

Supplemental Pension Funding

The OPTIMIZER™

The 100% Pension Top-Up

PRIVATE CORPORATION
FOR MR. PRIVATE OWNER

client of

MR. SENIOR ADVISOR
ABC FINANCIAL

Pension Maximizer for High Earning Executives
Powered by <SELECTED INSURER>

Working to Secure the Future

The **OPTIMIZER**™ is a specially configured Universal Life policy that allows for the tax sheltering of investment income, and provides pre-retirement death benefits. It has been designed for use in funding supplemental pensions or in a corporate situation where Secular Trusts are advantageous. The purpose is to provide the difference between a pension based on 70% of final three or five year average earnings to 100% of final earnings, and/or to add indexed benefits to existing pension arrangements. No loan arrangements required as in Insured Retirement Plans (IRPs)

Current Situation

A shareholder/owner of a Canadian controlled Private Corporation (CCPC) earning over the small business limit has an RRSP (or corporate pension plan), and the corporation has established an Retirement Compensation Arrangement (RCA) the combination of both providing the owner with a pension of 70% of final five year average earnings.

The owner still has after tax personal income for long term investment some of which could be used for supplemental retirement income.

Supplemental survivor benefits can be added using **OPTIMZERPlus**™

Who Qualifies

- A non-shareholder arms length employee with an RRSP, and no ability to establish an RCA wishes to enhance retirement income to 70% or 100% from that which is provided by the RRSP
- A Corporation wishing to provide supplemental benefits to executives; may have a Deferred Compensation Arrangements that could be deemed an RCA or a Salary Deferral Arrangement and decides to replace with a Secular Trust
- For Corporations with RCAs who have executives who are U.S. taxpayers, and cannot be included in the RCA
- To Provide indexing for any form of pension plan if not included in the plan

An orderly way of enhancing retirement income
Separates “**Living Money**” from “**Play Money**”

Input Data

<i>Prepared for</i>	PRIVATE CORPORATION		
	For MR. PRIVATE OWNER	<i>After Tax Rate:</i>	53%
<i>Proposal Number</i>	TBD	<i>Pension Percentage</i>	70%
<i>Company</i>	PRIVATE CORPORATION	<i>Final FiveYear Average Earnings</i>	\$459,496
<i>Address</i>	24 Success Drive	<i>Pension Percentage x Final Average</i>	\$321,647
<i>City, Province</i>	Toronto, ON	<i>Projected Funded Pension from RRSPs</i>	\$85,852
<i>Postal Code</i>	M6C 2H3	<i>Projected Funded Pension from RCA</i>	<u>\$235,795</u>
		<i>Total Retirement Income</i>	<u>\$321,647</u>
<i>Sex</i>	Male		
<i>Smoking Status</i>	Non-Smoker	<i>Final Salary</i>	\$505,390
<i>Date of Birth</i>	February 21, 1958	<i>Less Funded Pension</i>	<u>\$321,647</u>
<i>Contributions Begin at Age</i>	45	<i>Difference in Pre-Retirement Income & Post Retirement Income</i>	<u>\$183,743</u>
<i>Retirement Age</i>	65		
<i>Current Salary</i>	\$200,000	<i>Annual After-tax Supplemental Pension:</i>	97,383.85
<i>Bonus (After RCA Contribution)</i>	\$150,000		
<i>Salary Index</i>	5%		
<i>Years of Service</i>	Past: 15 yrs	Future: 20 yrs	
<i>Pension Percentage</i>	70% of final average 5 yrs (2% x years of service)		
<i>Benefits to Age</i>	82		
<i>RCAIA Earning Rate (net of MERs)</i>	5.5%		
<i>Current RRSP Balance</i>	\$150,000		
<i>RRSP Earning Rate (net of MERs)</i>	5.5%		
<i>Spousal Date of Birth</i>	February 21, 1961		

Supplemental Executive Benefits

Prepared for: PRIVATE CORPORATION
FOR MR. PRIVATE OWNER
MALE 45, NON-SMOKER

Annual After-tax Supplemental Pension: **\$97,383**
Annual After-tax Pre-Retirement Cost: **\$43,949**

