



Life insurance
solutions for
**business
owners**



Life insurance solutions for business owners

What's the best life insurance for business owners?

It depends on where you see yourself in the future and at which stage of growth your business is in today. It also depends on your immediate priorities, as well as your long-term goals for yourself, your family and your business.

At what development stage is your business?

New

You've likely taken out a business loan and your primary focus is on debt repayment.

Growing

You want to retain your key employees and ensure you attract desirable employees. Your business decisions are well thought out so your capital is used efficiently.

Established

A key priority for you is to develop a successful business succession plan or business continuation strategy. From a personal perspective, you want to ensure future financial comfort for your family, or perhaps you would like to give back to your community by supporting a charitable organization.

When dealing with your professional advisors, you place a high value on knowledge and expertise and expect value-added advice and support. As a business owner, you believe in long-term business relationships and expect a professional, planning-based approach focused on you and your business.

You recognize the need for a team of expert advisors to work with you to help you assess your financial needs and ensure your plan will be tax effective, meeting your individual risk tolerance.

As a business owner, what are your needs?		Type of life insurance – suitable to your needs	
Your need	Solutions	Term life insurance	Permanent life insurance
<p>Financial need You're looking to cover a temporary financial need, such as a mortgage or business loan.</p>	<ul style="list-style-type: none"> You can plan to meet more of your personal and business needs in the event of death with personal life insurance. With a personally owned life insurance policy, not a lender's mortgage insurance, you have the option to switch your business loan or mortgage to another lending institution without jeopardizing your life insurance coverage. Also, your coverage isn't reduced by a decline in your loan or mortgage balance. 	<ul style="list-style-type: none"> Can cover most debt in a cost-effective way and is an inexpensive way to create a financial foundation of life insurance. 	<ul style="list-style-type: none"> Can work very well when you expect to have an ongoing need for life insurance after the debt is paid off.
<p>Key employees You want to protect your business in the event of the death of a key employee. You want to retain your key employees and ensure you continue to attract desirable employees.</p>	<ul style="list-style-type: none"> The unexpected loss of a key person may create numerous problems that threaten the viability of your business. Creditors may restrict or withdraw credit, suppliers might tighten payment terms and customers might re-think their purchase. Key person insurance can reduce the financial impact by ensuring there is an injection of liquid capital to allow family or management staff time to find a suitable replacement or recover the cost to the business of the lost person. 	<ul style="list-style-type: none"> Can cover business loans in a cost-effective way or provide much needed income replacement. Can be used to structure key employee incentive programs. 	<ul style="list-style-type: none"> May be used to structure supplementary retirement programs for key employees or to provide funding to attract replacement/new key employees. Benefit plans can also be customized for senior executives or key employees using permanent life insurance.
<p>Business partner buy out You'd like to ensure you have the funds to buy a business partner's interest at their death or retirement.</p>	<ul style="list-style-type: none"> Life insurance coverage is a great way to fund future succession plans or to fund business continuation plans. A business growth protection rider may be purchased where the business value is expected to grow in future to potentially avoid shortfall in funds available for buy-out. Life insurance can also be used in conjunction with an estate freeze to fund future capital gains taxes, or redemption of the shares, as well as provide a means for estate equalization. 	<ul style="list-style-type: none"> Can provide short-term insurance protection for business succession plans. Provides flexibility to convert to a permanent policy. 	<ul style="list-style-type: none"> Can provide funding to finance a business opportunity or to buy out a partner's interest upon retirement by accessing the cash values. If the accumulation stays within prescribed limits, the cash value is only subject to income tax when it's withdrawn. Possible to fund permanent policies to ensure a growing death benefit, which can address the growing share value of a business. The death benefit could be used to buy out your partner's interest or to fund a business continuation plan.
<p>Retirement income You'd like a tax-effective way of supplementing retirement income for you and your spouse.</p>	<ul style="list-style-type: none"> Life insurance coverage can be used as a strategy for tax-advantaged cash value accumulation (within legislated limits) to complement your current retirement income program and increase your estate values. 		<ul style="list-style-type: none"> May be used in two ways to supplement your retirement income: cash value can be accessed to provide a retirement income through a policy loan or partial surrender, or you may be able to use the policy as collateral for a consumer loan at a third-party lending institution on fulfilling their eligibility requirements. The combination of a single-life annuity pension and a permanent life insurance policy can maximize your pension income while living and provide funds for a surviving spouse after your death.

