

Your Company Name Secular Trust

(current date)

page 1 of 5

"Generating additional retirement income through tax sheltered accumulation!"

Many businesses would like to provide additional compensation for key employees. Is providing additional retirement income for your key employees one of your goals?

Have these employees maximized their RRSP contributions?

Many business owners are unaware that:

- * The income tax their employees will have to pay over their lifetime on non-registered savings, may be equal to or more than the actual amount invested!
- * The amount that can be invested in a Secular Trust is not limited by RRSP maximums nor does it affect any other registered pension or RRSP deposits.
- * The employer does not have to give up control of additional income they specifically want treated as retirement income producing funds.
- * If the employee dies prematurely, the estate benefit of a life insurance policy placed in a Secular Trust is paid to the trust tax-free and can be paid out tax-free to beneficiaries of the trust.

The establishment of a "Secular Trust" is an excellent way to provide a key employee with additional income that can be accumulated until retirement. In the structure of this special trust the employer can be appointed as the trustee, which ensures the funds are utilized as desired. An exempt life insurance policy referred to under section 148 of the Income Tax Act, is an excellent planning tool that can be used to create a tax advantaged account. Purchased as a qualifying investment by a "Secular Trust", this policy defers payment of income taxes on the growth until the employee withdraws it for retirement.

Your Company Name Secular Trust

(current date)

page 2 of 5

A Secular Trust may be set up to provide funding for additional income for an employee's retirement. The employer pays an amount (considered salary) to the employee with the understanding that the employee will in turn settle the after-tax amount in a trust. The employee and employer decide on the terms and conditions of the trust, usually limiting withdrawals to enhance the retirement income of the employee. The employee will be the settlor and the sole beneficiary of the trust. Subsequently, the employee will be taxed annually on the income of the trust as the income will be attributed back to the employee. To compensate for the tax consequences, the employer may provide additional salary to the employee to pay for any additional tax related to the attributed income.

The illustration compares the accumulation of funds allocated to a Secular Trust using both an exempt life insurance policy and an Alternative Investment.

It compares the effect of after-tax withdrawals from an Alternative Investment with equivalent after tax withdrawals from an exempt life insurance policy using the same tax rate. Withdrawals from the exempt life insurance policy may generate taxable income which is calculated using the Adjusted Cost Basis of the policy. The TOTAL WITHDRAWAL column shows the total withdrawal necessary so that the after tax portion is equal to the desired income.

Growth of the "Fund Value" within the exempt life insurance policy is not subject to income tax until withdrawn. The tax payable on the interest earned on an Alternative Investment is in most years higher than the cost of the insurance policy shown in the illustration.

The life insurance Estate Benefit proceeds are payable into the trust tax-free and can then be paid out as non-taxable capital to the beneficiaries of the trust. The Alternative Investment Estate Benefit represents the after-tax balance and may be paid out as non-taxable capital to the trust beneficiaries

The Fund Value and Death Benefit columns in this illustration are estimated for the years after and including the one where the first withdrawal is made.

This is an illustration only and NOT a Contract. Rates of return and values contained within are projections only and are not guarantees or forecasts of future performance. It must be read in conjunction with a policy illustration from the Life Company.

Your Company Name Secular Trust

(current date)

page 3 of 5

CONCEPT ASSUMPTIONS

Insureds

Insured: Important Employee,
Male Age 50 Non-Smoker

Prepared By:

Name: Agent / Broker

Product

Name: Universal Life
Policy Type: Single Life
Face Amount: \$250,000
Payment Method: Planned Deposits (15 Years)
Projected Annual Growth Rate: 6.000%

Alternative Investment

Growth Breakdown: 100% Interest
Effective Tax Rate On Interest: 45.00%
Projected Annual Growth Rate: 6.000%

