

Pension Shortfall Funding

RRSP *Wrap*TM

Ending Pension Discrimination

Private Corporation

RCA for Mr. Private Owner

client of

Mr. Senior Advisor

ABC Financial

Using **PENSION *Plus***TM ***Insurance Funding for RCAs***

Retirement Compensation Arrangement
Trust Services Provided by BMO Trust Company

Funding for Retirement Compensation
Arrangement Provided by <Selected Insurer>

Working to Secure the Future

Part 2 of 2

Client Information

You have requested the PENSIONPlus™ illustration based on the information provided at the end of this report. This illustration shows the advantages of PENSIONPlus™ using a universal life insurance plan as the funding asset in the RCA. ROF can illustrate life insurance policies from most insurance companies, but currently represents BMO Insurance, Canada Life, Desjardins Financial Security, Empire Financial Group, Equitable Life, Industrial Alliance, Manulife Financial, RBC Life, Standard Life, Sun Life, and Transamerica Life. The actual policy illustrated will be the policy considered most efficient under the circumstances. This second illustration includes:

- **Insurance Funded RCA illustration reflecting the Plan Member's Benefits and unreduced Survivor Benefits, when funded with PENSIONPlus™**
- **A universal life insurance illustration confirming the figures in the RCA illustration from the selected insurance carrier.**

This illustration is based on certain assumptions such as interest rates, which will vary. It is not a contract, nor an offer to provide insurance. The selection of the policy in this instance has been determined by your financial advisor.

Based on your RRSPWrap™ calculations in the Part 1 of 2 Number TDB, your current supplemental annual pension entitlement from a Retirement Compensation Arrangement (RCA) from age 65 to 82 is \$215,263 (plus \$1,250 to cover the Annual Trustee fees). The current annual tax-deductible contribution for your corporation to fund this amount is \$138,934.

Advantages

When a PENSIONPlus™ universal life insurance policy is used as the investment vehicle in the RCA Investment Account, it offers extra advantages at the same or a reduced cost compared to a conventional non-insurance funded RCA:

- Pre-retirement death benefit (if medical passed)
- Unreduced survivor benefits
- Fully integrated with Refundable Tax Account (RTA)
- Choice of investments
- Full sample documentation and trust agreements provided
- No shared ownership or split-dollar concerns
- No loan arrangements required
- Reduced trustee fees
- Retirement benefit includes additional \$1,250 to pay annual Trustee Fees

Fees

Trust services for RCAs funded using PENSIONPlus™ are provided by BMO Trust Company for an annual fee of \$1,250. For its services ROF will share in the policy commissions with your financial advisor. ROF performs a three year review of the RCA including a recalculation pension entitlement calculation. The fee for this service is \$1,000. All fees are tax deductible to the corporation and subject to applicable taxes. You pay any legal or accounting fees charged by your own advisors. Your lawyer will be required to assist you in the completion of the documents and trust agreement provided.

The use of PENSIONPlus™ allows for the re-investment of the investment earnings in the RCA Investment Account (RCAIA) through a tax-sheltered insurance contract configured specially to be held as an asset of an RCA. Providing there is approximately a 10 year period before RCA withdrawals commence, PENSIONPlus™ provides a greater flow of retirement income.

Retirement Compensation Arrangement (RCA) Funding Illustration
PENSIONPlus™ Executive Summary

| | | | |
|---|---|---------------------------------|----------------------|
| Prepared for: | Private Corporation RCA for Mr. Private Owner MALE 45, NON-SMOKER | Projected Mortality (CIA86/92): | Male 82 Female 86 |
| Based on a deductible annual allowable contribution of: Retirement Benefit | \$138,934 \$215,263 | | |

| RCA VALUES (46% Personal Tax): RCA Investment & Refundable Tax Accounts | | | | | |
|--|------------------|------------------|--------------------------------|---|---------------------------------------|
| Year | Account Values | | Insurance Cash Surrender Value | Difference between Conventional Account Value | Additional Death Benefit For Survivor |
| | Conventional RCA | PENSIONPlus™ RCA | | | |
| 1 | 77,088 | 74,264 | 63,305 | (13,782) | 2,032,059 |
| 2 | 156,295 | 151,156 | 133,623 | (22,673) | 2,104,985 |
| 3 | 237,681 | 230,352 | 204,051 | (33,630) | 2,182,177 |
| 4 | 321,305 | 312,133 | 277,065 | (44,240) | 2,264,156 |
| 5 | 407,228 | 396,536 | 361,468 | (45,761) | 2,350,990 |
| 6 | 495,515 | 483,731 | 448,663 | (46,852) | 2,442,996 |
| 7 | 586,229 | 573,901 | 556,367 | (29,862) | 2,540,510 |
| 8 | 679,438 | 667,108 | 658,341 | (21,096) | 2,643,649 |
| 9 | 775,210 | 763,551 | 759,167 | (16,043) | 2,752,779 |
| 10 | 873,616 | 866,389 | 866,389 | (7,227) | 2,880,241 |
| 11 | 974,728 | 973,490 | 973,490 | (1,237) | 3,009,110 |
| 12 | 1,078,620 | 1,085,043 | 1,085,043 | 6,423 | 3,146,223 |
| 13 | 1,185,370 | 1,201,367 | 1,201,367 | 15,997 | 3,292,170 |

- 1 This is the cumulative Collapse Value cost of the Insurance Funded vs. the Conventional Funded RCA in the years shown
- 2 This is the additional death benefit received over the Conventional Funded Account Value paid for from the difference between Account Value and Cash Surrender Value. By the breakeven point, there has been effectively no cost for the tax-sheltered over the conventional funding.

