

# FUNDING PROMISSORY NOTE BUY/SELL WITH LIFE INSURANCE



## Benefits

1. Relatively simple to establish and administer.
2. Life insurance proceeds provide survivor(s) with monies to implement the buy-sell.
3. Deceased's estate gets timely receipt for full value of interest/shares.
4. Allows deceased partner/shareholder to take full advantage of available capital gains exemption.
5. Surviving partner/shareholder gets increase in adjusted cost base of shares.
6. Insurance premiums paid with corporate versus personal after-tax dollars.
7. Insurance premiums shared by shareholders proportionate to ownership.
8. Insurance premiums not shareholder benefit provided operating company (Opco) is owner and beneficiary.

## Drawbacks

1. Life insurance proceeds may be subject to corporate creditor claims.
2. Corporate solvency tests need to be met in order to make dividend payments.

This material is presented for informational purposes only, and is not a legal, tax or investment opinion. Interested persons should seek retained independent professional advice before acting or foregoing action in relation to any of the matters mentioned herein.

™ Trademark of **The Empire Life Insurance Company**. Policies are issued by The Empire Life Insurance Company.

Investments • Insurance • Group solutions  
[www.empire.ca](http://www.empire.ca) [info@empire.ca](mailto:info@empire.ca)

