

Since its founding in 1847, Canada Life has grown and prospered to become one of the largest insurance companies in Canada and an important player internationally.

Maintaining financial strength and stability as we grow and serving our customers exceptionally well have always been fundamental to our management approach. Our success has been recognized in consistently high ratings from independent rating agencies and through membership in the Toronto and New York stock exchanges, where our stock is traded.

We are a full range financial services company, providing more than 10 million customers worldwide protection through life, medical, dental, disability and critical illness insurance; and assisting with asset accumulation through annuity, pension and investment products, and wealth management services.

Headquartered in Toronto, Canada, we operate across Canada, the United States, the United Kingdom, Ireland, Germany and Brazil, with recent acquisitions and joint ventures in numerous other countries around the world.

Canada Life is a member of CompCorp, a federally incorporated private company established in 1990 to administer the Consumer Protection Plan.

For more information on Canada Life and its products, visit www.canadalife.ca or talk to your financial advisor

Strategies

Owner of a successful business?

**Want to attract and reward
key employees?**

Have significant retained earnings?



The Situation

You are the owner of a successful and profitable corporation. You want to attract and reward employees who play a key role in your business success. Your corporation needs insurance on your employees for key-person coverage, to fund a buy-sell agreement if the employee is also a shareholder, or to secure a business loan. Your employees are looking for a tax-efficient savings vehicle. Plus your successful corporation has significant retained earnings in the form of liquid investments. The income from these investments is being taxed each year.

The Strategy

Set up a Split Dollar agreement to set out the division of ownership rights and obligations between you and your employee. This agreement must identify whom each party may designate as the beneficiary for their interest in the policy. Purchase a tax-exempt life insurance policy from Canada Life™. As outlined in the Split Dollar agreement, the ownership of the insurance portion and the cash value portion of the policy are divided between your corporation and your key employee. You, the employer, own the insurance portion of the policy and your employee is the life insured under the policy and the owner of the cash value component.

Your corporation pays a premium based on term insurance costs. Your employee pays the remainder of the premium.

Should your valued employee die prematurely, his or her beneficiary will receive the death benefit associated with the cash value of the policy. The death benefit associated with the insurance portion of the policy would be paid to your corporation. Consequently there will be a credit to your

corporation's Capital Dividend Account, which could be paid out to you as a tax-free capital dividend.

Often the Split Dollar agreement contemplates a transfer of the insurance portion of the policy to the employee at a specified time, for example at retirement or age 65.

Canada Life's wide range of permanent cash value life insurance products allows you to customize insurance coverage for your employees and gives you the flexibility to make changes as your business needs change.

Canada Life's Capital Gains Protector Strategy provides:

- Tax-sheltered investment growth
- Permanent life insurance protection
- Customized insurance coverage
- Multiple life coverage
- Substitute life provision
- Flexibility to change policy beneficiary and coverage amounts

Canada Life's Split Dollar Strategy – Protection for your corporation's key assets.

Talk to your advisor or Canada Life representative for more details

The Split Dollar agreement must be drafted by a lawyer, and each party should obtain independent legal advice regarding the agreement. Any splitting of costs and benefits is determined by the Split Dollar Agreement not by the insurance policy. This material is for information purposes only and should not be construed as legal or tax advice. Every effort has been made to ensure its accuracy, but errors and omissions are possible. Individual circumstances may vary and specific legal and tax advice is recommended.

This strategy is based on current tax legislation. Future tax changes and market conditions may affect this program.

