

## ***Pension Shortfall Funding***

# **RRSP *Wrap***<sup>TM</sup>

### ***Ending Pension Discrimination***

Private Corporation

RCA for Mr. Private Owner

client of

Mr. Senior Advisor

ABC Financial

## ***Using*** **PENSION *Plus***<sup>TM</sup> ***Insurance Funding for RCAs***

Retirement Compensation Arrangement  
Trust Services Provided by BMO Trust Company

Funding for Retirement Compensation  
Arrangement Provided by <Selected Insurer>

**Working to Secure the Future**

**Part 2 of 2**

## Client Information

You have requested the PENSIONPlus™ illustration based on the information provided at the end of this report. This illustration shows the advantages of PENSIONPlus™ using a universal life insurance plan as the funding asset in the RCA. RCF can illustrate life insurance policies from most insurance companies, but currently represents BMO Insurance, Canada Life, Desjardins Financial Security, Empire Financial Group, Equitable Life, Industrial Alliance, Manulife Financial, RBC Life, Standard Life, Sun Life, and Transamerica Life. The actual policy illustrated will be the policy considered most efficient under the circumstances. This second illustration includes:

- **Insurance Funded RCA illustration reflecting the Plan Member's Benefits and unreduced Survivor Benefits, when funded with PENSIONPlus™**
- **A universal life insurance illustration confirming the figures in the RCA illustration from the selected insurance carrier.**

**This illustration is based on certain assumptions such as interest rates, which will vary. It is not a contract, nor an offer to provide insurance. The selection of the policy in this instance has been determined by your financial advisor.**

Based on your RRSPPWrap™ calculations in the Part 1 of 2 Number TDB, your current supplemental annual pension entitlement from a Retirement Compensation Arrangement (RCA) from age 65 to 82 is \$215,263 (plus \$1,250 to cover the Annual Trustee fees). The current annual tax-deductible contribution for your corporation to fund this amount is \$138,934.

## Advantages

When a PENSIONPlus™ universal life insurance policy is used as the investment vehicle in the RCA Investment Account, it offers extra advantages at the same or a reduced cost compared to a conventional non-insurance funded RCA:

- Pre-retirement death benefit (if medical passed)
- Unreduced survivor benefits
- Fully integrated with Refundable Tax Account (RTA)
- Choice of investments
- Full sample documentation and trust agreements provided
- No shared ownership or split-dollar concerns
- No loan arrangements required
- Reduced trustee fees
- Retirement benefit includes additional \$1,250 to pay annual Trustee Fees

## Fees

Trust services for RCAs funded using PENSIONPlus™ are provided by BMO Trust Company for an annual fee of \$1,250. For its services RCF will share in the policy commissions with your financial advisor. RCF performs a three year review of the RCA including a recalculation pension entitlement calculation. The fee for this service is \$1,000. All fees are tax deductible to the corporation and subject to applicable taxes. You pay any legal or accounting fees charged by your own advisors. Your lawyer will be required to assist you in the completion of the documents and trust agreement provided.

The use of PENSIONPlus™ allows for the re-investment of the investment earnings in the RCA Investment Account (RCAIA) through a tax-sheltered insurance contract configured specially to be held as an asset of an RCA. Providing there is approximately a 10 year period before RCA withdrawals commence, PENSIONPlus™ provides a greater flow of retirement income.

### Retirement Compensation Arrangement (RCA) Funding Illustration

#### PENSIONPlus™ Executive Summary

Prepared for:	Private Corporation RCA for Mr. Private Owner MALE 45, NON-SMOKER	Projected Mortality (CIA86/92):	Male 82 Female 86
Based on a deductible annual allowable contribution of: Retirement Benefit	<b>\$138,934</b> <b>\$215,263</b>		

RCA VALUES (46% Personal Tax): RCA Investment & Refundable Tax Accounts					
Year	Account Values		Insurance Cash Surrender Value	Difference between Conventional Account Value	Additional Death Benefit For Survivor
	Conventional RCA	PENSIONPlus™ RCA			
1	77,088	74,264	63,305	(13,782)	2,032,059
2	156,295	151,156	133,623	(22,673)	2,104,985
3	237,681	230,352	204,051	(33,630)	2,182,177
4	321,305	312,133	277,065	(44,240)	2,264,156
5	407,228	396,536	361,468	(45,761)	2,350,990
6	495,515	483,731	448,663	(46,852)	2,442,996
7	586,229	573,901	556,367	(29,862)	2,540,510
8	679,438	667,108	658,341	(21,096)	2,643,649
9	775,210	763,551	759,167	(16,043)	2,752,779
10	873,616	866,389	866,389	(7,227)	2,880,241
11	974,728	973,490	973,490	(1,237)	3,009,110
12	1,078,620	1,085,043	1,085,043	6,423	3,146,223
13	1,185,370	1,201,367	1,201,367	15,997	3,292,170