RCA Investment Account (RCAIA) Summary:

| | |
|--|--------------------|
| Conventional RCA Fund Value At Age: 64 | \$1,919,948 |
| PENSIONPlus™ RCA Fund Value At Age: 64 | \$2,630,947 |
| Conventional RCA Fund Value At Age: 82 | \$0 |
| PENSIONPlus™ RCA Fund Value At Age: 82 | \$1,067,620 |

Refundable Tax Account (RTA) Summary:

| | |
|--|--------------------|
| Conventional RCA Fund Value At Age: 64 | \$1,819,856 |
| PENSIONPlus™ RCA Fund Value At Age: 64 | \$1,389,341 |
| Conventional RCA Fund Value At Age: 82 | \$0 |
| PENSIONPlus™ RCA Fund Value At Age: 82 | \$739,832 |

PENSIONPLUS™ Benefit Summary:

TOTAL ADDITIONAL PROJECTED INCOME USING PENSIONPLUS™ **\$1,333,569**

ADDITIONAL ESTATE BENEFITS USING PENSIONPLUS™ **\$496,623**

E. & O.E.
 This PENSIONPlus™ Illustration can only be used in conjunction with the attached Insurance Carrier's universal life Insurance policy
 Copyright: R F Retirement Compensation Funding

Insurance Funded RCA Primary Executive Benefits

| GROSS CONTRIBUTIONS | | RCA INVESTMENT ACCOUNT (RCAIA) Interest Assumption: 5.5% (net of MERs) | | | | | | | | | | REFUNDABLE TAX ACCOUNT (RTA) | | | | EXECUTIVE PAYMENTS |
|---------------------|------|--|--------------------------|-----------|---------------|---------------|--------------|--------------------------------|-----------------|------------------|--------|------------------------------|--|------------------|-------------|---|
| RCA | | UNIVERSAL LIFE POLICY | | | | | SIDE ACCOUNT | | | | | RTA | | | | PRE-TAX ANNUAL INDEXED RETIREMENT BENEFIT PLUS FEES |
| YEAR | AGE | ANNUAL CONTRIBUTION | TOTAL PREMIUM TO INSURER | TO POLICY | DEATH BENEFIT | ACCOUNT VALUE | FROM POLICY | TAXABLE PORTION OF WITHDRAWALS | TO SIDE ACCOUNT | TAXABLE INTEREST | TO RTA | 1/2 GROSS RCA CONTRIBUTION | 1/2 TAXABLE INTEREST FROM SIDE ACCOUNT | REFUNDS FROM RTA | RTA BALANCE | |
| 1 | 2010 | 45 | 138,934 | 69,467 | 69,467 | 2,032,059 | 68,059 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 69,467 | 0 |
| 2 | 2011 | 46 | 138,934 | 69,467 | 69,467 | 2,104,985 | 140,985 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 138,934 | 0 |
| 3 | 2012 | 47 | 138,934 | 69,467 | 69,467 | 2,182,177 | 218,177 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 208,401 | 0 |
| 4 | 2013 | 48 | 138,934 | 69,467 | 69,467 | 2,264,156 | 300,156 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 277,868 | 0 |
| 5 | 2014 | 49 | 138,934 | 69,467 | 69,467 | 2,350,990 | 386,990 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 347,335 | 0 |
| 6 | 2015 | 50 | 138,934 | 69,467 | 69,467 | 2,442,996 | 478,996 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 416,802 | 0 |
| 7 | 2016 | 51 | 138,934 | 69,467 | 69,467 | 2,540,510 | 576,510 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 486,269 | 0 |
| 8 | 2017 | 52 | 138,934 | 69,467 | 69,467 | 2,643,649 | 679,649 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 555,737 | 0 |
| 9 | 2018 | 53 | 138,934 | 69,467 | 69,467 | 2,752,779 | 788,779 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 625,204 | 0 |
| 10 | 2019 | 54 | 138,934 | 69,467 | 69,467 | 2,880,241 | 909,753 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 694,671 | 0 |
| 11 | 2020 | 55 | 138,934 | 69,467 | 69,467 | 3,009,110 | 1,038,622 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 764,138 | 0 |
| 12 | 2021 | 56 | 138,934 | 69,467 | 69,467 | 3,146,223 | 1,175,735 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 833,605 | 0 |
| 13 | 2022 | 57 | 138,934 | 69,467 | 69,467 | 3,292,170 | 1,321,682 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 903,072 | 0 |