As a business owner, what are your needs?		Type of life insurance – suitable to your needs	
Your need	Solutions	Term life insurance	Permanent life insurance
<p>Family protection You'd like to ensure your spouse's lifestyle is protected.</p>	<ul style="list-style-type: none"> Life insurance can protect your spouse's lifestyle by replacing your future income in the event of your unexpected death. 	<ul style="list-style-type: none"> Well suited to meeting high, short-term protection needs for the lowest initial cost. Provides flexibility to convert to a permanent policy. 	<ul style="list-style-type: none"> Offers considerable flexibility and options during your life. Great way to lock in insurability and rates while you are healthy, as well as accumulate tax-advantaged savings for the future. Cash value may be used to help finance a business opportunity or retirement.
<p>Preserving the estate You'd like to ensure taxes owing on your estate are paid, leaving your assets intact for your heirs.</p>	<ul style="list-style-type: none"> Life insurance coverage is a great way to ensure your estate has the liquidity needed to pay final taxes. 		<ul style="list-style-type: none"> Proceeds from a permanent life insurance policy can provide your heirs or estate with the liquidity needed to pay final taxes, capital gains and settlement costs, preserving your estate for your heirs.
<p>Leave a legacy You'd like to leave a legacy for your heirs or a favourite charity.</p>	<ul style="list-style-type: none"> A carefully arranged planned gift can be tax effective, and at the same time balance your final needs and the needs of your family. You can provide your favourite charity with stable funding over the long term, without reducing the estate available to your heirs or jeopardizing your future financial independence. 		<ul style="list-style-type: none"> An ideal way to create a tax-advantaged asset while you are alive and leave a meaningful gift, outside of your estate, to your heirs or a favourite charity. Many different methods of structuring a planned gift using life insurance. Life insurance products are key to helping donors and charities achieve their goals. Consult your advisor to learn more about Canada Life™ <i>Planned giving using life insurance strategy.</i>
<p>Providing for your children You'd like to provide your child(ren) with financial resources for the future – whether or not they're actively involved in your business.</p>	<ul style="list-style-type: none"> Life insurance coverage creates a financial foundation for your family's future. It can provide a flexible asset that grows along with your child. 	<ul style="list-style-type: none"> An inexpensive way to put a foundation of life insurance in place for your child. You can choose an option that guarantees your child the right to buy additional life insurance in the future, regardless of the state of their health. 	<ul style="list-style-type: none"> Provides a flexible asset that grows along with your child. The relatively low-level premium that starts your child's life insurance program can be maintained throughout adulthood. Can help protect your child's ability to enhance his or her life insurance program by including an option in the policy that guarantees them the right to buy additional life insurance in the future, regardless of their state of health. When your child takes control of his or her own financial security planning, ownership of the policy can be transferred to them on a tax-deferred basis, creating potential tax advantages as well.
<p>Long-term care You'd like to provide an income for long-term care or home care for you or a family member.</p>	<ul style="list-style-type: none"> Life insurance coverage can be used as a strategy for tax-advantaged cash value accumulation (within legislated limits) to complement your current savings program and increase your estate values. There are several ways to gain access to policy cash values to meet your need for additional income. 		<ul style="list-style-type: none"> Policy may be used in two ways to supplement your retirement income: Cash value can be accessed to provide additional income through a policy loan or partial surrender, or you may be able to use the policy as collateral for a consumer loan at a third-party lending institution.

Life insurance solutions from Canada Life

The life insurance you choose depends entirely on your individual situation and goals. Canada Life offers a range of life insurance products that includes term life insurance, permanent life insurance coverage or a combination of both. Together with your advisor, you can determine your needs and decide which product is best for you.

Term life insurance

- Canada Life Simply Preferred™ term life insurance provides coverage for a specified period of time with an initially low price that increases at each renewal – every 10 or 20 years.
 - Policyowners can choose to convert to a permanent policy without underwriting, before age 70.
 - It's important to understand any conversion restrictions when purchasing term insurance in anticipation of changing life insurance needs.
- Premiums are guaranteed but when the policy renews, premiums will automatically increase.
 - Renewal rates can be expensive.
- Death benefit amount is guaranteed less any indebtedness.
- Policy can be structured to provide coverage on more than one life, but pays the death benefit on the first death.
- Term riders and benefits are available.
- Guaranteed cash values and policyowner dividends aren't available with term life insurance.

Permanent life insurance

Canada Life offers two permanent life insurance products: participating life insurance (Wealth Achiever and Estate Achiever) and universal life insurance.

Participating life insurance

- Provides coverage for life.
- Policy can be structured to provide coverage on more than one life.
 - The death benefit can be paid on the first death or on the last death.
- Premiums for the basic life insurance coverage are guaranteed.
- A policy combining term life insurance and permanent life insurance coverage contain both guaranteed and non-guaranteed premiums and values.
- Review the life insurance illustration provided by your advisor to determine what is, and isn't, guaranteed.
 - Basic cash values are guaranteed.
 - The basic death benefit is guaranteed, additional death benefits purchased with dividends may be guaranteed.
- Participating life insurance policyowners share in the success of the pool of participating policies in the participating account through the payment of policyowner dividends.
 - Can choose from several dividend options.
 - Dividends aren't guaranteed and will vary from those illustrated as a result of changes to variables such as investment returns, mortality experience, expenses (including taxes) and other relevant factors.
- Canada Life manages the participating account and assets in the account are invested primarily in bonds, mortgages, blue chip equities and real estate.
- Term riders and benefits are available.

Universal life insurance

- Provides coverage for life and coverage can be added (with evidence) or dropped over the life of the policy to suit changing needs.
- Policy can be structured to provide coverage on more than one life.
 - May pay the death benefit on the first death or the last death.
- Typically contains guarantees on some of the monthly charges – for example cost of insurance charges are usually guaranteed whereas premium tax and any insured life fee may not be.
 - It's important to understand which charges are guaranteed and which can change.
- Cash values are available but not guaranteed (except for guaranteed cash values associated with a 10, 15 or 20-pay cost of insurance coverage).
- Policyowner dividends aren't available.
- Premiums in excess of the cost of insurance are placed in the policy's investment account and provide potential for growth. Growth in the investment account can be used to pay future premiums or provide cash value. Investments made in a universal life insurance policy are tax-exempt up to a maximum level.
- You choose investment accounts from a variety of guaranteed fixed-income, index-linked, profile interest options and managed fund-linked interest options.
- Term life insurance riders and benefits are available.



The Canada Life Assurance Company, a subsidiary of The Great-West Life Assurance Company and a member of the Power Financial Corporation group of companies, provides insurance and wealth management products and services. Founded in 1847, Canada Life is the country's first domestic life insurance company. For more information about Canada Life and its products, visit www.canadalife.com or contact your advisor.

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In Quebec, advisor refers to a financial security advisor for individual insurance and segregated fund policies; and to an advisor in group insurance/annuity plans for group products.

Helping people achieve more™