- 1 This is the cumulative Collapse Value cost of the Insurance Funded vs. the Conventional Funded RCA in the years shown
- 2 This is the additional death benefit received over the Conventional Funded Account Value paid for from the difference between Account Value and Cash Surrender Value. By the breakeven point, there has been effectively no cost for the tax-sheltered over the conventional funding.

#### RCA Investment Account (RCAIA) Summary:

Conventional RCA Fund Value At Age: 64	<b>\$1,919,948</b>
PENSIONPlus™ RCA Fund Value At Age: 64	<b>\$2,630,947</b>
Conventional RCA Fund Value At Age: 82	<b>\$0</b>
PENSIONPlus™ RCA Fund Value At Age: 82	<b>\$1,067,620</b>

#### Refundable Tax Account (RTA) Summary:

Conventional RCA Fund Value At Age: 64	<b>\$1,819,856</b>
PENSIONPlus™ RCA Fund Value At Age: 64	<b>\$1,389,341</b>
Conventional RCA Fund Value At Age: 82	<b>\$0</b>
PENSIONPlus™ RCA Fund Value At Age: 82	<b>\$739,832</b>

#### PENSIONPLUS™ Benefit Summary:

TOTAL ADDITIONAL PROJECTED INCOME USING PENSIONPLUS™ **\$1,333,569**

ADDITIONAL ESTATE BENEFITS USING PENSIONPLUS™ **\$496,623**

# Insurance Funded RCA Primary Executive Benefits

GROSS CONTRIBUTIONS		RCA INVESTMENT ACCOUNT (RCAIA) Interest Assumption: 5.5% (net of MERs)										REFUNDABLE TAX ACCOUNT (RTA)				EXECUTIVE PAYMENTS
RCA		UNIVERSAL LIFE POLICY					SIDE ACCOUNT					RTA				PRE-TAX ANNUAL INDEXED RETIREMENT BENEFIT PLUS FEES
YEAR	AGE	ANNUAL CONTRIBUTION	TOTAL PREMIUM TO INSURER	TO POLICY	DEATH BENEFIT	ACCOUNT VALUE	FROM POLICY	TAXABLE PORTION OF WITHDRAWALS	TO SIDE ACCOUNT	TAXABLE INTEREST	TO RTA	1/2 GROSS RCA CONTRIBUTION	1/2 TAXABLE INTEREST FROM SIDE ACCOUNT	REFUNDS FROM RTA	RTA BALANCE	PRE-TAX ANNUAL INDEXED RETIREMENT BENEFIT PLUS FEES
1	2010	45	138,934	69,467	69,467	2,032,059	68,059	0	0	0	0	69,467	0	0	69,467	0
2	2011	46	138,934	69,467	69,467	2,104,985	140,985	0	0	0	0	69,467	0	0	138,934	0
3	2012	47	138,934	69,467	69,467	2,182,177	218,177	0	0	0	0	69,467	0	0	208,401	0
4	2013	48	138,934	69,467	69,467	2,264,156	300,156	0	0	0	0	69,467	0	0	277,868	0
5	2014	49	138,934	69,467	69,467	2,350,990	386,990	0	0	0	0	69,467	0	0	347,335	0
6	2015	50	138,934	69,467	69,467	2,442,996	478,996	0	0	0	0	69,467	0	0	416,802	0
7	2016	51	138,934	69,467	69,467	2,540,510	576,510	0	0	0	0	69,467	0	0	486,269	0
8	2017	52	138,934	69,467	69,467	2,643,649	679,649	0	0	0	0	69,467	0	0	555,737	0
9	2018	53	138,934	69,467	69,467	2,752,779	788,779	0	0	0	0	69,467	0	0	625,204	0
10	2019	54	138,934	69,467	69,467	2,880,241	909,753	0	0	0	0	69,467	0	0	694,671	0
11	2020	55	138,934	69,467	69,467	3,009,110	1,038,622	0	0	0	0	69,467	0	0	764,138	0
12	2021	56	138,934	69,467	69,467	3,146,223	1,175,735	0	0	0	0	69,467	0	0	833,605	0
13	2022	57	138,934	69,467	69,467	3,292,170	1,321,682	0	0	0	0	69,467	0	0	903,072	0