GROSS CONTRIBUTIONS				THE OPTIMIZER™						CONVENTIONAL					
				UNIVERSAL LIFE POLICY			WITHDRAWALS			ALTERNATIVE INVESTMENT @ 5.5% NET OF MERs					
YEAR	AGE	PRE-TAX CORPORATE COST	NET TO EXECUTIVE @ 53%	TO INSURANCE CARRIER	ACCOUNT VALUE	DEATH BENEFIT	FROM POLICY	TAXABLE PORTION OF WITHDRAWALS	TAX PAYABLE @ 47%	NET WITHDRAWAL TO EXECUTIVE	OPENING BALANCE	ANNUAL DEPOSIT	NET INTEREST EARNINGS @ 2.915%	CLOSING BALANCE	NET WITHDRAWAL TO EXECUTIVE
2004	45	82,923	43,949	43,949	43,018	1,283,018	0	0	0	0	0	43,949	1,281	45,230	0
2005	46	82,923	43,949	43,949	88,896	1,328,896	0	0	0	0	45,230	43,949	2,600	91,779	0
2006	47	82,923	43,949	43,949	137,673	1,377,673	0	0	0	0	91,779	43,949	3,956	139,685	0
2007	48	82,923	43,949	43,949	189,475	1,429,475	0	0	0	0	139,685	43,949	5,353	188,987	0
2008	49	82,923	43,949	43,949	244,345	1,484,345	0	0	0	0	188,987	43,949	6,790	239,727	0
2009	50	82,923	43,949	43,949	302,484	1,542,484	0	0	0	0	239,727	43,949	8,269	291,945	0
2010	51	82,923	43,949	43,949	364,104	1,604,104	0	0	0	0	291,945	43,949	9,791	345,686	0
2011	52	82,923	43,949	43,949	429,278	1,669,278	0	0	0	0	345,686	43,949	11,358	400,993	0
2012	53	82,923	43,949	43,949	498,238	1,738,238	0	0	0	0	400,993	43,949	12,970	457,913	0
2013	54	82,923	43,949	43,949	574,682	1,819,420	0	0	0	0	457,913	43,949	14,629	516,491	0
2014	55	82,923	43,949	43,949	656,113	1,900,851	0	0	0	0	516,491	43,949	16,337	576,777	0
2015	56	82,923	43,949	43,949	742,753	1,987,491	0	0	0	0	576,777	43,949	18,094	638,821	0
2016	57	82,923	43,949	43,949	834,975	2,079,713	0	0	0	0	638,821	43,949	19,903	702,673	0
2017	58	82,923	43,949	43,949	933,023	2,177,761	0	0	0	0	702,673	43,949	21,764	768,386	0
2018	59	82,923	43,949	43,949	1,037,160	2,281,898	0	0	0	0	768,386	43,949	23,680	836,015	0
2019	60	82,923	43,949	43,949	1,147,821	2,392,559	0	0	0	0	836,015	43,949	25,651	905,615	0
2020	61	82,923	43,949	43,949	1,265,318	2,510,056	0	0	0	0	905,615	43,949	27,680	977,245	0
2021	62	82,923	43,949	43,949	1,389,987	2,634,725	0	0	0	0	977,245	43,949	29,768	1,050,962	0
2022	63	82,923	43,949	43,949	1,522,184	2,766,922	0	0	0	0	1,050,962	43,949	31,917	1,126,828	0
2023	64	82,923	43,949	43,949	1,662,295	2,631,380	0	0	0	0	1,126,828	43,949	34,128	1,204,905	0
2024	65	0	0	0	1,634,033	2,530,482	134,214	78,364	36,831	97,383	1,107,522	0	32,284	1,139,806	97,383
2025	66	0	0	0	1,600,195	2,425,457	137,285	84,899	39,903	97,383	1,042,423	0	30,387	1,072,810	97,383
2026	67	0	0	0	1,560,401	2,316,063	140,341	91,400	42,958	97,383	975,427	0	28,434	1,003,861	97,383
2027	68	0	0	0	1,514,387	2,202,233	143,378	97,862	45,995	97,383	906,478	0	26,424	932,902	97,383
2028	69	0	0	0	1,461,795	2,083,665	146,396	104,283	49,013	97,383	835,519	0	24,355	859,874	97,383
2029	70	0	0	0	1,402,200	1,959,886	149,397	110,668	52,014	97,383	762,491	0	22,227	784,718	97,383
2030	71	0	0	0	1,335,267	1,830,613	152,391	117,038	55,008	97,383	687,335	0	20,036	707,370	97,383
2031	72	0	0	0	1,260,601	1,695,382	155,382	123,402	57,999	97,383	609,987	0	17,781	627,768	97,383
2032	73	0	0	0	1,177,887	1,553,982	158,373	129,766	60,990	97,383	530,385	0	15,461	545,846	97,383
2033	74	0	0	0	1,086,718	1,406,173	161,359	136,120	63,976	97,383	448,463	0	13,073	461,536	97,383
2034	75	0	0	0	986,765	1,251,938	164,334	142,450	66,952	97,383	364,153	0	10,615	374,768	97,383
2035	76	0	0	0	877,679	1,091,342	167,282	148,721	69,899	97,383	277,385	0	8,086	285,471	97,383
2036	77	0	0	0	758,070	923,294	170,182	154,891	72,799	97,383	188,088	0	5,483	193,571	97,383
2037	78	0	0	0	628,701	749,435	173,059	161,013	75,676	97,383	96,188	0	2,804	98,991	97,383
2038	79	0	0	0	488,385	569,148	175,915	167,090	78,532	97,383	1,608	0	47	1,655	97,383
2039	80	0	0	0	337,482	383,882	178,791	173,208	81,408	97,383	0	0	0	0	1,655
2040	81	0	0	0	174,866	193,719	181,767	179,540	84,384	97,383	0	0	0	0	0
2041	82	0	0	0	1,271	1,368	183,742	183,742	86,359	97,383	0	0	0	0	0

This OPTIMIZER Illustration can only be used in conjunction with the Universal Life Insurance policy
ALL TERMS AND CONDITIONS STIPULATED BY THE UNIVERSAL LIFE ILLUSTRATION APPLY

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I acknowledge that I have reviewed this OPTIMIZER illustration with my advisor.

