Baylis Wealth Management Group

Are IPP's Right For You?

Hosted by Sean Baylis, MSC., CIM.
Wealth Advisor

September 16, 2016 |

RBC Wealth Management
Dominion Securities

There's Wealth in Our Approach.™

RBC Wealth Management

Disclaimer

Flow-through investments may not be suitable for all investors. Please read the prospectus before investing. Past performance may not be repeated and there is no guarantee of a return on your initial investment. The specific amount of tax credits will depend on the individual's province of residence. This material does not constitute an offer to sell or a solicitation to buy any security. This information is not intended as nor does it constitute tax or legal advice. Readers should consult their own lawyer, accountant or other professional advisor when planning to implement a strategy. RBC Dominion Securities Inc.* and Royal Bank of Canada are separate corporate entities which are affiliated. *Member-Canadian Investor Protection Fund. Insurance products are offered through RBC DS Financial Services Inc., a subsidiary of RBC Dominion Securities Inc. When providing life insurance products, Investment Advisors are acting as Insurance Representatives of RBC DS Financial Services Inc. ®Registered trademark of Royal Bank of Canada. Used under licence. RBC Dominion Securities is a registered trademark of Royal Bank of Canada. Used under licence. ©Copyright 2011. All rights reserved. Insurance products are offered through RBC DS Financial Services Inc., a subsidiary of RBC Dominion Securities Inc. RBC Dominion Securities Inc.* and Royal Bank of Canada are separate corporate entities which are affiliated. *Member CIPF. RBC DS Financial Services Inc. is licensed as a financial services firm in the province of Quebec.

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INTRODUCING RBC DOMINION SECURITIES

WEALTH MANAGEMENT SERVICES DESIGNED FOR YOU:

- Serving clients since 1901, today RBC Dominion Securities is Canada's leading full-service wealth management firm with over 400,000 clients and $217 billion in assets under administration
- Our services are provided through your personal Investment Advisor, who can custom-design an individual plan for you
- Access all types of investments, including:
  - Domestic and global investments
  - The largest inventory of fixed-income investments available in Canada
  - Equity investments backed by top-ranked capital markets research and investment strategy
- Our wealth management approach encompasses money management, financial planning, tax minimization and estate planning

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Wealth Management Services

In addition to investment advice and money management, we can assist with a wide range of wealth management needs.

This includes:

- *Financial planning* to clarify your financial situation and goals
- *Will & estate consultation* to help you maximize your legacy
- *Insurance consultation* to identify opportunities to protect or enhance your wealth

We will assess your needs to determine which of these complimentary consultations are appropriate for you.

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Wealth Management Approach

Helping you achieve your goals

A comprehensive approach to helping you achieve your goals in life – both personal and financial.

Every step of the way, you are guided by a professional wealth manager – your Investment Advisor.

The approach extends beyond investment advice and money management, helping you protect your lifestyle, manage your nest egg, plan your retirement and create your legacy.

Guiding you through each stage of your life

- *Accumulating wealth – growing assets*
- *Protecting wealth – maintaining assets*
- *Converting wealth – creating an income stream*
- *Transferring wealth – creating a legacy*

Five key steps

1. *Introduction – determining if wealth management is right for you*
2. *Discovery – understanding your needs, goals and objectives*
3. *Strategy – matching your objectives with smart, time-tested strategies*
4. *Solutions – tailoring thoughtful and creative solutions to your objectives*
5. *Service – reviewing your situation regularly*

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Helping You at All Stages of the Wealth Cycle

September 14,2016 RBC DOMINION SECURITIES INC./ GUIDING YOU THROUGH EACH LIFE STAGE 6

RBC Wealth Management

Introducing Our Guest Speakers

Mark Lesniewski- President and CEO of LMC Group

Dianne Vershuere- Executive Vice-President of LMC Group

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Wealth Management Strategies

- ❖**Trusts- We can set up both Living Trusts (Family Trust), Charitable Trusts and Testamentary Trusts to assist you in protecting wealth and transferring it in the most efficient way**
- ❖**Corporate Owned Insurance**
- ❖**Flow-Through Shares**

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RBC DS Family Trust

Parent or Grandparent loans money to the trust

Trust money is invested

Each year, trust distributes investment gains to the beneficiaries

Money can be used to pay for private school tuition, Lessons, Camps, Sports Equipment and Gifts

Great Opportunity with CRA prescribed rates at 1%

Same strategy can be used as a Spousal Loan

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Estate Freeze Using a Family Trust

