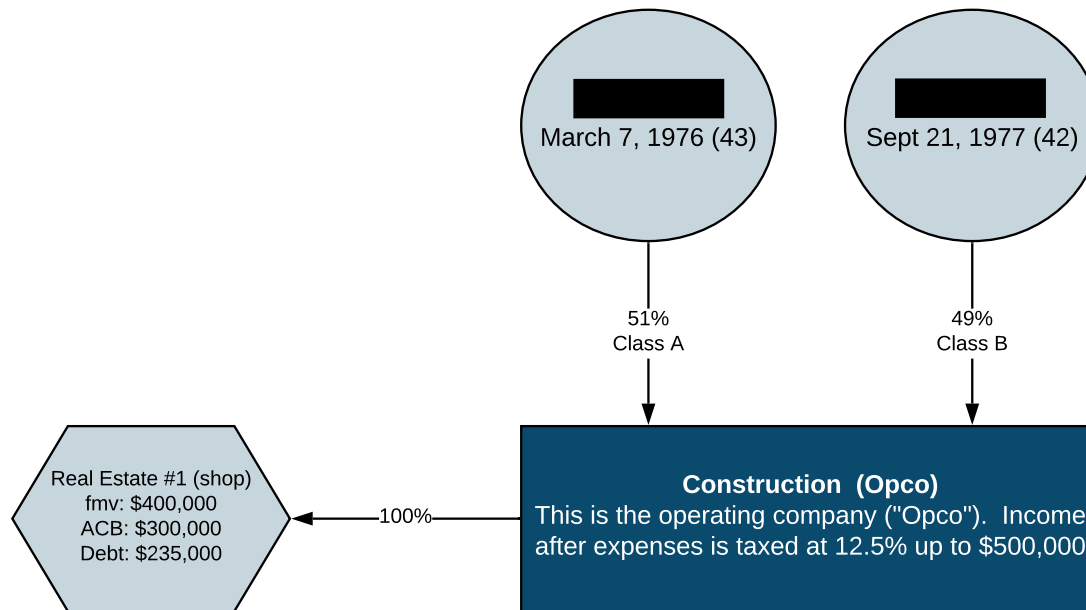


Planning Discussion

(For Illustrative Purposes)



Future "Holdco"
This is where all profits should be retained/invested. If you need additional income, non-eligible dividends can be paid from Holdco

Future "RealCo"
If you wish to purchase real estate in the future, Holdco can own shares of Real Co. Real estate property is owned by Realco (should discuss passive tax rates for rental income)

Corporate & Insurance Planning - Meeting Summary

2 messages

Brian Laundry <blaundry@blfinancial.ca>

Wed, May 15, 2019 at 4:58 PM

Thanks again for taking the time to speak with me last night. I enjoyed our conversation.

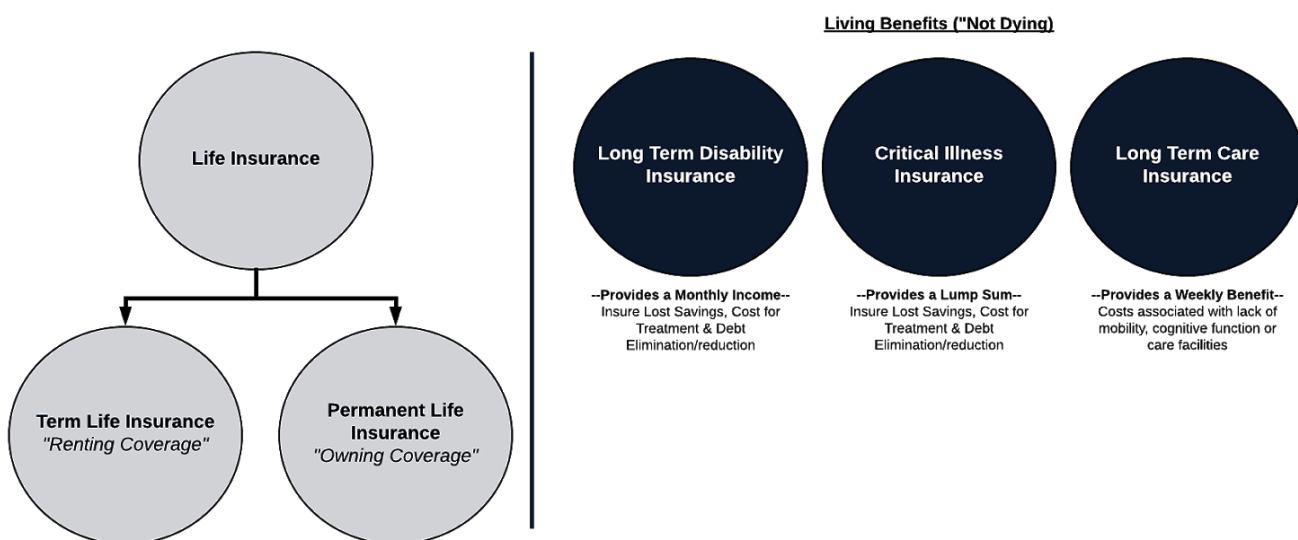
The purpose of this email is to summarize (in detail) our conversation. For me, this email is essentially my notes from the meeting and what I will refer back to in future conversations. I apologize for the length, but I hope you find great value in the message.

