLE

Paul is the sole shareholder of a private Canadian company. He is a healthy, 43 year old who doesn't smoke. Paul requires \$1,000,000 of life insurance protection and will need a retirement income supplement from age 65 to 83. His company will deposit \$40,000 into the life insurance policy for 15 years. At retirement, his company will borrow against the cash value of the life insurance policy and use the borrowed funds to pay him a taxable dividend.

The Assumptions ...		The Benefits ...	
Current insurance required:	\$1,000,000	Cash surrender value at age 83:	1,660,297
Annual deposits (15 years):	\$40,000	Death benefit at age 83:	2,660,297
Personal tax rate:	45%	Capital Dividend Account credit at age 83:	2,660,297
Personal dividend tax rate:	35%	Loan advances to company from age 65 to 83:	50,711
Corporate tax rate on investment income:	47%	After-tax dividend to shareholder:	32,962
Life expectancy:	83	Repayment of loan balance at age 83:	1,245,217
InnoVision rate of return:	5%	Funds available at death:	1,415,080
Loan rate:	6%		
Loan rate (assuming interest deductibility):	3.18%		

## WHY CHOOSE MANULIFE?

**When your client purchases a policy from us, they put their financial dreams in our hands. That's not a responsibility we take lightly.**

- Leading edge life and living benefits products.
- Tax and estate planning expertise and support on complex tax and estate planning issues.
- A Canada-wide team of experienced actuaries can help you understand all the aspects and implications of the product your client is considering.

- Facilitators in the underwriting process to get your clients' large cases through underwriting as quickly and as smoothly as possible.
- Marketing support to develop customized solutions to help you make the sale.



Insurance

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