



SSC # 72 – UNIVERSAL LIFE INSURANCE AS A CORPORATE INVESTMENT VEHICLE

This course is eligible for:

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

1.5 Life ONLY CE Credits for AB.

Target Audience

This course is designed for licensed Canadian financial services professionals who advise incorporated business owners on wealth accumulation, tax planning, and estate transfer strategies. The material assumes a working knowledge of life insurance fundamentals, corporate taxation, and the regulatory framework governing insurance product recommendations in Canada.

Primary Audience

- Licensed life insurance advisors holding a provincial life and health licence
- Certified Financial Planners (CFP) and Qualified Associate Financial Planners (QAFP)
- Chartered Life Underwriters (CLU) and Certified Health Insurance Specialists (CHS)
- Financial planners serving Canadian-Controlled Private Corporations (CCPCs)
- Estate planning specialists advising high-net-worth business owners

Secondary Audience

- Chartered Professional Accountants (CPAs) involved in corporate tax planning
- Lawyers specialising in estate and succession planning
- Managing General Agents (MGAs) and insurance agency managers
- Compliance officers responsible for insurance product suitability oversight

Prerequisite Knowledge: Participants should be familiar with the basic structure of permanent life insurance, the distinction between term and permanent coverage, the concept of corporate taxation in Canada (including the Small Business Deduction), and the regulatory obligations associated with insurance product recommendations. No advanced actuarial or tax expertise is required — the course builds from foundational concepts to advanced applications.

Course Overview

Corporate-owned universal life insurance occupies a unique position in the Canadian financial planning landscape. For the incorporated business owner with surplus capital, an exempt UL policy offers a combination of benefits available through no other investment vehicle: tax-sheltered investment growth, avoidance of the passive investment income grind on the Small Business Deduction, a Capital Dividend Account credit on death enabling tax-free distribution to shareholders, and creditor protection under applicable provincial legislation. This course provides a comprehensive examination of the structure, tax treatment, planning applications, risks, and compliance considerations associated with corporate-owned UL.

Course Purpose

The purpose of this course is to equip Canadian financial advisors with the technical knowledge, analytical skills, and practical frameworks necessary to evaluate, recommend, and manage corporate-owned universal life insurance as a tax-efficient wealth accumulation vehicle for incorporated business owners. Upon successful completion, participants will be able to analyze the tax advantages, assess client suitability, apply collateral assignment strategies, and identify the risks and compliance considerations that govern corporate-owned UL in the Canadian regulatory environment.

Learning Objectives

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

1. **Analyse** the structure of universal life insurance, including the relationship between the insurance component, the investment component, and the exempt policy rules under Regulation 306 of the Income Tax Act.
2. **Evaluate** the tax treatment of corporate-owned UL during the policyholder's lifetime and upon death, including the Capital Dividend Account (CDA) credit calculation, policy Adjusted Cost Basis (ACB), and the taxation of withdrawals and surrenders.
3. **Distinguish** the passive income advantage of exempt life insurance investment growth compared to other corporate investment vehicles subject to the \$50,000 Small Business Deduction grind threshold.
4. **Apply** collateral assignment strategies for tax-efficient access to policy cash surrender values during the policyholder's lifetime.
5. **Analyse** the risks and CRA compliance considerations associated with corporate-owned UL, including historical scrutiny of leveraged arrangements and current regulatory expectations.
6. **Implement** best practices for UL recommendation, illustration review, and ongoing policy management within a professional advisory practice.