| 14 | 2023 | 58 | 138,934 | 69,467 | 69,467 | 3,447,336 | 1,476,848 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 972,539 | 0 |
| 15 | 2024 | 59 | 138,934 | 69,467 | 69,467 | 3,612,137 | 1,641,649 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 1,042,006 | 0 |
| 16 | 2025 | 60 | 138,934 | 69,467 | 69,467 | 3,787,263 | 1,816,775 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 1,111,473 | 0 |
| 17 | 2026 | 61 | 138,934 | 69,467 | 69,467 | 3,973,208 | 2,002,720 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 1,180,940 | 0 |
| 18 | 2027 | 62 | 138,934 | 69,467 | 69,467 | 4,170,500 | 2,200,012 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 1,250,407 | 0 |
| 19 | 2028 | 63 | 138,934 | 69,467 | 69,467 | 4,379,706 | 2,409,218 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 1,319,874 | 0 |
| 20 | 2029 | 64 | 138,934 | 69,467 | 69,467 | 4,164,736 | 2,630,947 | 0 | 0 | 0 | 0 | 69,467 | 0 | 0 | 1,389,341 | 0 |
| 21 | 2030 | 65 | 0 | 0 | 0 | 3,998,822 | 2,582,199 | 216,513 | 126,570 | 0 | 0 | 0 | 0 | 0 | 1,389,341 | 216,513 |
| 22 | 2031 | 66 | 0 | 0 | 0 | 3,895,223 | 2,569,873 | 175,872 | 108,883 | 0 | 0 | 0 | 0 | 44,972 | 1,344,370 | 220,844 |
| 23 | 2032 | 67 | 0 | 0 | 0 | 3,802,926 | 2,562,145 | 169,280 | 110,331 | 0 | 0 | 0 | 0 | 55,980 | 1,288,389 | 225,261 |
| 24 | 2033 | 68 | 0 | 0 | 0 | 3,707,928 | 2,549,793 | 172,301 | 117,644 | 0 | 0 | 0 | 0 | 57,465 | 1,230,924 | 229,766 |
| 25 | 2034 | 69 | 0 | 0 | 0 | 3,605,612 | 2,529,517 | 178,300 | 127,001 | 0 | 0 | 0 | 0 | 56,061 | 1,174,863 | 234,361 |
| 26 | 2035 | 70 | 0 | 0 | 0 | 3,493,795 | 2,499,635 | 185,368 | 137,249 | 0 | 0 | 0 | 0 | 53,680 | 1,121,183 | 239,048 |
| 27 | 2036 | 71 | 0 | 0 | 0 | 3,371,416 | 2,459,144 | 192,929 | 148,040 | 0 | 0 | 0 | 0 | 50,900 | 1,070,284 | 243,829 |
| 28 | 2037 | 72 | 0 | 0 | 0 | 3,237,299 | 2,407,093 | 200,811 | 159,269 | 0 | 0 | 0 | 0 | 47,895 | 1,022,389 | 248,706 |
| 29 | 2038 | 73 | 0 | 0 | 0 | 3,090,732 | 2,342,713 | 208,962 | 170,910 | 0 | 0 | 0 | 0 | 44,718 | 977,671 | 253,680 |
| 30 | 2039 | 74 | 0 | 0 | 0 | 2,930,916 | 2,265,071 | 217,368 | 182,947 | 0 | 0 | 0 | 0 | 41,385 | 936,286 | 258,754 |
| 31 | 2040 | 75 | 0 | 0 | 0 | 2,757,421 | 2,173,371 | 226,025 | 195,364 | 0 | 0 | 0 | 0 | 37,903 | 898,382 | 263,929 |
| 32 | 2041 | 76 | 0 | 0 | 0 | 2,569,912 | 2,066,774 | 234,924 | 208,122 | 0 | 0 | 0 | 0 | 34,282 | 864,100 | 269,207 |
| 33 | 2042 | 77 | 0 | 0 | 0 | 2,368,369 | 1,944,549 | 244,049 | 221,189 | 0 | 0 | 0 | 0 | 30,543 | 833,557 | 274,591 |
| 34 | 2043 | 78 | 0 | 0 | 0 | 2,152,654 | 1,805,861 | 253,382 | 234,535 | 0 | 0 | 0 | 0 | 26,701 | 806,856 | 280,083 |
| 35 | 2044 | 79 | 0 | 0 | 0 | 1,922,788 | 1,649,944 | 262,910 | 248,128 | 0 | 0 | 0 | 0 | 22,774 | 784,082 | 285,685 |
| 36 | 2045 | 80 | 0 | 0 | 0 | 1,678,946 | 1,476,011 | 272,620 | 261,909 | 0 | 0 | 0 | 0 | 18,778 | 765,303 | 291,399 |
| 37 | 2046 | 81 | 0 | 0 | 0 | 1,419,747 | 1,281,577 | 282,482 | 275,773 | 0 | 0 | 0 | 0 | 14,745 | 750,559 | 297,227 |
| 38 | 2047 | 82 | 0 | 0 | 0 | 1,148,337 | 1,067,620 | 292,444 | 289,572 | 0 | 0 | 0 | 0 | 10,727 | 739,832 | 303,171 |

- 1 The Taxable Portion of Withdrawals is treated the same as interest and used to calculate the refunds from the RTA.
- 2 The Side Account is the side fund of the universal life policy. It is the portion of the contribution that exceeds the Maximum Tax Actuarial Reserve (MTAR) set by CRA and is NOT exempt from accrual taxation. One-half of all earnings must be paid to the RTA.
- 3 Refunds from the RTA are pre-determined by a formula set out by the CRA. They are calculated as follows: Previous Year's Annual Retirement Benefit less Previous Year's Taxable Portion of Withdrawals divided by 2.