14	2023	58	138,934	69,467	69,467	3,447,336	1,476,848	0	0	0	0	69,467	0	0	972,539	0
15	2024	59	138,934	69,467	69,467	3,612,137	1,641,649	0	0	0	0	69,467	0	0	1,042,006	0
16	2025	60	138,934	69,467	69,467	3,787,263	1,816,775	0	0	0	0	69,467	0	0	1,111,473	0
17	2026	61	138,934	69,467	69,467	3,973,208	2,002,720	0	0	0	0	69,467	0	0	1,180,940	0
18	2027	62	138,934	69,467	69,467	4,170,500	2,200,012	0	0	0	0	69,467	0	0	1,250,407	0
19	2028	63	138,934	69,467	69,467	4,379,706	2,409,218	0	0	0	0	69,467	0	0	1,319,874	0
20	2029	64	138,934	69,467	69,467	4,164,736	2,630,947	0	0	0	0	69,467	0	0	1,389,341	0
21	2030	65	0	0	0	3,998,822	2,582,199	216,513	126,570	0	0	0	0	0	1,389,341	216,513
22	2031	66	0	0	0	3,895,223	2,569,873	175,872	108,883	0	0	0	0	44,972	1,344,370	220,844
23	2032	67	0	0	0	3,802,926	2,562,145	169,280	110,331	0	0	0	0	55,980	1,288,389	225,261
24	2033	68	0	0	0	3,707,928	2,549,793	172,301	117,644	0	0	0	0	57,465	1,230,924	229,766
25	2034	69	0	0	0	3,605,612	2,529,517	178,300	127,001	0	0	0	0	56,061	1,174,863	234,361
26	2035	70	0	0	0	3,493,795	2,499,635	185,368	137,249	0	0	0	0	53,680	1,121,183	239,048
27	2036	71	0	0	0	3,371,416	2,459,144	192,929	148,040	0	0	0	0	50,900	1,070,284	243,829
28	2037	72	0	0	0	3,237,299	2,407,093	200,811	159,269	0	0	0	0	47,895	1,022,389	248,706
29	2038	73	0	0	0	3,090,732	2,342,713	208,962	170,910	0	0	0	0	44,718	977,671	253,680
30	2039	74	0	0	0	2,930,916	2,265,071	217,368	182,947	0	0	0	0	41,385	936,286	258,754
31	2040	75	0	0	0	2,757,421	2,173,371	226,025	195,364	0	0	0	0	37,903	898,382	263,929
32	2041	76	0	0	0	2,569,912	2,066,774	234,924	208,122	0	0	0	0	34,282	864,100	269,207
33	2042	77	0	0	0	2,368,369	1,944,549	244,049	221,189	0	0	0	0	30,543	833,557	274,591
34	2043	78	0	0	0	2,152,654	1,805,861	253,382	234,535	0	0	0	0	26,701	806,856	280,083
35	2044	79	0	0	0	1,922,788	1,649,944	262,910	248,128	0	0	0	0	22,774	784,082	285,685
36	2045	80	0	0	0	1,678,946	1,476,011	272,620	261,909	0	0	0	0	18,778	765,303	291,399
37	2046	81	0	0	0	1,419,747	1,281,577	282,482	275,773	0	0	0	0	14,745	750,559	297,227
38	2047	82	0	0	0	1,148,337	1,067,620	292,444	289,572	0	0	0	0	10,727	739,832	303,171

- 1 The Taxable Portion of Withdrawals is treated the same as interest and used to calculate the refunds from the RTA.
- 2 The Side Account is the side fund of the universal life policy. It is the portion of the contribution that exceeds the Maximum Tax Actuarial Reserve (MTAR) set by CRA and is NOT exempt from accrual taxation. One-half of all earnings must be paid to the RTA.
- 3 Refunds from the RTA are pre-determined by a formula set out by the CRA. They are calculated as follows: Previous Year's Annual Retirement Benefit less Previous Year's Taxable Portion of Withdrawals divided by 2.

