



Insurance



Tax, Retirement &
Estate Planning Services

**CORPORATE INSURED
RETIREMENT PROGRAM
– INNOVISION**

The Corporate Insured Retirement Program may be the key to keeping the door and your options open.

When opportunity knocks will your companies door be locked?

HERE'S THE PROBLEM ...

Most business owners agree that their corporation needs life insurance protection. They also understand that they need liquidity ... quick access to cash. What most business owners don't realize is that corporate-owned life insurance can meet both of these needs.

WHAT ARE YOUR OPTIONS?

Many companies that purchase life insurance (for example, to cover the loss of a key person or fund a buy-sell agreement) also have funds to invest. Often, these funds are used to purchase investments subject to annual taxation at high corporate investment tax rates. The Corporate Insured Retirement Program is an innovative alternative. This program provides the business with permanent insurance protection, access to a tax-deferred investment vehicle and tax-free use of the investment funds. It is a planning opportunity that offers flexibility, security and liquidity.

HOW DOES IT WORK?

Under the Corporate Insured Retirement Program, excess corporate funds are invested in an exempt life insurance policy where they grow tax-free to create significant cash value in the policy. At a point in the future, when the company needs cash (for example, to invest in a new business venture or fund the buy-out of a retiring shareholder), the cash value of the corporate-owned policy is used as collateral for a bank loan.

The bank loan provides the company with the cash needed – tax free. And if the loan is used for investment purposes, the loan interest may even be tax deductible. The bank loan need not be repaid until the life insured dies. When the insured person dies, the tax-free death benefit is used to repay the loan and any remaining death benefit is available to the corporation to be used for other purposes.

THE BEST SOLUTION ...

Life insurance is an integral part of any business plan. An exempt life insurance policy provides valuable insurance protection for business needs. Combining this protection with the Corporate Insured Retirement Program ensures the long-term cash needs of the business can be met.

Insurance protection, tax-deferred investments and liquidity. A combination of benefits that meets your company's needs today and gives you the freedom to seize opportunity in the future.

THE SITUATION

Jerry is the sole shareholder of ABC Company. Over the past 10 years, ABC Company has grown in value and has accumulated a significant investment portfolio.

THE PROBLEM

The current fair market value of Jerry's shares is \$1,000,000. Jerry wants to put a Buy-Sell agreement in place.

THE SOLUTION

Manulife's universal life policy, InnoVision, is an affordable way to fund the capital gains tax liability that occurs on death. InnoVision also allows for extra deposits into the policy that grow on a tax-deferred basis. This gives Jerry's company the opportunity to take its tax-exposed investment funds and put them in the policy where they grow on a tax-sheltered basis. And the company then has access to a portion of the policy's values if it needs cash in the future.

THE ASSUMPTIONS

Jerry's information:	Male, age 43, non-smoker
Personal tax rate:	45%
Life expectancy:	Age 83
Corporate tax rate:	47%
Current insurance required:	\$1,000,000
InnoVision rate of return:	5%
Annual deposits:	\$40,000
Planned deposit period:	15 years
Loan rate:	6%
Loan rate (assuming interest deductibility):	3.18%

INNOVISION AND THE CORPORATE INSURED RETIREMENT PROGRAM

The Benefits ...

Cash surrender value at age 83:	1,660,297
Death benefit at age 83:	2,660,297
Capital Dividend Account credit at age 83:	2,660,297
Loan advances to company from age 65 to 83:	50,711
After-tax dividend to shareholder:	32,962
Repayment of loan balance at age 83:	1,245,217
At death, funds available to Jerry's estate to pay tax liability:	1,415,080

INNOVISION – THE ULTIMATE IN CHOICE AND FLEXIBILITY

- Choice of bonus options: the Valued Client option where we reward you for keeping your policy long term and the Investment Accelerator option – no bonus and low management fees
- Investments that are entirely in your control. InnoVision offers a wide variety of investment accounts, including some that credit interest based on the returns of retail mutual funds
- Combines with the Insured Retirement Program to offer you tax-free access to your account value
- Investment flexibility. You can make additional deposits above the minimum required to let your policy grow on a tax-sheltered basis
- Protection flexibility. You can choose the coverage solution that meets your needs today and you have the opportunity to add extra protection such as the Business
- Value Protector Rider that lets you protect for a future need
- State-of-the-art client statements that give you the customized information you need to know about your policy and investments
- Track the performance of your investment accounts daily on our Web site – www.manulife.ca/ul

Contact your advisor to discuss this innovative financial planning tool.



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