

Corporate life insurance for business owners

The corporate conversation

Simple Reminder Checklist

To facilitate your Corporate Investment Strategy (CIS), Corporate Asset Transfer (CAT) and Corporate Retirement Strategy (CRS) conversation meeting

This checklist is only an overview. We suggest you involve your prospective Client’s tax and legal professionals before implementing a corporate-owned life insurance strategy. Ensure your prospective Client understands that there will likely be a consultation fee when they contact their tax and legal professionals.



Step 1: After the needs analysis

Does your prospective Client meet all of the following basic criteria for corporate-owned life insurance?

- Is a majority shareholder in a Canadian-controlled private corporation
- Owns a business with a large permanent life insurance need
- Owns a business which generates excess income and/or has a large corporate surplus, with a sound future outlook
- Has maximized their registered investment options, such as RRSP and TFSA
- Is in good health
- Wants to diversify assets

Step 2: Pick a strategy

Which insurance strategy should you suggest based on the needs analysis?

Select the strategy that best aligns with your prospect’s goals.

Corporate investment strategy	Corporate asset transfer strategy	Corporate retirement strategy
Enhance corporation’s value at death for future generations	Enhance corporation’s value at death for future generations	Enhance corporation’s value at death for future generations
Minimize corporate tax burden associated with taxable investments	Minimize corporate tax burden associated with taxable investments	Minimize corporate tax burden associated with taxable investments
	Satisfy corporate insurance need without giving up liquidity in existing portfolio	Access the cash value of the life insurance policy during their lifetime
	Diversify corporation’s asset mix	

Step 3: Know the corporation

Here are the documents and general information you may need from your prospective Client to implement the CIS, CAT and CRS. Please contact your Sun Life relationship manager to know the specific documents required for each insurance strategy.

Corporate structure chart showing all shareholders and the class of shares owned by all shareholders

- Other information is needed if a trust is a shareholder.

Financial statements of the corporation

- Income statement
- Balance sheet
- Cash flow statement
- Statement of retained earnings

Information on current investments:

- Dividend, interest, capital gain realized or not, or earnings from investments.

Fair market value of the corporation

Business owner's personal tax rate

Tax rates on all revenues of the corporation

Balance of the corporation's capital dividend account

Balance of the corporation's refundable dividend tax on hand

Adjusted cost base on current company investments

Shareholder agreement (if there is more than 1 shareholder)

Business owner's will

Step 4: Contact your Sun Life relationship manager

After gathering information from your prospective Client, contact your Sun Life relationship manager for customized insurance strategy support.

Important tip to take away

Before the corporate policy becomes effective, you and your prospective Client need to make sure that there's a corporate resolution that authorizes the purchase of the insurance policy, and that designates who is the premium payer and who is the beneficiary. Generally the corporation is the premium payer, policy owner and the beneficiary. Other structures are possible; please consult with an independent tax and legal professional.

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