E. & O.E.
 This PENSION^{Plus}™ illustration can only be used in conjunction with the attached Insurance Carrier's universal life Insurance policy
 ALL TERMS AND CONDITIONS STIPULATED BY THE UNIVERSAL LIFE ILLUSTRATION APPLY
 Copyright: R^{CF} Retirement Compensation Funding

Entitlement Calculation: **TBD**

I acknowledge that I have reviewed this PENSION^{Plus}™ illustration with my advisor.

 OWNER'S SIGNATURE AND TITLE

 ADVISOR'S SIGNATURE

 DATE

Insurance Funded RCA Survivor Benefits

SURVIVOR BENEFIT

Prepared for: Private Corporation
 RCA for Mr. Private Owner
 Annual Survivor Benefit, 2/3 of Primary Benefit: **\$202,215 (Plus \$1,250 Trustee Fee)**

| GROSS CONTRIBUTIONS | | | RCA INVESTMENT ACCOUNT (RCAIA) | | | | | | | | | | SURVIVOR BENEFITS |
|---------------------|------------|---------------------|--------------------------------|-----------|-------------|--------------------------------|----------------------------|-------------------------|----------------------|-----------|------------------|-------------|-------------------------------|
| RCA | | | UNIVERSAL LIFE POLICY | | | | INVESTMENT ACCOUNT (RCAIA) | | | | RTA | | PRE-TAX ANNUAL INCOME BENEFIT |
| YEAR | SPOUSE AGE | ANNUAL CONTRIBUTION | TOTAL PREMIUM TO INSURER | TO POLICY | FROM POLICY | TAXABLE PORTION OF WITHDRAWALS | DEATH BENEFIT | FROM INVESTMENT ACCOUNT | ANNUAL INTEREST 5.5% | BALANCE | REFUNDS FROM RTA | RTA BALANCE | |
| 39 | 2048 | 79 | 0 | 0 | 0 | 0 | 1,148,337 | 198,102 | 63,159 | 1,013,394 | 5,363 | 734,468 | 203,465 |
| 40 | 2049 | 80 | 0 | 0 | 0 | 0 | 0 | 133,670 | 55,737 | 935,460 | 73,864 | 660,604 | 207,534 |
| 41 | 2050 | 81 | 0 | 0 | 0 | 0 | 0 | 133,643 | 51,450 | 853,267 | 78,042 | 582,562 | 211,685 |
| 42 | 2051 | 82 | 0 | 0 | 0 | 0 | 0 | 133,541 | 46,930 | 766,656 | 82,378 | 500,184 | 215,919 |
| 43 | 2052 | 83 | 0 | 0 | 0 | 0 | 0 | 133,361 | 42,166 | 675,461 | 86,876 | 413,308 | 220,237 |
| 44 | 2053 | 84 | 0 | 0 | 0 | 0 | 0 | 133,099 | 37,150 | 579,513 | 91,543 | 321,764 | 224,642 |
| 45 | 2054 | 85 | 0 | 0 | 0 | 0 | 0 | 132,750 | 31,873 | 478,636 | 96,384 | 225,380 | 229,135 |
| 46 | 2055 | 86 | 0 | 0 | 0 | 0 | 0 | 132,313 | 26,325 | 372,648 | 101,405 | 123,975 | 233,718 |

- 1 Upon death of the plan member, the insurance proceeds (death benefit) are paid to the RCA Investment Account and are invested. Alternatively, an annuity structured with the RTA can be purchased to pay survivor benefits.
- 2 The interest assumption used is 5.5% net of Mangement Expense Ratios (MERs), commissions, and other fees. An increase in the rate of return will provide additional benefits to the named beneficiaries after the death of the spouse. If there is a decrease in the rate of return, spousal payments and/or benefits to beneficiaries upon spouse's death could be adversely affected.
- 3 Any balances remaining in RCAIA and RTA on death of plan member and spouse are distributed to named beneficiaries under the terms of the RCA Plan Document.

E. & O.E.

This PENSIONPlus™ Illustration can only be used in conjunction with the attached Insurance Carrier's universal life Insurance policy

ALL TERMS AND CONDITIONS STIPULATED BY THE UNIVERSAL LIFE ILLUSTRATION APPLY

Copyright: R^oF Retirement Compensation Funding

I acknowledge that I have reviewed this PENSIONPlus™ illustration with my advisor.

OWNER'S SIGNATURE AND TITLE

ADVISOR'S SIGNATURE

DATE

The following comparison shows the benefits of using PENSIONPlus™ insurance funding as the asset in the RCA Investment Account from the date of retirement until the death of the Plan Member.