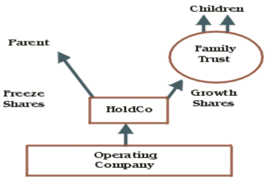
Allows for tax free dividend strategy ($30 000 in tax free dividends can be paid to spouse and adult children that do not have other income)

Allows for the multiplication of capital gains exemption ($800 000 tax free capital gains per family member on sale of OPCO shares)

Allows you to continue controlling the company

Limits your tax liability upon death

Allows for flexibility if you change your mind



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Corporate Owned Insurance

- *Insurance is purchased through the corporation for the key employee/corporate owner*
- *Policy premiums are covered by the corporation*
- *Corporation builds tax-free cash value and death benefit through contributions*
- *Cash value is invested and compounds tax free*
- *In retirement, key employee can sign the policy over to the bank and can then receive a tax free loan*
- *Upon death of the key employee, the policy pays out through the capital dividend account and covers all loans and flows excess funds tax free to the estate*

Whole Life Illustration
Female, 25, Ultra Preferred

				Non-Guaranteed Amounts				
Year	Age	Premium	Guaranteed Cash Value	Annual Dividend	Cash Value Of Additions	Total Cash Value	Paid-up Additions	Total Death Benefit
1	26	1,448	0	0	0	0	0	250,000
2	27	1,448	0	28	28	28	202	250,202
3	28	1,448	1,093	31	59	1,152	421	250,421
4	29	1,448	2,673	34	96	2,769	656	250,656
5	30	1,448	4,318	38	138	4,455	906	250,906
6	31	1,448	6,025	52	195	6,220	1,235	251,235
7	32	1,448	7,803	61	263	8,065	1,609	251,609
8	33	1,448	9,645	78	351	9,996	2,070	252,070
9	34	1,448	11,565	93	458	12,023	2,601	252,601
10	35	1,448	13,553	119	594	14,146	3,254	253,254
11	36	1,448	15,618	141	757	16,375	3,998	253,998
12	37	1,448	17,753	216	1,001	18,754	5,097	255,097
13	38	1,448	19,958	301	1,339	21,297	6,575	256,575
14	39	1,448	22,230	389	1,778	24,008	8,418	258,418
15	40	1,448	24,565	453	2,297	26,942	10,489	260,569
16	41	1,448	26,968	558	2,938	30,080	12,948	263,123
17	42	1,448	29,435	671	3,714	33,437	15,805	266,093
18	43	1,448	31,968	790	4,636	37,016	19,050	269,463
19	44	1,448	34,570	910	5,709	40,834	22,662	273,217
20	45	1,448	37,250	1,038	6,946	44,791	26,643	277,238
Totals		$28,960	$37,250			$44,791		

Guaranteed Cash Value Exceeds Premiums By $8,290

Total Cash Value Exceeds Premiums By $15,831

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Flow Through Shares

•Investor purchases flow through limited partnership (ex. $10 000)

•Investor receives immediate tax deduction for the amount of the contribution

•Funds are held for 18-24 months in LP

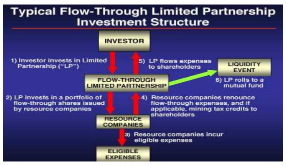
•LP then rolls into a Mutual Fund

•Investor has the choice to sell the mutual fund or hold mutual fund

•All gains are taxed as capital gains which investor can write off any capital losses against

•Flow through provides a great opportunity to participate in the growth of junior resource companies while receiving a tax deduction

•Investors can maximize tax savings by donating flow-through shares to a charitable organization



Where do we start?

- ✓ Book a time to complete a no cost, no obligation consultation session with our team
- ✓ Using information collected during our discussions, we would develop a service plan with a list of resources and recommended steps for solidifying your wealth management plan
- ✓ We would also provide a customized portfolio proposal based on your current financial situation and future goals that you would like to achieve
- ✓ As your advisory team, we would then guide you in completing the recommended steps and putting the plan in motion

There to help you at every phase of business

- Business Tax Planning
- Business Contingency Planning
- Business Succession Planning
- Living Benefits (Disability and Critical Illness Insurance)
- Employee Benefits (Medical, Dental and Financial)
- Business Lending and Banking

