

Estate Leveraging

Analysis

Prepared for: Mr. Roger Bontemps

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Mr. Roger Bontemps

Strategic validation

Estate Leveraging

Imagination – working for you.

This document, prepared by Planist Ltd., is the result of a series of operations applied to your personal situation. It was completed using the information gathered by your financial advisor. When it comes to personal finance, every client has his or her own objectives, and that's what makes each one unique in our eyes. This is why Planist presents a series of strategies to meet each person's individual requirements.

The Estate Leveraging strategic validation will appeal to those who wish to have the highest return possible to build a comfortable estate for their heirs.

The main objective of this strategy is to evaluate in time the result of an annual investment in five different options. First, a fixed income investment, like a GIC or a bond, from which the return is entirely made of interest, taxable in full every year. The second option is an investment from which the return is made of dividends, taxable in full every year but at a different rate. The strategic validation also analyzes the capital gain option. In this third situation, we look at an investment where the gain is taxable each and every year. The second to last option is the capital gain tax at maturity (at the end of the chosen period).

The last option: life insurance. If your goal is to leave to your heirs a comfortable estate, this validation will help you assess if this option is a valuable one for you. Depending on the available amount you are willing to invest each year and the best type of insurance for your situation, your financial advisor will be capable to determining the sum insured.

This validation will help you visualize the progression of your investment in each option.

Since your financial security comprises a number of interrelated elements, such as taxation, savings management, risk management and estate planning, Planist strongly recommends that you obtain a complete picture of your financial position by requesting a comprehensive and integrated financial strategy simulation. Planist will then seek to provide the best possible advice to meet your needs, in your interest.

We hope you find this document interesting!



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Attention: The results of this strategic validation are based on the information provided by the financial advisor. Planist Ltd. ensures that any tax advice provided is lawful and that the mathematical calculations used to illustrate this strategy are accurate, but it is not in a position to verify the specific data appearing in this document.



Mr. Roger Bontemps Assumptions: Estate Leveraging

To illustrate the estate leveraging strategic validation simple information is required.

Age, gender and category (smoker or non smoker) of the insured are essential data in regard to life insurance quotes.

The gross annual income of the owner will establish the marginal tax rate. This information will then be used to calculate the net return (after tax) of an investment generating interest, dividend or capital gain taxed every year or at maturity.

The annual amount normally invested in non registered savings is then compared to a life insurance premium. Once the premium is established it's easy to find the insured capital.

Assumptions

Age of the insured	55 years
Period of accumulation	35 years
Gross annual income	\$100,000
Non-registered annual savings	\$4,500
Marginal income tax rate	45.7%
Sum insured	\$250,000
Category	Non-smoking

Rate of return on investment	Rate of return before tax	Marginal income tax rate	Rate of return after tax
interest	3.5%	45.7%	1.9%
dividend	4.0%	29.7%	2.8%
capital gain taxed annually	5.0%	22.9%	3.9%
capital gain taxed at maturity	5.0%	0.0%	5.0%



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Alternative investment growth compared to life insurance