Retirement Compensation Arrangement (RCA) Funding Illustration Post-Retirement Benefit Comparison between PENSIONPlus™ and the Conventional RCA

| | |
|---|---|
| Prepared for: | Private Corporation |
| Based on a deductible annual allowable contribution of Retirement Benefit | RCA for Mr. Private Owner \$138,934 \$215,263 |

| RCA | | CONVENTIONAL RCA | | PENSIONPlus™ RCA | PENSIONPlus™ RCA ANNUAL PROJECTED PENSION ADVANTAGE | |
|---------------------------|------|--------------------------|-----------------------------|--------------------------|---|--------|
| YEAR | AGE | 1 PLAN MEMBER BENEFIT | JOINT WITH SURVIVOR BENEFIT | 2 PLAN MEMBER BENEFIT | ADDITIONAL PLAN MEMBER BENEFIT | |
| 21 | 2030 | 65 | 215,263 | 171,562 | 216,513 | 44,951 |
| 22 | 2031 | 66 | 219,569 | 174,994 | 220,844 | 45,850 |
| 23 | 2032 | 67 | 223,960 | 178,494 | 225,261 | 46,767 |
| 24 | 2033 | 68 | 228,439 | 182,063 | 229,766 | 47,702 |
| 25 | 2034 | 69 | 233,008 | 185,705 | 234,361 | 48,656 |
| 26 | 2035 | 70 | 237,668 | 189,419 | 239,048 | 49,630 |
| 27 | 2036 | 71 | 242,422 | 193,207 | 243,829 | 50,622 |
| 28 | 2037 | 72 | 247,270 | 197,071 | 248,706 | 51,635 |
| 29 | 2038 | 73 | 252,215 | 201,013 | 253,680 | 52,667 |
| 30 | 2039 | 74 | 257,260 | 205,033 | 258,754 | 53,721 |
| 31 | 2040 | 75 | 262,405 | 209,134 | 263,929 | 54,795 |
| 32 | 2041 | 76 | 267,653 | 213,316 | 269,207 | 55,891 |
| 33 | 2042 | 77 | 273,006 | 217,583 | 274,591 | 57,009 |
| 34 | 2043 | 78 | 278,466 | 221,934 | 280,083 | 58,149 |
| 35 | 2044 | 79 | 284,036 | 226,373 | 285,685 | 59,312 |
| 36 | 2045 | 80 | 289,716 | 230,900 | 291,399 | 60,498 |
| 37 | 2046 | 81 | 295,511 | 235,518 | 297,227 | 61,708 |
| 38 | 2047 | 82 | 301,421 | 240,229 | 303,171 | 62,942 |
| SPOUSES SURVIVOR BENEFITS | | | | | | |
| AGE | | | | | | |
| 39 | 2048 | 79 | 0 | 160,233 | 203,465 | 43,233 |
| 40 | 2049 | 80 | 0 | 163,437 | 207,534 | 44,097 |
| 41 | 2050 | 81 | 0 | 166,706 | 211,685 | 44,979 |
| 42 | 2051 | 82 | 0 | 170,040 | 215,919 | 45,879 |
| 43 | 2052 | 83 | 0 | 173,441 | 220,237 | 46,796 |
| 44 | 2053 | 84 | 0 | 176,910 | 224,642 | 47,732 |
| 45 | 2054 | 85 | 0 | 180,448 | 229,135 | 48,687 |
| 46 | 2055 | 86 | 0 | 184,057 | 233,718 | 49,661 |

RRSPWrap™ Funding

RCAs can be conventionally funded with T-Bills, GICs, stocks, bonds or segregated funds. Alternatively, PENSIONPlus™ can be used to provide insurance funding

With the Conventional RCA, one-half of all annual earnings in the RCA Investment Account must be transferred to the Refundable Tax Account. With the PENSIONPlus™ funded RCA, all of the income in the RCA Investment Account is tax sheltered until retirement. This means that there is less money in the Refundable Tax Account earning no interest and more in the RCA Investment Account with tax sheltered earnings, resulting in better performance.

These comparisons use the same 5.5%(net of MERs) throughout the funding period for both Conventionally Funded and PENSIONPlus™ insurance funded RCAs. Benefits will vary depending on the contributions to the RCA, investment performance, and the cost of insurance to maintain exempt status under CRA rules.

The additional accrued tax-sheltered earnings using PENSIONPlus™ (after all MERs, mortality costs, expenses, and provincial taxes) over those in a Conventional non-tax sheltered fund RCA are returned tax-free to the RCA Trust from the insurance carrier selected on the death of the Plan Member and used for survivor benefits.

TOTAL ADDITIONAL PROJECTED INCOME USING PENSIONPlus™ \$1,333,569

- 1 Conventional RCA benefits excludes the annual \$1,500 trustee fees charged by BMO Trust Company.
- 2 PENSIONPlus™ benefits includes \$1,250 to pay the annual trustee fees to BMO Trust Company. This shows that PENSIONPlus™ has lower trustee fees, and can cover the fees if the corporation no longer exists at or after retirement of the Plan Member.

PENSION^{Plus}TM Due Diligence & Disclosure

The **RRSP Wrap**TM (Part 1 of 2) and **PENSION^{Plus}**TM (Part 2 of 2) reports provide all of the required information to assist your accountant, lawyer and other professional advisor to complete any due diligence on your behalf in establishing the RCA that is wrapped around your existing RRSP.