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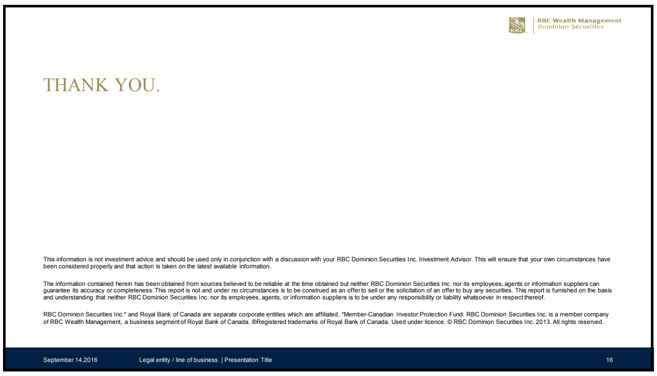
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INDIVIDUAL PENSION PLANS
Wealth Transfer Strategy
Presented by:
Mark Lesniewski & Dianne Verschuere
September 2016
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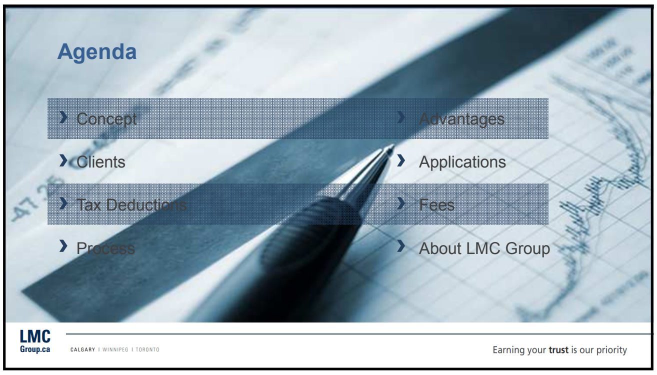
Earning your trust is our priority


Agenda
Concept
Clients
Tax Deductions
Process
Advantages
Applications
Fees
About LMC Group
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Concept - IPP

- An alternative to an RRSP for high income earners
- An IPP provides the opportunity to build up more retirement capital through a tax deferred, creditor proof investment account that is outside the business, and provides for predictable cash flow at retirement.

> *"Designed for business owners and incorporated professionals"*

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Concept - IPP

- Defined Benefit Pension Plan
- Higher Contributions
- Creditor-Proof
- Risk Adverse (top-up if investment returns below 7.5%)
- Predictable cash flow at retirement
- Taxable on withdrawal

RBC — *ADVISOR*

ACCOUNTANT

Lesniewski Moore — *ACTUARY*

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Advantages - IPP

- Tax reduction
- Higher contribution limit than RRSPs
- Top up RRSP contribution back to 1991
- Corporate tax deductible contributions and expenses
- Contributions within 120 days after Corporate year end
- Creditor proof
- Higher investment standards – 10% rule
- Protection from market risk
- On death tax sheltered transfer to spouse
- Multiple options on retirement

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Clients

Dentists

Doctors

Lawyers

Family Run

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Client Criteria

BUSINESS OWNER

Incorporated individual
Related persons over age 18

AGES 40 – 71

T4 EARNINGS

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RRSP Similarities

	Locked-In RRSP	IPP
Contributions	18% to annual maximum	Actuarial valuation
Jurisdiction	SAME!	CRA
Investments	SAME!	RRSP eligible
Rollover	SAME!	Age 71
On Termination	SAME!	RRIF, LIF, LIRA
On Death pre retirement	SAME!	Transfer to spousal RRSP
On Death after retirement	SAME!	Full Value
Fees	Not Deductible	Fully Deductible

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IPP Applications – Incorporated Professional

Challenges	Objectives
High Income → High Taxes	Reduce Tax
Professional Lifestyle → High Spending	Systematic Savings
Income Stops at Retirement	Predictable Income at Retirement