Other Details

Plan Income: \$9,000
From year: 16
To: 36

Your Company Name Secular Trust

(current date)

page 4 of 5

Pol Yr	Age	Annual Deposit	After Tax Income Target	Alternative Investment			Life Insurance Policy		
				Annual Growth	Tax Due on Growth	After Tax Estate Benefit	Fund Value	Pre-Tax Annual Withdr	Estate Benefit
1	51	10,427	0	626	282	10,771	8,225	0	258,225
2	52	10,427	0	1,272	572	21,898	16,943	0	266,943
3	53	10,427	0	1,939	873	33,391	26,185	0	276,185
4	54	10,427	0	2,629	1,183	45,264	35,981	0	285,981
5	55	10,427	0	3,341	1,504	57,529	46,596	0	296,596
6	56	10,427	0	4,077	1,835	70,199	57,905	0	307,905
7	57	10,427	0	4,838	2,177	83,286	69,952	0	319,952
8	58	10,427	0	5,623	2,530	96,806	82,786	0	332,786
9	59	10,427	0	6,434	2,895	110,772	96,458	0	346,458
10	60	10,427	0	7,272	3,272	125,198	111,575	0	361,575
11	61	10,427	0	8,138	3,662	140,101	127,760	0	377,760
12	62	10,427	0	9,032	4,064	155,495	145,087	0	395,087
13	63	10,427	0	9,955	4,480	171,398	163,637	0	413,637
14	64	10,427	0	10,909	4,909	187,825	183,497	0	433,497
15	65	10,427	0	11,895	5,353	204,794	204,759	0	454,759
16	66		9,000	11,748	5,286	202,255	203,492	10,984	453,492
17	67		9,000	11,595	5,218	199,633	201,811	11,323	451,811
18	68		9,000	11,438	5,147	196,924	199,680	11,671	449,680
19	69		9,000	11,275	5,074	194,125	197,063	12,030	447,063
20	70		9,000	11,108	4,998	191,234	193,920	12,399	443,920
21	71		9,000	10,934	4,920	188,248	190,208	12,779	440,208
22	72		9,000	10,755	4,840	185,163	185,881	13,172	435,881
23	73		9,000	10,570	4,756	181,977	180,889	13,576	430,889
24	74		9,000	10,379	4,670	178,685	175,182	13,993	425,182
25	75		9,000	10,181	4,581	175,284	168,704	14,420	418,704
26	76		9,000	9,977	4,490	171,772	161,403	14,856	411,403
27	77		9,000	9,766	4,395	168,143	153,220	15,299	403,220
28	78		9,000	9,549	4,297	164,395	144,094	15,751	394,094
29	79		9,000	9,324	4,196	160,523	133,957	16,214	383,957
30	80		9,000	9,091	4,091	156,523	123,063	16,364	373,063
31	81		9,000	8,851	3,983	152,392	111,515	16,364	361,515
32	82		9,000	8,603	3,872	148,123	99,274	16,364	349,274
33	83		9,000	8,347	3,756	143,715	86,299	16,364	336,299
34	84		9,000	8,083	3,637	139,160	72,545	16,364	322,545
35	85		9,000	7,810	3,514	134,455	57,966	16,364	307,966
36	86		9,000	7,527	3,387	129,595	42,512	16,364	292,512
37	87			7,776	3,499	133,872	42,494		292,494
38	88			8,032	3,615	138,290	42,476		292,476
39	89			8,297	3,734	142,853	42,456		292,456
40	90			8,571	3,857	147,568	42,436		292,436
41	91			8,854	3,984	152,437	42,414		292,414
42	92			9,146	4,116	157,468	42,390		292,390
43	93			9,448	4,252	162,664	42,366		292,366
44	94			9,760	4,392	168,032	42,339		292,339
45	95			10,082	4,537	173,577	42,312		292,312
46	96			10,415	4,687	179,305	42,282		292,282