**E. & O.E.**  
 This PENSION<sup>Plus</sup>™ illustration can only be used in conjunction with the attached Insurance Carrier's universal life Insurance policy  
 ALL TERMS AND CONDITIONS STIPULATED BY THE UNIVERSAL LIFE ILLUSTRATION APPLY  
 Copyright: R<sup>CF</sup> Retirement Compensation Funding

Entitlement Calculation: **TBD**

I acknowledge that I have reviewed this PENSION<sup>Plus</sup>™ illustration with my advisor.

OWNER'S SIGNATURE AND TITLE

ADVISOR'S SIGNATURE

DATE

# Insurance Funded RCA Survivor Benefits

## SURVIVOR BENEFIT

Prepared for: Private Corporation  
 Annual Survivor Benefit, 2/3 of Primary Benefit: **\$202,215 (Plus \$1,250 Trustee Fee)**

GROSS CONTRIBUTIONS			RCA INVESTMENT ACCOUNT (RCAIA) <span style="float: right;">1</span>										SURVIVOR BENEFITS	
RCA			UNIVERSAL LIFE POLICY				INVESTMENT ACCOUNT (RCAIA) <span style="float: right;">2</span>				RTA			
YEAR	SPOUSE AGE	ANNUAL CONTRIBUTION	TOTAL PREMIUM TO INSURER	TO POLICY	FROM POLICY	TAXABLE PORTION OF WITHDRAWALS	DEATH BENEFIT	FROM INVESTMENT ACCOUNT	ANNUAL INTEREST 5.5%	BALANCE	REFUNDS FROM RTA	RTA BALANCE	PRE-TAX ANNUAL INCOME BENEFIT	
39	2048	79	0	0	0	0	1,148,337	198,102	63,159	1,013,394	5,363	734,468	203,465	
40	2049	80	0	0	0	0	0	133,670	55,737	935,460	73,864	660,604	207,534	
41	2050	81	0	0	0	0	0	133,643	51,450	853,267	78,042	582,562	211,685	
42	2051	82	0	0	0	0	0	133,541	46,930	766,656	82,378	500,184	215,919	
43	2052	83	0	0	0	0	0	133,361	42,166	675,461	86,876	413,308	220,237	
44	2053	84	0	0	0	0	0	133,099	37,150	579,513	91,543	321,764	224,642	
45	2054	85	0	0	0	0	0	132,750	31,873	478,636	96,384	225,380	229,135	
46	2055	86	0	0	0	0	0	132,313	26,325	372,648	101,405	123,975	233,718	

- 1 Upon death of the plan member, the insurance proceeds (death benefit) are paid to the RCA Investment Account and are invested. Alternatively, an annuity structured with the RTA can be purchased to pay survivor benefits.
- 2 The interest assumption used is 5.5% net of Management Expense Ratios (MERs), commissions, and other fees. An increase in the rate of return will provide additional benefits to the named beneficiaries after the death of the spouse. If there is a decrease in the rate of return, spousal payments and/or benefits to beneficiaries upon spouse's death could be adversely affected.
- 3 Any balances remaining in RCAIA and RTA on death of plan member and spouse are distributed to named beneficiaries under the terms of the RCA Plan Document.

**E. & O.E.**

This PENSIONPlus™ Illustration can only be used in conjunction with the attached Insurance Carrier's universal life Insurance policy  
**ALL TERMS AND CONDITIONS STIPULATED BY THE UNIVERSAL LIFE ILLUSTRATION APPLY**  
 Copyright: Rof Retirement Compensation Funding

I acknowledge that I have reviewed this PENSIONPlus™ illustration with my advisor.

\_\_\_\_\_  
 OWNER'S SIGNATURE AND TITLE

\_\_\_\_\_  
 ADVISOR'S SIGNATURE

\_\_\_\_\_  
 DATE

The following comparison shows the benefits of using PENSIONPlus™ insurance funding as the asset in the RCA Investment Account from the date of retirement until the death of the Plan Member.