- The Integrated Final Earnings calculation shows your RCA Entitlement.
- The Conventional Non-Insurance Funded RCA ledger shows the current allowable corporate funding for both primary only benefits and if taken on a joint last survivor basis, as would be normally done with a registered pension benefit. These illustrations show ½ of annual earnings being transferred to the RCA Refundable Tax Account (RTA) and the refunds back to the Trustee as benefits commence so that no monies remain in either the RCA Investment Account (RCAIA) or RTA at life expectancy. Refunds from the RTA are determined by a CRA formula.
- The **PENSION^{Plus}**TM Funded RCA ledger shows the same contributions going to the selected insurer with the required Primary Benefits and Survivor Benefits coming back. Since the investment earnings are tax-sheltered, none are transferred to the RTA. Refunds from the RTA are based on the CRA formula relative to the internal taxable portion of funds transferred from the insurance carrier to the Trustee. In addition to required benefits, **PENSION^{Plus}**TM also includes the annual Trustee fees.
- Your lawyer will be provided with BMO Trust Company Trust Documents and a Plan Document for guidance. **R^{CF}** will work with your accountant, lawyer, the CRA, and BMO Trust Company. Your Financial Advisor has been provided with completion instructions for the **PENSION^{Plus}**TM as the funding vehicle for the RCA.
- The Accompanying **PENSION^{Plus}**TM Insurance Funded RCA Illustration from the insurance carrier selected confirms the three important columns in the **PENSION^{Plus}**TM Insurance Funded RCA Ledger (Contributions, Withdrawals, Adjusted Cost Base inclusion). The greater RCA Investment Death Benefits and Account Value from retirement of **PENSION^{Plus}**TM as compared to a Conventionally funded RCA are shown below. Values up to retirement are shown in the **PENSION^{Plus}**TM RCA Ledger.

| | | RCA Investment Account Death Benefit | | RCA Investment Account Values | |
|--------------|---|--------------------------------------|---|-------------------------------|--|
| PLAN MEMBERS | | | | | |
| AGE | PENSION ^{Plus} TM RCA | CONVENTIONAL RCA | PENSION ^{Plus} TM RCA | CONVENTIONAL RCA | |
| 65 | 3,998,822 | 1,745,644 | 2,582,199 | 1,745,644 | |
| 66 | 3,895,223 | 1,675,556 | 2,569,873 | 1,675,556 | |
| 67 | 3,802,926 | 1,601,178 | 2,562,145 | 1,601,178 | |
| 68 | 3,707,928 | 1,522,346 | 2,549,793 | 1,522,346 | |
| 69 | 3,605,612 | 1,438,889 | 2,529,517 | 1,438,889 | |
| 70 | 3,493,795 | 1,350,630 | 2,499,635 | 1,350,630 | |
| 71 | 3,371,416 | 1,257,387 | 2,459,144 | 1,257,387 | |
| 72 | 3,237,299 | 1,158,973 | 2,407,093 | 1,158,973 | |
| 73 | 3,090,732 | 1,055,192 | 2,342,713 | 1,055,192 | |
| 74 | 2,930,916 | 945,845 | 2,265,071 | 945,845 | |
| 75 | 2,757,421 | 830,723 | 2,173,371 | 830,723 | |
| 76 | 2,569,912 | 709,612 | 2,066,774 | 709,612 | |
| 77 | 2,368,369 | 582,292 | 1,944,549 | 582,292 | |
| 78 | 2,152,654 | 448,534 | 1,805,861 | 448,534 | |
| 79 | 1,922,788 | 308,102 | 1,649,944 | 308,102 | |
| 80 | 1,678,946 | 160,753 | 1,476,011 | 160,753 | |
| 81 | 1,419,747 | 0 | 1,281,577 | 0 | |
| 82 | 1,148,337 | 0 | 1,067,620 | 0 | |
| SPOUSES | | | | | |
| AGE | SURVIVOR BENEFITS | | | | |
| 79 | 0 | 0 | 1,013,394 | 0 | |
| 80 | 0 | 0 | 935,460 | 0 | |
| 81 | 0 | 0 | 853,267 | 0 | |
| 82 | 0 | 0 | 766,656 | 0 | |
| 83 | 0 | 0 | 675,461 | 0 | |
| 84 | 0 | 0 | 579,513 | 0 | |
| 85 | 0 | 0 | 478,636 | 0 | |
| 86 | 0 | 0 | 372,648 | 0 | |

E. & O.E.

Copyright: Retirement Compensation Funding (R^{CF})

Conventional Non-Insurance Funded Retirement Compensation Arrangement (RCA)

Prepared for: Private Corporation
 RCA for Mr. Private Owner
 MALE 45, NON-SMOKER
 Retirement Benefit: **\$215,263**
 Annual Contribution: **\$138,934**