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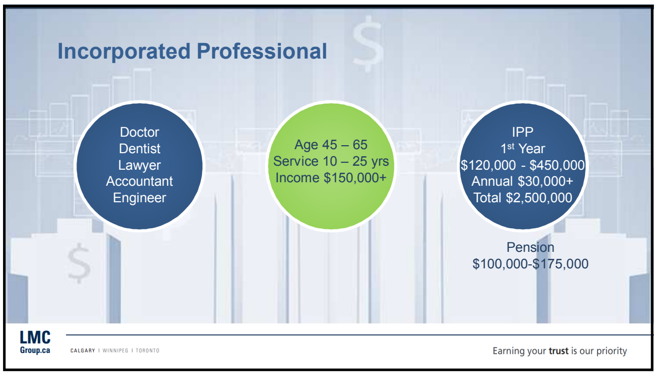
Incorporated Professional
Doctor
Dentist
Lawyer
Accountant
Engineer
Age 45 – 65
Service 10 – 25 yrs
Income $150,000+
IPP
1st Year
$120,000 - $450,000
Annual $30,000+
Total $2,500,000
Pension
$100,000-$175,000
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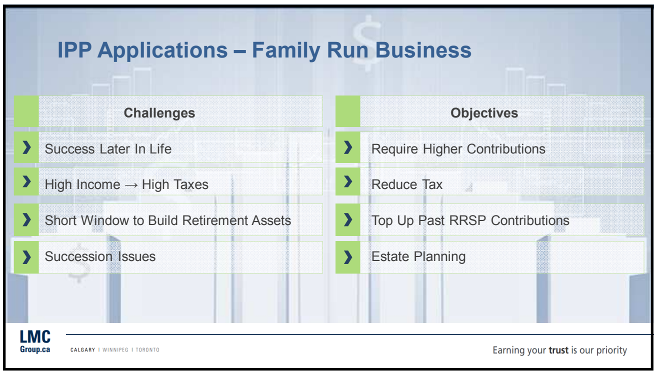
IPP Applications – Family Run Business
Challenges
Success Later In Life
High Income → High Taxes
Short Window to Build Retirement Assets
Succession Issues
Objectives
Require Higher Contributions
Reduce Tax
Top Up Past RRSP Contributions
Estate Planning
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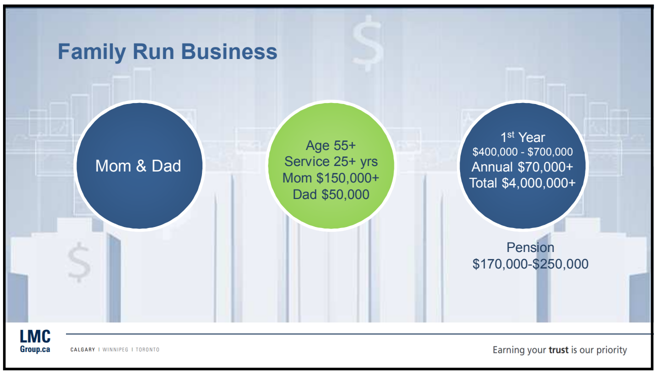
Family Run Business
Mom & Dad
Age 55+
Service 25+ yrs
Mom $150,000+
Dad $50,000
1st Year
$400,000 - $700,000
Annual $70,000+
Total $4,000,000+
Pension
$170,000-$250,000
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IPP Applications – Facilitate Sale of Business

Challenges	Objectives
No Heir Apparent	Transfer Wealth from Corporationi
Tougher to Sell Business	Reduce Value
Capitalize Value of Business	Monetize

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Facilitate Sale of Business

- Older Business Owner
- Age 71 Service 25+ yrs $150,000+
- 1st Year $1,000,000 Wealth Transfer of Assets out of Company

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IPP Applications

- Diversify retirement strategy
- Increase retirement savings
- Attain a planned capital accumulation for retirement
- Corporate tax deduction – retain small business tax rate
- Creditor proofing
- Severance
- Succession planning
- Sale of business

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IPP Tax Deductions

- Current service contributions
- Past service top up contribution
- Contributions to shore up any future deficits
- Optional contribution at retirement (*terminal funding)*
- Interest on loan to make IPP contribution
- Actuarial, administration and accounting fees
- Investment management fees

Options on Retirement or Wind-Up

- Locked In Retirement Account
- Life Income Fund
  - 50% unlocking provision
- Life Annuity
- Withdraw pension payments directly from IPP
  - Underlying Corporation must continue to sponsor the IPP

Options on Death

- Transfer to spouse tax-free, rollover basis
  - If spouse is plan member and continues to receive T4 income from plan sponsor, the value of death benefit may remain in the plan
- Paid as taxable lump sum to named beneficiary or estate

Actuarial Fees

Value for Fee- Flat actuarial fees

$2,500 Single or $3,500 Family
IMPLEMENTATION
One Time Only

$600
ADMINISTRATION
Annual

$1,250
VALUATION
Every 3 years

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Process

Request a Proposal - Provide:

- Date of Birth
- T4 Income from 1991 to present
- RRSP Balance

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About LMC Group Inc.

- Experienced
- Service Oriented
- Innovative
- Proven Track Record
- Longevity

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Actuarial & Retirement Plan Consulting

We treat our clients with respect by listening with genuine interest, identifying their needs with clarity, and providing them with the most effective strategies with outstanding results.

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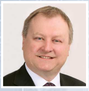

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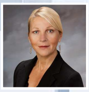

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