Participating ("PAR") Life Insurance Strategy

I&A TAX SUITES

Summary

"Accumulate wealth in life insurance with no tax consequences"

What is it?

The Participating ("PAR") Life Insurance Strategy provides significant tax advantages to help you build wealth through a corporately owned life insurance policy.

Over time, this life insurance policy accumulates value and any insurance proceeds received can be distributed to the shareholders tax-free.

Advantages

- Accumulate wealth in life insurance with no tax consequences
- Business owners can use excess corporate funds to fund life insurance with no tax consequences.
- Life Insurance proceeds create a tax-free Capital Dividend Account ("CDA")
- Potential to deduct a portion of the life insurance premium (if required by the bank for an operating loan)
- Corporate life insurance can be less costly than personal life insurance.

Disadvantages

- Since purchased through the corporation, no creditor protection.
- Life insurance requires immediate cash outlays, but the Immediate Financing Arrangement strategy allows individuals to purchase life insurance at no cost. (see related summary)
- Many permanent polices have surrender penalties if the plan is cancelled within the first few years of the policy.

Who is it for?

- Individuals interested in purchasing life insurance.
- Business owners who have excess corporate funds and would like to receive the funds personally with no tax consequences.
- High-net worth individuals who would like to accumlate wealth with no tax consequences
- Individuals wishing to sell their businesses

For high-net worth individuals who would like to accumulate wealth with no tax consequences

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