| | | | RCA INVESTMENT ACCOUNT (RCAIA) | | | | | | REFUNDABLE TAX ACCOUNT (RTA) | | | | EXECUTIVE PAYMENTS |
|------|------|----------------------|--------------------------------|-------------------------|---------|---------|------------------|----------------------------|---------------------------------|------------------|-------------|-------------------------------|--------------------|
| | | | RCAIA (A) | | | | | | RTA (B) | | | | A+B |
| YEAR | AGE | ANNUAL CONTRIBUTIONS | INVESTMENT CONTRIBUTION | TOTAL EARNINGS 5.5% NET | TO RTA | TO EXEC | YEAR END BALANCE | 1/2 GROSS RCA CONTRIBUTION | 1/2 TAXABLE EARNINGS FROM RCAIA | REFUNDS FROM RTA | RTA BALANCE | PRE-TAX ANNUAL INCOME BENEFIT | |
| 1 | 2010 | 45 | 138,934 | 69,467 | 3,821 | 0 | 0 | 73,288 | 69,467 | 0 | 0 | 69,467 | 0 |
| 2 | 2011 | 46 | 138,934 | 69,467 | 7,746 | 1,910 | 0 | 148,591 | 69,467 | 1,910 | 0 | 140,844 | 0 |
| 3 | 2012 | 47 | 138,934 | 69,467 | 11,780 | 3,873 | 0 | 225,965 | 69,467 | 3,873 | 0 | 214,185 | 0 |
| 4 | 2013 | 48 | 138,934 | 69,467 | 15,925 | 5,890 | 0 | 305,467 | 69,467 | 5,890 | 0 | 289,542 | 0 |
| 5 | 2014 | 49 | 138,934 | 69,467 | 20,183 | 7,962 | 0 | 387,155 | 69,467 | 7,962 | 0 | 366,971 | 0 |
| 6 | 2015 | 50 | 138,934 | 69,467 | 24,559 | 10,092 | 0 | 471,089 | 69,467 | 10,092 | 0 | 446,530 | 0 |
| 7 | 2016 | 51 | 138,934 | 69,467 | 29,055 | 12,280 | 0 | 557,332 | 69,467 | 12,280 | 0 | 528,277 | 0 |
| 8 | 2017 | 52 | 138,934 | 69,467 | 33,675 | 14,528 | 0 | 645,946 | 69,467 | 14,528 | 0 | 612,271 | 0 |
| 9 | 2018 | 53 | 138,934 | 69,467 | 38,422 | 16,837 | 0 | 736,998 | 69,467 | 16,837 | 0 | 698,576 | 0 |
| 10 | 2019 | 54 | 138,934 | 69,467 | 43,299 | 19,211 | 0 | 830,553 | 69,467 | 19,211 | 0 | 787,254 | 0 |
| 11 | 2020 | 55 | 138,934 | 69,467 | 48,310 | 21,649 | 0 | 926,681 | 69,467 | 21,649 | 0 | 878,370 | 0 |
| 12 | 2021 | 56 | 138,934 | 69,467 | 53,460 | 24,155 | 0 | 1,025,452 | 69,467 | 24,155 | 0 | 971,993 | 0 |
| 13 | 2022 | 57 | 138,934 | 69,467 | 58,750 | 26,730 | 0 | 1,126,940 | 69,467 | 26,730 | 0 | 1,068,190 | 0 |
| 14 | 2023 | 58 | 138,934 | 69,467 | 64,187 | 29,375 | 0 | 1,231,219 | 69,467 | 29,375 | 0 | 1,167,032 | 0 |
| 15 | 2024 | 59 | 138,934 | 69,467 | 69,773 | 32,093 | 0 | 1,338,365 | 69,467 | 32,093 | 0 | 1,268,592 | 0 |
| 16 | 2025 | 60 | 138,934 | 69,467 | 75,512 | 34,886 | 0 | 1,448,458 | 69,467 | 34,886 | 0 | 1,372,946 | 0 |
| 17 | 2026 | 61 | 138,934 | 69,467 | 81,409 | 37,756 | 0 | 1,561,578 | 69,467 | 37,756 | 0 | 1,480,169 | 0 |
| 18 | 2027 | 62 | 138,934 | 69,467 | 87,469 | 40,705 | 0 | 1,677,809 | 69,467 | 40,705 | 0 | 1,590,340 | 0 |
| 19 | 2028 | 63 | 138,934 | 69,467 | 93,695 | 43,734 | 0 | 1,797,237 | 69,467 | 43,734 | 0 | 1,703,542 | 0 |
| 20 | 2029 | 64 | 138,934 | 69,467 | 100,092 | 46,847 | 0 | 1,919,948 | 69,467 | 46,847 | 0 | 1,819,856 | 0 |
| 21 | 2030 | 65 | 0 | 0 | 91,005 | 50,046 | 215,263 | 1,745,644 | 0 | 50,046 | 0 | 1,869,902 | 215,263 |
| 22 | 2031 | 66 | 0 | 0 | 87,351 | 0 | 157,440 | 1,675,556 | 0 | 0 | 62,129 | 1,807,773 | 219,569 |
| 23 | 2032 | 67 | 0 | 0 | 83,474 | 0 | 157,851 | 1,601,178 | 0 | 0 | 66,109 | 1,741,664 | 223,960 |
| 24 | 2033 | 68 | 0 | 0 | 79,364 | 0 | 158,196 | 1,522,346 | 0 | 0 | 70,243 | 1,671,421 | 228,439 |
| 25 | 2034 | 69 | 0 | 0 | 75,013 | 0 | 158,470 | 1,438,889 | 0 | 0 | 74,538 | 1,596,884 | 233,008 |
| 26 | 2035 | 70 | 0 | 0 | 70,412 | 0 | 158,671 | 1,350,630 | 0 | 0 | 78,997 | 1,517,886 | 237,668 |
| 27 | 2036 | 71 | 0 | 0 | 65,551 | 0 | 158,793 | 1,257,387 | 0 | 0 | 83,628 | 1,434,258 | 242,422 |
| 28 | 2037 | 72 | 0 | 0 | 60,420 | 0 | 158,835 | 1,158,973 | 0 | 0 | 88,435 | 1,345,823 | 247,270 |
| 29 | 2038 | 73 | 0 | 0 | 55,010 | 0 | 158,791 | 1,055,192 | 0 | 0 | 93,425 | 1,252,398 | 252,215 |
| 30 | 2039 | 74 | 0 | 0 | 49,309 | 0 | 158,657 | 945,845 | 0 | 0 | 98,603 | 1,153,795 | 257,260 |
| 31 | 2040 | 75 | 0 | 0 | 43,308 | 0 | 158,430 | 830,723 | 0 | 0 | 103,975 | 1,049,820 | 262,405 |
| 32 | 2041 | 76 | 0 | 0 | 36,994 | 0 | 158,105 | 709,612 | 0 | 0 | 109,549 | 940,271 | 267,653 |
| 33 | 2042 | 77 | 0 | 0 | 30,356 | 0 | 157,677 | 582,292 | 0 | 0 | 115,330 | 824,942 | 273,006 |
| 34 | 2043 | 78 | 0 | 0 | 23,383 | 0 | 157,141 | 448,534 | 0 | 0 | 121,325 | 703,617 | 278,466 |
| 35 | 2044 | 79 | 0 | 0 | 16,062 | 0 | 156,494 | 308,102 | 0 | 0 | 127,541 | 576,075 | 284,036 |
| 36 | 2045 | 80 | 0 | 0 | 8,380 | 0 | 155,730 | 160,753 | 0 | 0 | 133,987 | 442,089 | 289,716 |
| 37 | 2046 | 81 | 0 | 0 | 0 | 0 | 160,753 | 0 | 0 | 0 | 140,668 | 301,421 | 295,511 |
| 38 | 2047 | 82 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 301,421 | 0 | 301,421 |

