



SSC # 67 – ADVANCED EXECUTIVE COMPENSATION

This course is eligible for:

2.5 Life & A&S CE Credits for BC, SK, MB & ON.

2.5 LIFE ONLY CE Credits for AB.

Target Audience

*This course is designed for **Canadian financial advisors**, including:*

- Life-licensed insurance advisors
- Financial planners (CFP®, QAFP®, Pl. Fin.)
- IIROC/CIRO-registered advisors
- Portfolio managers and private wealth advisors
- Advanced planning specialists serving high-income executives, incorporated professionals, and CCPC owner-managers

It is particularly suited for advisors who regularly engage in:

- Executive compensation planning
- Corporate insurance strategies
- Retirement income design for high-income earners
- Tax-integrated planning for private corporations
- Succession, estate, and shareholder planning

Advisors should have a working knowledge of Canadian tax principles, corporate structures, and life insurance fundamentals.

Course Overview

High-income executives and owner-managers face structural retirement savings limitations due to RRSP/RPP caps, pension adjustments, and passive income rules. As a result, **Retirement Compensation Arrangements (RCAs)** and **Split Dollar (Shared Ownership) life insurance arrangements** have become essential tools in advanced planning.

*This course provides a **deep, practical, and compliance-oriented** examination of:*

- The legislative and tax framework governing RCAs under the Income Tax Act
- The refundable tax mechanism under Part XI.3 and its planning implications
- RCA trust design, funding, investment considerations, and CRA risk areas

- The structure, mechanics, and tax treatment of shared ownership life insurance arrangements
- CRA administrative positions, including 2024 CALU Roundtable commentary
- Relevant case law, including *Martin v The King (2024 TCC 153)*
- Integration of RCAs with exempt life insurance and corporate planning
- Suitability, documentation, and advisor compliance obligations

The course includes **case studies**, **advisor guidance boxes**, **compliance notes**, and **practical checklists** to ensure advisors can confidently apply these strategies in real-world client scenarios.

Purpose of the Course

*The purpose of this course is to equip Canadian financial advisors with the **technical competence, regulatory awareness, and practical application skills** required to:*

- Evaluate when RCAs or shared ownership arrangements are appropriate
- Model tax implications for employers, employees, and RCA trusts
- Identify CRA risk areas and avoid benefit-conferral pitfalls
- Integrate these strategies into holistic retirement, tax, and estate plans
- Communicate complex executive compensation concepts clearly to clients
- Ensure documentation, premium allocation, and trust structures meet compliance expectations

This course bridges the gap between theory and practice, enabling advisors to deliver **high-value, compliant, and tax-efficient** planning solutions to sophisticated corporate clients.

Learning Objectives

Upon successful completion of this course, advisors will be able to:

1. Legislative & Tax Framework

- Explain the statutory definition of an RCA under ITA s.248(1) and identify arrangements that fall within or outside the definition.
- Describe the Part XI.3 refundable tax system and its impact on RCA funding and investment returns.
- Interpret CRA administrative positions and case law relevant to RCAs and shared ownership arrangements.

2. RCA Design & Implementation

- Evaluate when an RCA is suitable for high-income executives or owner-managers.
- Analyze the components of an RCA trust agreement, including custodian duties, vesting schedules, and distribution triggers.
- Model employer deductions, employee tax deferral, and RCA trust reporting obligations.

3. Investment & Insurance Integration

- Compare investment options within an RCA trust, including securities portfolios and exempt life insurance.
- Assess the advantages and risks of using life insurance as RCA property.
- Explain how CSV growth interacts with refundable tax and exempt policy rules.

4. Split Dollar / Shared Ownership Arrangements

- Describe the structure, mechanics, and premium allocation methodologies for shared ownership life insurance.
- Identify taxable shareholder benefit risks under ITA s.15(1) and s.246(1).
- Apply CRA guidance (e.g., 2024 CALU Roundtable) to determine commercially reasonable premium allocations.

5. Compliance, Suitability & Documentation

- Apply CRA compliance expectations to RCA and shared ownership structures.
- Identify red flags that may trigger CRA scrutiny or reassessment.
- Use advisor checklists to ensure proper documentation, valuation, and communication with clients.

6. Practical Application & Case Studies

- Solve complex planning scenarios involving executives, incorporated professionals, and multi-shareholder corporations.
- Integrate RCAs and shared ownership arrangements into broader retirement, estate, and corporate planning strategies.
- Communicate risks, benefits, and alternatives to clients in a clear, compliant manner.