

Corporate Asset Transfer

DESCRIPTION

The Corporate Asset Transfer (CAT) allows a business to transfer profits from the business to the shareholder's personal account. The CAT is established in a company that requires the use of some life insurance for risk protection purposes; Key Person or to fund a Buy-Sell clause. The tax sheltered growth of the cash value in the life insurance contract means that the investment component compares favorably over the use of an alternative fixed income investment. The cash value component can be utilized to fund the shareholder's retirement income at a time when he/she chooses.

ROLE IN SMITH FAMILY PLAN

Helps to build up assets that are not connected to the actual value of the business, fulfilling part of the diversification strategy.

The CAT is an excellent place to save the additional funds that are required to fully fund the Smith Family Retirement Plan.

When the life insurance is no longer needed within the business, it can be used to help fulfill the Smith Family goals for inheritance and/or strategic philanthropy.

PROTOCOL OUTLINE

This Protocol requires that the key shareholder is insurable. In some cases, an existing term insurance policy can be utilized but most often a new policy must be applied for.

Year 1

1) Implement Insurance

Key Provisions:

- Owner for death benefit and cash value
- Shared Ownership of Single
- Beneficiaries
- Confirm Premium – monthly or annual

2) Execute Shared Ownership Documents if required

3) Provide all supporting documentation necessary for business year end preparation.

Year 2

1) Maintain Insurance

- Provide annual statement of cash value
- Confirm ownership and beneficiary designations each year as changes are made to the corporate or personal structure