To demonstrate the financial advantage of using PENSIONPlus™ as funding for a Retirement Compensation Arrangement, this illustration shows the annual contributions required to fund the annual pension entitlement using fixed income investments such as bonds, Guaranteed Investment Certificates (GICs) at 5.5% (net of Management Expense Ratios (MERs), commissions and expenses.

One-half (50%) of annual contribution to the RCA go to a selected investment vehicle under the RCAIA. When investment income is earned in the RCAIA, one-half (50%) must be paid to the RTA account.

One-half (50%) of annual contribution go to the RTA, which is held by Canada Revenue Agency, and is refunded when the owner/employee retires and receives retirement benefits from the RCAIA. The RTA balance earns no interest, but the funds would have otherwise been lost to tax if paid to the owner/employee as salary or bonus.

This illustration does not include Survivor Benefits

Does not include Trustee Fees or actuarial/consulting fees. Fees can range from approximately \$5,000 to \$7,500 annually, unless R^{CF}'s special trustee arrangement with BMO Trust Company is used.

E. & O.E.

Entitlement Calculation: **TBD**

This is an illustration of an RCA funded using fixed income investments such as bonds or Guaranteed Investment Certificates (GICs) and is meant for comparison purposes only and not for the sale of such products.

Copyright: Retirement Compensation Funding (R^{CF})

Input Data

| | |
|---|---|
| <i>Prepared for</i> | Private Corporation |
| | RCA for Mr. Private Owner |
| <i>Proposal Number</i> | TBD |
| <i>Company</i> | Private Corporation |
| <i>Address</i> | 24 Success Drive |
| <i>City, Province</i> | Toronto, ON |
| <i>Postal Code</i> | M6C 2H3 |
| <i>Sex</i> | Male |
| <i>Smoking Status</i> | Non-Smoker |
| <i>Date of Birth</i> | February 21, 1965 |
| <i>Contributions Begin at Age</i> | 45 |
| <i>Retirement Age</i> | 65 |
| <i>Current Earnings</i> | \$200,000 |
| <i>Salary Index</i> | 5% |
| <i>Past Years of Service</i> | 15 |
| <i>Future Years of Service</i> | 20 |
| <i>Required Pension Percentage</i> | 70% of final average 5 yrs <small>(2% x years of service)</small> |
| <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, 1969 |

Mr. Senior Advisor
ABC Financial
390 Bay Street, Toronto, ON

The illustrations in this report show your current annual entitlement from an RRSP Wrap™ based on the input data you provided and have confirmed on the PENSIONPlus™ Request Form in the RRSP Wrap™ (Part 1 of 2).

| | | |
|---|--|-----------------------------|
| CLIENT Private Corporation RCA for Mr. Private Owner | ADVISOR Mr. Senior Advisor ABC Financial | PROPOSAL NO. TBD |
| PROJECTED ANNUAL RETIREMENT ENTITLEMENT \$215,263 | PROJECTED ANNUAL CONTRIBUTION TO RCA \$138,934 | RETIREMENT AGE 65 |

Before the RCA is established, the Input Data sheet (Page 8) must be reconfirmed as accurate.

I understand that I must pass a medical or provide a substitute life if I proceed with the establishment of the RRSP Wrap™ using PENSIONPlus™ as the funding vehicle.

I understand that the illustrations and all values represented are for informational purposes only, are not guaranteed, and are an estimate or prediction of future performance which will depend on contributions to the RCA, investment earnings, and the cost of insurance to maintain exempt status.

I confirm that the illustrations and procedures to establish an RCA have been explained to me by my financial advisor(s), I have discussed and considered this Part 2 of 2, and all my questions have been satisfactorily answered. I understand the fees to RCF and BMO Trust Company for the RCA and that my financial advisor(s) and RCF will share in the commission paid by the insuring company on the policy.

ADVISOR SIGNATURE

CLIENT SIGNATURE

DATE