## Retirement Compensation Arrangement (RCA) Funding Illustration Post-Retirement Benefit Comparison between PENSIONPlus™ and the Conventional RCA

Prepared for:	Private Corporation
Based on a deductible annual allowable contribution of Retirement Benefit	RCA for Mr. Private Owner \$138,934 \$215,263

RCA		CONVENTIONAL RCA		PENSIONPlus™ RCA	PENSIONPlus™ RCA ANNUAL PROJECTED PENSION ADVANTAGE	
YEAR	AGE	1 PLAN MEMBER BENEFIT	JOINT WITH SURVIVOR BENEFIT	2 PLAN MEMBER BENEFIT	ADDITIONAL PLAN MEMBER BENEFIT	
21	2030	65	215,263	171,562	216,513	44,951
22	2031	66	219,569	174,994	220,844	45,850
23	2032	67	223,960	178,494	225,261	46,767
24	2033	68	228,439	182,063	229,766	47,702
25	2034	69	233,008	185,705	234,361	48,656
26	2035	70	237,668	189,419	239,048	49,630
27	2036	71	242,422	193,207	243,829	50,622
28	2037	72	247,270	197,071	248,706	51,635
29	2038	73	252,215	201,013	253,680	52,667
30	2039	74	257,260	205,033	258,754	53,721
31	2040	75	262,405	209,134	263,929	54,795
32	2041	76	267,653	213,316	269,207	55,891
33	2042	77	273,006	217,583	274,591	57,009
34	2043	78	278,466	221,934	280,083	58,149
35	2044	79	284,036	226,373	285,685	59,312
36	2045	80	289,716	230,900	291,399	60,498
37	2046	81	295,511	235,518	297,227	61,708
38	2047	82	301,421	240,229	303,171	62,942
SPOUSES SURVIVOR BENEFITS						
AGE						
39	2048	79	0	160,233	203,465	43,233
40	2049	80	0	163,437	207,534	44,097
41	2050	81	0	166,706	211,685	44,979
42	2051	82	0	170,040	215,919	45,879
43	2052	83	0	173,441	220,237	46,796
44	2053	84	0	176,910	224,642	47,732
45	2054	85	0	180,448	229,135	48,687
46	2055	86	0	184,057	233,718	49,661

**TOTAL ADDITIONAL PROJECTED INCOME USING PENSIONPlus™ \$1,333,569**

- 1 Conventional RCA benefits excludes the annual \$1,500 trustee fees charged by BMO Trust Company.
- 2 PENSIONPlus™ benefits includes \$1,250 to pay the annual trustee fees to BMO Trust Company. This shows that PENSIONPlus™ has lower trustee fees, and can cover the fees if the corporation no longer exists at or after retirement of the Plan Member.

### RRSPWrap™ Funding

RCAs can be conventionally funded with T-Bills, GICs, stocks, bonds or segregated funds. Alternatively, PENSIONPlus™ can be used to provide insurance funding

With the Conventional RCA, one-half of all annual earnings in the RCA Investment Account must be transferred to the Refundable Tax Account. With the PENSIONPlus™ funded RCA, all of the income in the RCA Investment Account is tax sheltered until retirement. This means that there is less money in the Refundable Tax Account earning no interest and more in the RCA Investment Account with tax sheltered earnings, resulting in better performance.

These comparisons use the same 5.5%(net of MERs) throughout the funding period for both Conventionally Funded and PENSIONPlus™ insurance funded RCAs. Benefits will vary depending on the contributions to the RCA, investment performance, and the cost of insurance to maintain exempt status under CRA rules.

The additional accrued tax-sheltered earnings using PENSIONPlus™ (after all MERs, mortality costs, expenses, and provincial taxes) over those in a Conventional non-tax sheltered fund RCA are returned tax-free to the RCA Trust from the insurance carrier selected on the death of the Plan Member and used for survivor benefits.

# PENSION<sup>Plus</sup><sup>TM</sup> Due Diligence & Disclosure

The **RRSP Wrap<sup>TM</sup>** (Part 1 of 2) and **PENSION<sup>Plus</sup><sup>TM</sup>** (Part 2 of 2) reports provide all of the required information to assist your accountant, lawyer and other professional advisor to complete any due diligence on your behalf in establishing the RCA that is wrapped around your existing RRSP.