Illustration Number: **TBD**

OWNER'S SIGNATURE AND TITLE

ADVISOR'S SIGNATURE

DATE

Comparison Between The OPTIMIZER™ and Conventional Investment

Prepared for: PRIVATE CORPORATION
 FOR MR. PRIVATE OWNER
 Annual After-tax Pre-Retirement Cost: **\$43,949**
 Annual After-tax Supplemental Pension: **\$97,383**

YEAR	AGE	Death Benefit		ANNUAL VALUE OF DEATH BENEFIT	Account Value		Executive Payouts	
		THE OPTIMIZER™	CONVENTIONAL		THE OPTIMIZER™	CONVENTIONAL	THE OPTIMIZER™	CONVENTIONAL
2004	45	1,283,018	45,230	1,726	43,018	45,230	0	0
2005	46	1,328,896	91,779	1,726	88,896	91,779	0	0
2006	47	1,377,673	139,685	1,726	137,673	139,685	0	0
2007	48	1,429,475	188,987	1,726	189,475	188,987	0	0
2008	49	1,484,345	239,727	1,726	244,345	239,727	0	0
2009	50	1,542,484	291,945	1,726	302,484	291,945	0	0
2010	51	1,604,104	345,686	1,726	364,104	345,686	0	0
2011	52	1,669,278	400,993	1,726	429,278	400,993	0	0
2012	53	1,738,238	457,913	1,726	498,238	457,913	0	0
2013	54	1,819,420	516,491	1,726	574,682	516,491	0	0
2014	55	1,900,851	576,777	8,620	656,113	576,777	0	0
2015	56	1,987,491	638,821	8,620	742,753	638,821	0	0
2016	57	2,079,713	702,673	8,620	834,975	702,673	0	0
2017	58	2,177,761	768,386	8,620	933,023	768,386	0	0
2018	59	2,281,898	836,015	8,620	1,037,160	836,015	0	0
2019	60	2,392,559	905,615	8,620	1,147,821	905,615	0	0
2020	61	2,510,056	977,245	8,620	1,265,318	977,245	0	0
2021	62	2,634,725	1,050,962	8,620	1,389,987	1,050,962	0	0
2022	63	2,766,922	1,126,828	8,620	1,522,184	1,126,828	0	0
2023	64	2,631,380	1,204,905	8,620	1,662,295	1,204,905	0	0
2024	65	2,530,482	1,139,806	17,689	1,634,033	1,139,806	97,383	97,383
2025	66	2,425,457	1,072,810	16,284	1,600,195	1,072,810	97,383	97,383
2026	67	2,316,063	1,003,861	14,911	1,560,401	1,003,861	97,383	97,383
2027	68	2,202,233	932,902	13,573	1,514,387	932,902	97,383	97,383
2028	69	2,083,665	859,874	12,271	1,461,795	859,874	97,383	97,383
2029	70	1,959,886	784,718	11,004	1,402,200	784,718	97,383	97,383
2030	71	1,830,613	707,370	9,774	1,335,267	707,370	97,383	97,383
2031	72	1,695,382	627,768	8,579	1,260,601	627,768	97,383	97,383
2032	73	1,553,982	545,846	7,421	1,177,887	545,846	97,383	97,383
2033	74	1,406,173	461,536	6,304	1,086,718	461,536	97,383	97,383
2034	75	1,251,938	374,768	5,232	986,765	374,768	97,383	97,383
2035	76	1,091,342	285,471	4,216	877,679	285,471	97,383	97,383
2036	77	923,294	193,571	3,260	758,070	193,571	97,383	97,383
2037	78	749,435	98,991	2,382	628,701	98,991	97,383	97,383
2038	79	569,148	1,655	1,594	488,385	1,655	97,383	97,383
2039	80	383,882	0	916	337,482	0	97,383	1,655
2040	81	193,719	0	372	174,866	0	97,383	0
2041	82	1,368	0	2	1,271	0	97,383	0

- 1 The value of Death Benefit shows what the cost of purchasing a 10 year renewable and convertible term would be from selected insurance carrier.
- 2 As earnings in The OPTIMIZER™ increase, so do the benefit of the tax shelter.