E. & O. E.

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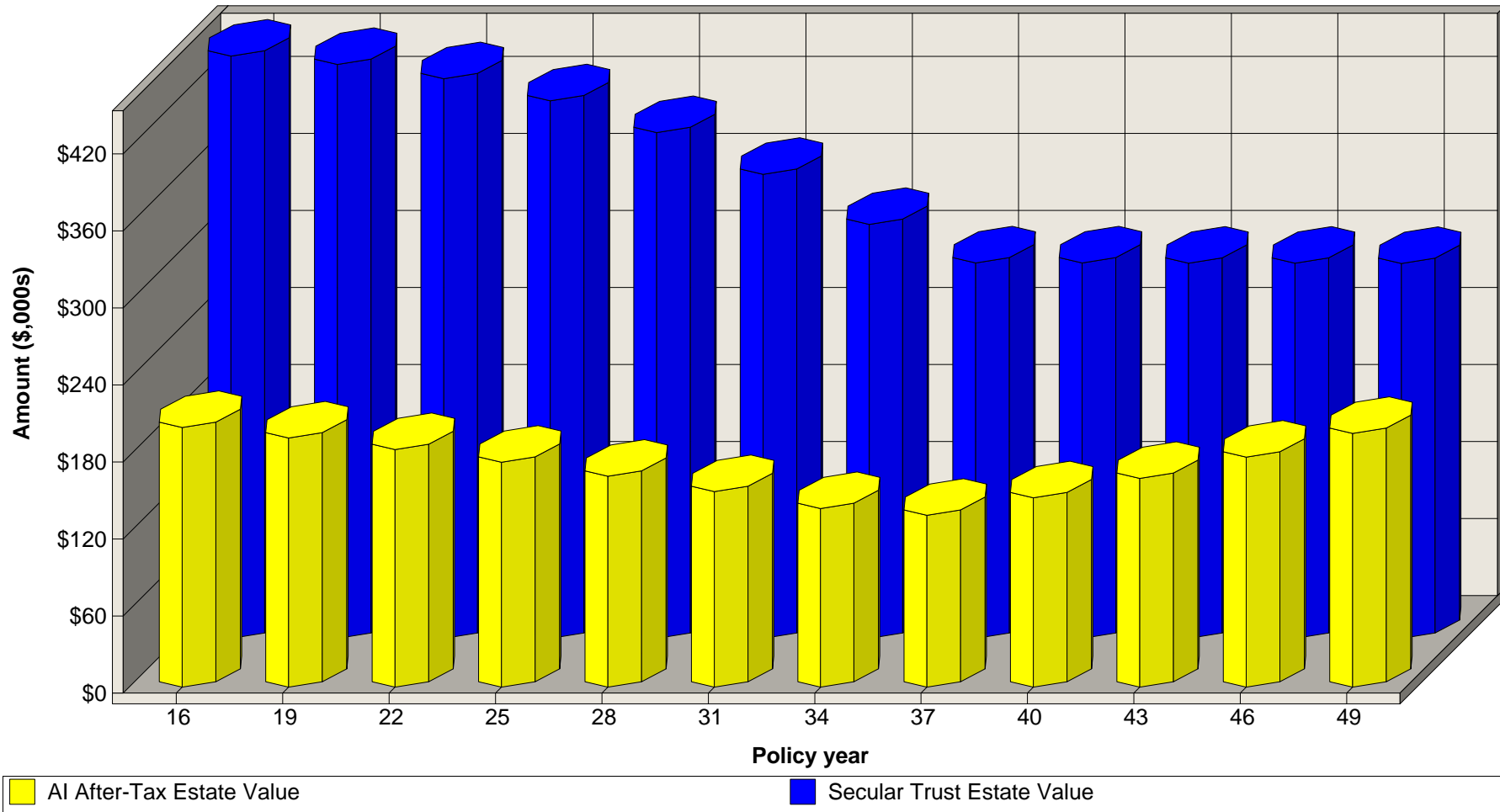
page 5 of 5

Pol Yr	Age	Annual Deposit	After Tax Income Target	Alternative Investment			Life Insurance Policy		
				Annual Growth	Tax Due on Growth	After Tax Estate Benefit	Fund Value	Pre-Tax Annual Withdr	Estate Benefit
47	97			10,758	4,841	185,222	42,251		292,251
48	98			11,113	5,001	191,335	42,218		292,218
49	99			11,480	5,166	197,649	42,183		292,183
50	100			11,859	5,337	204,171	42,146		292,146

Your Company Name

Proposal For: Important Employee Prepared By: Agent / Broker

Secular Trust



Male 50 NS. PRODUCT: Universal Life. FACE AMOUNT: \$250,000. TAX RATE: 45.00%
Plan Income: \$9,000, From year 16 To 36 NOTE: Must accompany a policy illustration. E.&O.E.