- The Integrated Final Earnings calculation shows your RCA Entitlement.
- The Conventional Non-Insurance Funded RCA ledger shows the current allowable corporate funding for both primary only benefits and if taken on a joint last survivor basis, as would be normally done with a registered pension benefit. These illustrations show ½ of annual earnings being transferred to the RCA Refundable Tax Account (RTA) and the refunds back to the Trustee as benefits commence so that no monies remain in either the RCA Investment Account (RCAIA) or RTA at life expectancy. Refunds from the RTA are determined by a CRA formula.
- The **PENSION<sup>Plus</sup><sup>TM</sup>** Funded RCA ledger shows the same contributions going to the selected insurer with the required Primary Benefits and Survivor Benefits coming back. Since the investment earnings are tax-sheltered, none are transferred to the RTA. Refunds from the RTA are based on the CRA formula relative to the internal taxable portion of funds transferred from the insurance carrier to the Trustee. In addition to required benefits, **PENSION<sup>Plus</sup><sup>TM</sup>** also includes the annual Trustee fees.
- Your lawyer will be provided with BMO Trust Company Trust Documents and a Plan Document for guidance. **R<sup>CF</sup>** will work with your accountant, lawyer, the CRA, and BMO Trust Company. Your Financial Advisor has been provided with completion instructions for the **PENSION<sup>Plus</sup><sup>TM</sup>** as the funding vehicle for the RCA.
- The Accompanying **PENSION<sup>Plus</sup><sup>TM</sup>** Insurance Funded RCA Illustration from the insurance carrier selected confirms the three important columns in the **PENSION<sup>Plus</sup><sup>TM</sup>** Insurance Funded RCA Ledger (Contributions, Withdrawals, Adjusted Cost Base inclusion). The greater RCA Investment Death Benefits and Account Value from retirement of **PENSION<sup>Plus</sup><sup>TM</sup>** as compared to a Conventionally funded RCA are shown below. Values up to retirement are shown in the **PENSION<sup>Plus</sup><sup>TM</sup>** RCA Ledger.

		RCA Investment Account Death Benefit		RCA Investment Account Values	
PLAN MEMBERS					
AGE	PENSION <sup>Plus</sup> <sup>TM</sup> RCA	CONVENTIONAL RCA	PENSION <sup>Plus</sup> <sup>TM</sup> RCA	CONVENTIONAL RCA	
65	3,998,822	1,745,644	2,582,199	1,745,644	
66	3,895,223	1,675,556	2,569,873	1,675,556	
67	3,802,926	1,601,178	2,562,145	1,601,178	
68	3,707,928	1,522,346	2,549,793	1,522,346	
69	3,605,612	1,438,889	2,529,517	1,438,889	
70	3,493,795	1,350,630	2,499,635	1,350,630	
71	3,371,416	1,257,387	2,459,144	1,257,387	
72	3,237,299	1,158,973	2,407,093	1,158,973	
73	3,090,732	1,055,192	2,342,713	1,055,192	
74	2,930,916	945,845	2,265,071	945,845	
75	2,757,421	830,723	2,173,371	830,723	
76	2,569,912	709,612	2,066,774	709,612	
77	2,368,369	582,292	1,944,549	582,292	
78	2,152,654	448,534	1,805,861	448,534	
79	1,922,788	308,102	1,649,944	308,102	
80	1,678,946	160,753	1,476,011	160,753	
81	1,419,747	0	1,281,577	0	
82	1,148,337	0	1,067,620	0	
SPOUSES					
AGE	SURVIVOR BENEFITS				
79	0	0	1,013,394	0	
80	0	0	935,460	0	
81	0	0	853,267	0	
82	0	0	766,656	0	
83	0	0	675,461	0	
84	0	0	579,513	0	
85	0	0	478,636	0	
86	0	0	372,648	0	

E. & O.E.

Copyright: Retirement Compensation Funding (R<sup>CF</sup>)

# Conventional Non-Insurance Funded Retirement Compensation Arrangement (RCA)

Prepared for: Private Corporation  
 RCA for Mr. Private Owner  
 MALE 45, NON-SMOKER  
 Retirement Benefit: **\$215,263**  
 Annual Contribution: **\$138,934**

