



LIFE EVENTS

BUSINESS OWNER– Corporation

PAVAN THOMPSON STEVENSON

WEALTH MANAGEMENT

LEROY PAVAN

Investment Advisor & VP
403-317-4330
leroy.pavan@rbc.com

BOB THOMPSON

Investment Advisor & VP
403-317-4334
bob.thompson@rbc.com

DARYLL STEVENSON

Investment Advisor
403-317-4318
daryll.stevenson@rbc.com

LORRIE WYTON

Associate
403-317-4324
lorrie.wyton@rbc.com

ARIC PAVAN

Assistant
403-317-4348
aric.pavan@rbc.com

FINANCIAL CHECKLIST

Owning and managing a Corporation is a challenging and, hopefully, rewarding experience. But, you want to be sure that the business is being managed and structured as efficiently as possible. Appreciating and taking advantage of all of the techniques and strategies available will help to ensure that being an owner/shareholder will continue to be profitable and satisfying. Your Advisor can provide assistance and guidance about running an efficient corporation. Take this opportunity to review your situation and consider asking your Advisor the following questions:

- What is the best way to finance a Corporation?
- What regulatory requirements does the Corporation face?
- What should be included in a comprehensive budget?
- What are the implications of hiring employees?
- How can I receive income from the Corporation?
- What sort of insurance coverage is required?
- How will my status as an owner/manager affect my retirement and estate plans?
- How will I, and the Corporation, be taxed?

ESTATE PLANNING

If you are a small business owner you may want to consider the implications for your business and your beneficiaries if you should pass away. Many factors will come into play when a business is transferred and it is very important that you have a plan in place to ensure that the business is transferred to whom you want in a tax-efficient manner.

Corporations and Transfer of Ownership Interests

As a shareholder of a Corporation, you will want to ensure that should you die, there will be a mechanism in place to enable the transfer of your business interest to the appropriate parties in an efficient manner. This is of particular interest to shareholders of small private companies where there is no ready market for the shares as there is in the public Corporation sphere. .



RBC Wealth Management
Dominion Securities

Sole owners of Corporations have various mechanisms available to them to pass on an ownership interest to family members in a tax-efficient manner where no actual outlay of cash is required. A common strategy is the use of the Section 85 Rollover. Your Advisor can provide you with additional information on this strategy

Buy/Sell Agreements

For those shareholders wishing to sell their shares at death rather than pass them on to family members, it is a common strategy to institute a Buy/Sell Agreement with the other shareholders. Creating a formal Buy/Sell Agreement achieves several goals. First, it ensures that there is a ready market for the shares. Finding an outside buyer for private corporation shares can be difficult. Secondly, it ensures an orderly transition for the remaining shareholders. Where the remaining shareholders have the first right of refusal or obligation to purchase the shares, they can maintain control of the Corporation on their own terms and not have to deal with the potential problems and complications of having a new 'outside' shareholder becoming part of the ownership structure. There are various ways to structure and provide funding for a Buy/Sell Agreement and your Advisor can provide additional information.

RETIREMENT PLANNING

If you are a small business owner you may want to consider the transfer of your business at retirement. Many factors such as tax will come into play when a business is transferred and it is very important that you have a plan in place to ensure that the business is transferred to whom you want in an efficient manner.

Corporations and Transfer of Ownership Interests

As a shareholder of a Corporation you need to consider your retirement implications. You will want to ensure that should you want to sell your interest, there will be a mechanism in place to ensure that you receive the fair market value. This is of particular interest to shareholders of small private companies where there is no ready market for the shares as there is in the public corporation sphere. Sole owners of corporations have various mechanisms available to them to pass on an ownership interest to family members in a tax efficient manner where no actual outlay of cash is required. A common strategy is the use of the Section 85 Rollover.

Buy/Sell Agreements

For those shareholders wishing to sell their shares on retirement rather than pass them on to family members, it is a common strategy to institute a Buy/Sell Agreement with the remaining shareholders. Creating a formal Buy/Sell Agreement achieves several goals. First, it ensures that there is a ready market for the shares. Finding an outside buyer for private corporation shares can be difficult. Secondly, it ensures an orderly transition for the remaining shareholders. Where the remaining shareholders have the first right of refusal or obligation to purchase the shares they can maintain control of the Corporation on their own terms and not have to deal with the potential problems and complications of having a new 'outside' shareholder becoming part of the ownership structure. There are various ways to structure and provide funding for a Buy/Sell Agreement upon retirement. Your Advisor will have additional information on the implications and structuring of a Buy/Sell Agreement.

Deferred Compensations Arrangements

You will probably want to set aside funds for your retirement years in addition to selling your Corporation and there are various measures in place to create retirement savings. Many of these can be done through your Corporation. Each one of these plans has particular features and advantages. The alternatives are:

- Individual/Group Registered Retirement Savings Plans (RRSPs)
- Deferred Profit Sharing Plans (DPSPs)
- Individual Pension Plans (IPPs)
- Registered Pension Plans (RPPs)
- Retirement Compensation Arrangements (RCAs)

This information is not investment advice and should be used only in conjunction with a discussion with your RBC Dominion Securities Inc. Investment Advisor. This will ensure that your own circumstances have been considered properly and that action is taken on the latest available information. The information contained herein has been obtained from sources believed to be reliable at the time obtained but neither RBC Dominion Securities Inc. nor its employees, agents, or information suppliers can guarantee its accuracy or completeness. This report is not and under no circumstances is to be construed as an offer to sell or the solicitation of an offer to buy any securities. This report is furnished on the basis and understanding that neither RBC Dominion Securities Inc. nor its employees, agents, or information suppliers is to be under any responsibility or liability whatsoever in respect thereof. The inventories of RBC Dominion Securities Inc. may from time to time include securities mentioned herein. RBC Dominion Securities Inc.* and Royal Bank of Canada are separate corporate entities which are affiliated. *Member-Canadian Investor Protection Fund. RBC Dominion Securities Inc. is a member company of RBC Wealth Management, a business segment of Royal Bank of Canada. © Registered trademarks of Royal Bank of Canada. Used under licence. © RBC Dominion Securities Inc. 2015. All rights reserved.