Duration (years)	Age of the insured	Interest		Dividend		Capital gain taxed annually		Capital gain taxed at maturity		Life insurance	
		Accumulation	Rate of return (before tax)	Accumulation	Equivalent rate of return (before tax)	Accumulation	Equivalent rate of return (before tax)	Accumulation	Equivalent rate of return (before tax)	Accumulation	Equivalent rate of return (before tax)
1	56	\$4,586	3.50%	\$4,627	5.18%	\$4,674	7.10%	\$4,674	7.10%	\$250,000	10047.06%
2	57	\$9,258	3.50%	\$9,383	5.18%	\$9,527	7.10%	\$9,529	7.13%	\$250,000	1099.50%
3	58	\$14,020	3.50%	\$14,274	5.18%	\$14,569	7.10%	\$14,577	7.16%	\$250,000	447.54%
4	59	\$18,872	3.50%	\$19,302	5.18%	\$19,804	7.10%	\$19,825	7.18%	\$250,000	258.75%
5	60	\$23,816	3.50%	\$24,471	5.18%	\$25,242	7.10%	\$25,284	7.21%	\$250,000	174.54%
6	61	\$28,854	3.50%	\$29,786	5.18%	\$30,889	7.10%	\$30,965	7.23%	\$250,000	128.18%
7	62	\$33,988	3.50%	\$35,251	5.18%	\$36,754	7.10%	\$36,878	7.26%	\$250,000	99.28%
8	63	\$39,219	3.50%	\$40,869	5.18%	\$42,845	7.10%	\$43,036	7.28%	\$250,000	79.76%
9	64	\$44,550	3.50%	\$46,645	5.18%	\$49,172	7.10%	\$49,450	7.31%	\$250,000	65.78%
10	65	\$49,982	3.50%	\$52,584	5.18%	\$55,742	7.10%	\$56,133	7.33%	\$250,000	55.34%
11	66	\$55,518	3.50%	\$58,689	5.18%	\$62,566	7.10%	\$63,099	7.36%	\$250,000	47.28%
12	67	\$61,158	3.50%	\$64,967	5.18%	\$69,653	7.10%	\$70,362	7.38%	\$250,000	40.90%
13	68	\$66,906	3.50%	\$71,421	5.18%	\$77,014	7.10%	\$77,937	7.41%	\$250,000	35.73%
14	69	\$72,763	3.50%	\$78,056	5.18%	\$84,658	7.10%	\$85,839	7.43%	\$250,000	31.48%
15	70	\$78,732	3.50%	\$84,878	5.18%	\$92,597	7.10%	\$94,085	7.45%	\$250,000	27.93%
16	71	\$84,814	3.50%	\$91,892	5.18%	\$100,843	7.10%	\$102,692	7.48%	\$250,000	24.93%
17	72	\$91,011	3.50%	\$99,103	5.18%	\$109,406	7.10%	\$111,677	7.50%	\$250,000	22.36%
18	73	\$97,326	3.50%	\$106,518	5.18%	\$118,300	7.10%	\$121,061	7.52%	\$250,000	20.14%
19	74	\$103,761	3.50%	\$114,140	5.18%	\$127,537	7.10%	\$130,862	7.55%	\$250,000	18.21%
20	75	\$110,319	3.50%	\$121,977	5.18%	\$137,131	7.10%	\$141,102	7.57%	\$250,000	16.52%
21	76	\$117,001	3.50%	\$130,035	5.18%	\$147,094	7.10%	\$151,802	7.59%	\$250,000	15.02%
22	77	\$123,810	3.50%	\$138,319	5.18%	\$157,442	7.10%	\$162,986	7.61%	\$250,000	13.69%
23	78	\$130,749	3.50%	\$146,836	5.18%	\$168,189	7.10%	\$174,678	7.63%	\$250,000	12.51%
24	79	\$137,819	3.50%	\$155,593	5.18%	\$179,350	7.10%	\$186,903	7.65%	\$250,000	11.45%
25	80	\$145,024	3.50%	\$164,596	5.18%	\$190,942	7.10%	\$199,688	7.68%	\$250,000	10.49%
26	81	\$152,366	3.50%	\$173,853	5.18%	\$202,981	7.10%	\$213,060	7.70%	\$250,000	9.62%
27	82	\$159,847	3.50%	\$183,369	5.18%	\$215,485	7.10%	\$227,050	7.72%	\$250,000	8.83%

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Alternative investment growth compared to life insurance

Duration (years)	Age of the insured	Interest		Dividend		Capital gain taxed annually		Capital gain taxed at maturity		Life insurance	
		Accumulation	Rate of return (before tax)	Accumulation	Equivalent rate of return (before tax)	Accumulation	Equivalent rate of return (before tax)	Accumulation	Equivalent rate of return (before tax)	Accumulation	Equivalent rate of return (before tax)
28	83	\$167,470	3.50%	\$193,154	5.18%	\$228,471	7.10%	\$241,688	7.74%	\$250,000	8.11%
29	84	\$175,239	3.50%	\$203,213	5.18%	\$241,958	7.10%	\$257,007	7.76%	\$250,000	7.46%
30	85	\$183,154	3.50%	\$213,556	5.18%	\$255,965	7.10%	\$273,040	7.78%	\$250,000	6.86%
31	86	\$191,221	3.50%	\$224,189	5.18%	\$270,512	7.10%	\$289,823	7.80%	\$250,000	6.30%
32	87	\$199,440	3.50%	\$235,122	5.18%	\$285,621	7.10%	\$307,394	7.82%	\$250,000	5.79%
33	88	\$207,816	3.50%	\$246,362	5.18%	\$301,312	7.10%	\$325,792	7.83%	\$250,000	5.32%
34	89	\$216,351	3.50%	\$257,918	5.18%	\$317,609	7.10%	\$345,058	7.85%	\$250,000	4.89%
35	90	\$225,049	3.50%	\$269,800	5.18%	\$334,534	7.10%	\$365,237	7.87%	\$250,000	4.48%

Note: - Insured life expectancy is highlighted
- Life expectation from Canadian Institute of Actuaries 1986 to 1992 Table

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