			RCA INVESTMENT ACCOUNT (RCAIA)						REFUNDABLE TAX ACCOUNT (RTA)				EXECUTIVE PAYMENTS
			RCAIA (A)						RTA (B)				A+B
YEAR	AGE	ANNUAL CONTRIBUTIONS	INVESTMENT CONTRIBUTION	TOTAL EARNINGS 5.5% NET	TO RTA	TO EXEC	YEAR END BALANCE	1/2 GROSS RCA CONTRIBUTION	1/2 TAXABLE EARNINGS FROM RCAIA	REFUNDS FROM RTA	RTA BALANCE	PRE-TAX ANNUAL INCOME BENEFIT	
1	2010	45	138,934	69,467	3,821	0	0	73,288	69,467	0	0	69,467	0
2	2011	46	138,934	69,467	7,746	1,910	0	148,591	69,467	1,910	0	140,844	0
3	2012	47	138,934	69,467	11,780	3,873	0	225,965	69,467	3,873	0	214,185	0
4	2013	48	138,934	69,467	15,925	5,890	0	305,467	69,467	5,890	0	289,542	0
5	2014	49	138,934	69,467	20,183	7,962	0	387,155	69,467	7,962	0	366,971	0
6	2015	50	138,934	69,467	24,559	10,092	0	471,089	69,467	10,092	0	446,530	0
7	2016	51	138,934	69,467	29,055	12,280	0	557,332	69,467	12,280	0	528,277	0
8	2017	52	138,934	69,467	33,675	14,528	0	645,946	69,467	14,528	0	612,271	0
9	2018	53	138,934	69,467	38,422	16,837	0	736,998	69,467	16,837	0	698,576	0
10	2019	54	138,934	69,467	43,299	19,211	0	830,553	69,467	19,211	0	787,254	0
11	2020	55	138,934	69,467	48,310	21,649	0	926,681	69,467	21,649	0	878,370	0
12	2021	56	138,934	69,467	53,460	24,155	0	1,025,452	69,467	24,155	0	971,993	0
13	2022	57	138,934	69,467	58,750	26,730	0	1,126,940	69,467	26,730	0	1,068,190	0
14	2023	58	138,934	69,467	64,187	29,375	0	1,231,219	69,467	29,375	0	1,167,032	0
15	2024	59	138,934	69,467	69,773	32,093	0	1,338,365	69,467	32,093	0	1,268,592	0
16	2025	60	138,934	69,467	75,512	34,886	0	1,448,458	69,467	34,886	0	1,372,946	0
17	2026	61	138,934	69,467	81,409	37,756	0	1,561,578	69,467	37,756	0	1,480,169	0
18	2027	62	138,934	69,467	87,469	40,705	0	1,677,809	69,467	40,705	0	1,590,340	0
19	2028	63	138,934	69,467	93,695	43,734	0	1,797,237	69,467	43,734	0	1,703,542	0
20	2029	64	138,934	69,467	100,092	46,847	0	1,919,948	69,467	46,847	0	1,819,856	0
21	2030	65	0	0	91,005	50,046	215,263	1,745,644	0	50,046	0	1,869,902	215,263
22	2031	66	0	0	87,351	0	157,440	1,675,556	0	0	62,129	1,807,773	219,569
23	2032	67	0	0	83,474	0	157,851	1,601,178	0	0	66,109	1,741,664	223,960
24	2033	68	0	0	79,364	0	158,196	1,522,346	0	0	70,243	1,671,421	228,439
25	2034	69	0	0	75,013	0	158,470	1,438,889	0	0	74,538	1,596,884	233,008
26	2035	70	0	0	70,412	0	158,671	1,350,630	0	0	78,997	1,517,886	237,668
27	2036	71	0	0	65,551	0	158,793	1,257,387	0	0	83,628	1,434,258	242,422
28	2037	72	0	0	60,420	0	158,835	1,158,973	0	0	88,435	1,345,823	247,270
29	2038	73	0	0	55,010	0	158,791	1,055,192	0	0	93,425	1,252,398	252,215
30	2039	74	0	0	49,309	0	158,657	945,845	0	0	98,603	1,153,795	257,260
31	2040	75	0	0	43,308	0	158,430	830,723	0	0	103,975	1,049,820	262,405
32	2041	76	0	0	36,994	0	158,105	709,612	0	0	109,549	940,271	267,653
33	2042	77	0	0	30,356	0	157,677	582,292	0	0	115,330	824,942	273,006
34	2043	78	0	0	23,383	0	157,141	448,534	0	0	121,325	703,617	278,466
35	2044	79	0	0	16,062	0	156,494	308,102	0	0	127,541	576,075	284,036
36	2045	80	0	0	8,380	0	155,730	160,753	0	0	133,987	442,089	289,716
37	2046	81	0	0	0	0	160,753	0	0	0	140,668	301,421	295,511
38	2047	82	0	0	0	0	0	0	0	0	301,421	0	301,421

To demonstrate the financial advantage of using PENSIONPlus™ as funding for a Retirement Compensation Arrangement, this illustration shows the annual contributions required to fund the annual pension entitlement using fixed income investments such as bonds, Guaranteed Investment Certificates (GICs) at 5.5% (net of Management Expense Ratios (MERs), commissions and expenses.