A. Corporate Structure

Thank you for helping me understand your current corporate structure. You mentioned that you have already spoken to your accountant about implementing a Holdco and perhaps a Realco. I agree, if you haven't been accumulating money in the corporation (yet), it's best to get-to-a-point where that accumulation will grow. That said, you're getting close so it's best to have an understanding of the proper structure. I've attached a copy of the organization chart for your reference.

B. Types of Insurance

There are three different types of insurance products that should be discussed. See below:



C. Long Term Disability Insurance

Long term disability insurance provides after-tax monthly income if you're unable to work due to a disability. Essentially, it's insurance for your ability to earn an income. In my opinion, this is the most important type of coverage for business owners (especially people like you who generate the income for your family). You told me that you previously had coverage through Pencorp, but at that point-in-time you were participating in a higher risk occupation and the premiums were very expensive for a fairly low-end contract.

Now that you're a qualified business owner (earning in excess of \$85,000 -- income splitting), you should consider implementing a professional series long term disability insurance plan. I've attached an illustration that provides easy-to-read language about what the product covers. On page 6 of 7 there are itemized costs for the various portions of coverage. Depending on the risk classification you achieve, it's possible to get a terrific contract for less than \$200/mth. For now, don't worry about costs...that's a conversation for a different day.

D. Critical Illness Insurance

This type of insurance provides a tax-free lump sum if you are diagnosed with Cancer, Heart Attack or Stroke (or any of the 25 covered conditions). This coverage provides an injection of capital to use for any purpose you wish (ie. medical expenses/treatment, debt elimination, lost savings, etc.).

In my professional experience, I've managed more claims for critical illness insurance than any other insurance product (life insurance included). Critical illness insurance is often the most difficult coverage to acquire. Coverage cannot be purchased for any pre-existing conditions or illnesses (family history also plays a role in getting an approval).

It's possible to purchase as little as \$25,000 of coverage (maximum is \$2,000,000). The cost for \$100,000 of 20 year term coverage (each) is \$86/mth for Travis and \$79/mth for Elisha (see attached illustration to read about the coverage in more detail).

Corporate Premiums

The actual costs for the long term disability and critical illness policies are paid through payroll deduction (so you don't actually "feel" the pain of making premium payments). Let's discuss this in more detail during our next conversation.

E. Life Insurance

Term Life Insurance

Term life insurance is often used for temporary needs (such as a mortgage, debt and education savings). Term is less expensive but has much higher renewal rates and the coverage eventually expires at age 80 (before life expectancy). Term life insurance is similar to 'renting' coverage. Currently, you have term insurance with Primerica that is overpriced (and lower quality) than a new contract. The only policy that I like (I think) is the term to 95 coverage for Travis. I need to learn more.

The amount of life insurance depends on a number of factors, but based on our conversation, you should have enough life insurance to eliminate debt, eliminate any future education costs and have enough capital to make sure Elisha has sufficient savings for life. Elisha should consider a plan to make sure you have enough to cover no less than the debt/education. Below are some quotes for 20 year term life insurance:

1. Travis (\$1,000,000) - \$120/mth
2. Elisha (\$1,000,000) - \$79/mth

Permanent Whole Life

Permanent life insurance is high quality coverage that accumulates long term cash value (ie. there is an investment/savings component) and has much higher value. Permanent life insurance is similar to 'owning' coverage because it has tangible/investment value.

I'd rather not talk much about permanent life insurance until after our next conversation (too complicated and not the immediate "need")

F. Summary and Next Steps

When making a decision about insurance, I suggest breaking the decision making process into two parts. First, do you need any insurance whatsoever? If yes, we should proceed to the application process and complete a telephone interview with a nurse. Insurance underwriting can take as much as 10 weeks. During this time, we continue our conversation, take the time necessary to educate you further about the different products and options. You don't actually make a decision about what insurance products (if any) you wish to proceed with until after the insurance company approves you medically.

For now, let's re-group next week for another call. How's either next Tuesday at 10am or next Friday morning?

Brian Laundry

Limitless energy.

My Vision: To be regarded by Advisors, professionals and clients as the best financial planning organization in Canada, synonymous with the highest levels of quality, respect and influence.

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Recommend me at <https://www.facebook.com/blinsurancesolutions/>

If you do not wish to receive emails from me, please respond to this email and notify me. I will remove your name from my address book (I do not send mass emails)

3 attachments



Org Chart for Travis [REDACTED].pdf

28K



Manulife DI Max Travis [REDACTED].pdf

59K



Manulife CI \$100K Travis [REDACTED].pdf

196K