



Looking to Minimize Tax & Invest Securely?

The ILS is a financial solution that uses a universal life insurance policy, policy loans, and tax-deductible interest payments to solve several important financial needs. Working with your insurance, tax and legal advisors, the ILS can deliver significant benefits for your family, your business, and your bottom-line. You can add 8% to any of your investments.

By Referral Only

- Protect your family or business using a permanent universal life insurance policy
- Invest in your business or other qualified investment using your insurance policy to obtain secured loans
- Qualify for tax-savings that can offset your life insurance costs

Call me to find out more!

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THE INVESTMENT LOAN STRATEGY Guide

Minimize Tax
Reduce Risk
Maximize Wealth



Minimize Tax & Invest Securely

Implementing the strategy

Step 1

The first step in implementing the ILS is to establish a universal life insurance policy with the death benefit, premium level and investment options that suit your personal or business needs.

Step 2

Once you've made your first premium deposit, you can use the Maximum Loan Value of your policy to secure a policy loan. Provided that the amount of the loan does not exceed the adjusted cost basis (ACB) of your policy, tax will not be payable on the proceeds. Further, there will never be a demand for repayment of the loan.

Step 3

Next, you invest the proceeds of the loan into your business or other qualified investment.

Step 4

You pay the interest due on the loan each year and, under current tax guidelines, this expense may be tax deductible.*

Step 5

The tax savings generated by the strategy may be used to help offset the cost of your insurance policy.

The ILS can provide you with low-cost, permanent life insurance coverage, while still keeping a large percentage of your capital free to invest in your business or other qualified investment.

** Before the implementing the ILS, be sure to obtain professional advice.*

Maximizing the tax benefits

Policy loans are charged a guaranteed 10 percent annual interest rate, and the collateral funds held within your insurance policy earn a guaranteed rate of eight percent annually. To maximize the tax benefits of the ILS, we suggest you pay the 10 per cent interest charge each year and deduct up to the same amount from your taxable income, subject to Canada Revenue Agency (CRA) guidelines.

Current CRA guidelines state that the loan proceeds must be used for the purpose of gaining or producing income in order to deduct the interest. Therefore, we strongly recommend that you obtain professional advice from tax, legal and/or accounting experts in conjunction with your insurance advisor to ensure that your investment will qualify.

To keep everything running smoothly, we'll send you a reminder one month prior to the due date of your annual interest payment. And each year at tax time, we'll send you a pre-completed CRA form to help you claim the interest on your tax return.



Is the ILS right for you?

If you need low-cost, permanent life insurance and would like the freedom to invest in your business or other qualified investment, the ILS can deliver compelling benefits.

Provided you have sufficient cash flow to fund insurance premiums and interest payments and are in good health, Wealth Initiatives can create a personalized plan showing you exactly how the Investment Loan Strategy can efficiently protect your family or business interests without giving up control of your capital.

This strategy is best suited for clients who are willing to make a minimum annual premium deposit of \$25,000 in the first three years.

Insured Retirement Plan:

Comprised of a Bank line of credit, and a universal life policy.

Creating the potential for tax deferred accumulation and **tax- free access to the funds** in the future.