One-half (50%) of annual contribution to the RCA go to a selected investment vehicle under the RCAIA. When investment income is earned in the RCAIA, one-half (50%) must be paid to the RTA account.

One-half (50%) of annual contribution go to the RTA, which is held by Canada Revenue Agency, and is refunded when the owner/employee retires and receives retirement benefits from the RCAIA. The RTA balance earns no interest, but the funds would have otherwise been lost to tax if paid to the owner/employee as salary or bonus.

This illustration does not include Survivor Benefits

Does not include Trustee Fees or actuarial/consulting fees. Fees can range from approximately \$5,000 to \$7,500 annually, unless R<sup>CF</sup>'s special trustee arrangement with BMO Trust Company is used.

E. & O.E.

Entitlement Calculation: **TBD**

This is an illustration of an RCA funded using fixed income investments such as bonds or Guaranteed Investment Certificates (GICs) and is meant for comparison purposes only and not for the sale of such products.

Copyright: Retirement Compensation Funding (R<sup>CF</sup>)



# Input Data

<i>Prepared for</i>	<b>Private Corporation</b>
	<b>RCA for Mr. Private Owner</b>
<i>Proposal Number</i>	<b>TBD</b>
<i>Company</i>	<b>Private Corporation</b>
<i>Address</i>	<b>24 Success Drive</b>
<i>City, Province</i>	<b>Toronto, ON</b>
<i>Postal Code</i>	<b>M6C 2H3</b>
<i>Sex</i>	<b>Male</b>
<i>Smoking Status</i>	<b>Non-Smoker</b>
<i>Date of Birth</i>	<b>February 21, 1965</b>
<i>Contributions Begin at Age</i>	<b>45</b>
<i>Retirement Age</i>	<b>65</b>
<i>Current Earnings</i>	<b>\$200,000</b>
<i>Salary Index</i>	<b>5%</b>
<i>Past Years of Service</i>	<b>15</b>
<i>Future Years of Service</i>	<b>20</b>
<i>Required Pension Percentage</i>	<b>70% of final average 5 yrs</b> <small>(2% x years of service)</small>
<i>Benefits to Age</i>	<b>82</b>
<i>RCAIA Earning Rate (net of MERs)</i>	<b>5.5%</b>
<i>Current RRSP Balance</i>	<b>\$150,000</b>
<i>RRSP Earning Rate (net of MERs)</i>	<b>5.5%</b>
<i>Spousal Date of Birth</i>	<b>February 21, 1969</b>

**Mr. Senior Advisor**  
**ABC Financial**  
**390 Bay Street, Toronto, ON**

The illustrations in this report show your current annual entitlement from an RRSPWrap™ based on the input data you provided and have confirmed on the PENSIONPlus™ Request Form in the RRSPWrap™ (Part 1 of 2).

<b>CLIENT</b> Private Corporation RCA for Mr. Private Owner	<b>ADVISOR</b> Mr. Senior Advisor ABC Financial	<b>PROPOSAL NO.</b> TBD
<b>PROJECTED ANNUAL RETIREMENT ENTITLEMENT</b> \$215,263	<b>PROJECTED ANNUAL CONTRIBUTION TO RCA</b> \$138,934	<b>RETIREMENT AGE</b> 65

Before the RCA is established, the Input Data sheet (Page 8) must be reconfirmed as accurate.

I understand that I must pass a medical or provide a substitute life if I proceed with the establishment of the RRSPWrap™ using PENSIONPlus™ as the funding vehicle.

I understand that the illustrations and all values represented are for informational purposes only, are not guaranteed, and are an estimate or prediction of future performance which will depend on contributions to the RCA, investment earnings, and the cost of insurance to maintain exempt status.

I confirm that the illustrations and procedures to establish an RCA have been explained to me by my financial advisor(s), I have discussed and considered this Part 2 of 2, and all my questions have been satisfactorily answered. I understand the fees to R<sup>CF</sup> and BMO Trust Company for the RCA and that my financial advisor(s) and R<sup>CF</sup> will share in the commission paid by the insuring company on the policy.

\_\_\_\_\_  
ADVISOR SIGNATURE

\_\_\_\_\_  
CLIENT SIGNATURE

\_\_\_\_\_  
DATE