

DYTUCO FINANCIAL SERVICES

Magdalena (Medy) Dytuco, CPA, CGA

Financial Planning & Insurance Advisor



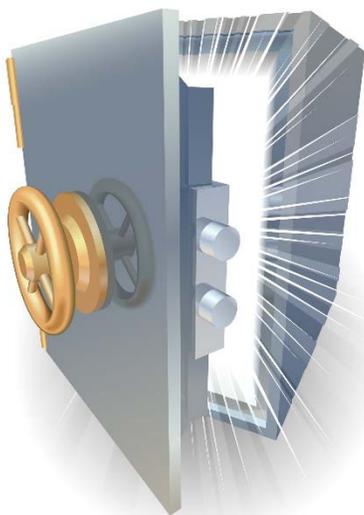
FPSC Level 1™ Certificant in Financial Planning

Cell: 604-368-1735

Email: DytucoFinancial@gmail.com

www.DytucoFinancialServices.com

A Tax Savings Solution Using a Corporate Health Plan



The small business corporate tax rates can be quite a bit lower than an individual's income tax rates, especially as you take more money out of your company. So you can usually save taxes by using of corporate dollars whenever possible.

One tax-efficient idea is using a Critical Illness insurance plan co-owned by the company and the key employee, with a return of premium rider. This strategy can help you save taxes, and provides you with a tax-free supplement to your retirement income if you stay healthy and don't end up using the coverage. See the attachment "[Corporate-EHSP-Tax-Savings-Strategy](#)" for an illustration of how it works and how it saves you taxes.

Note that this strategy applies to CI plans sold by different insurance companies, but be aware that different insurance company CI plans tend to have different terms.

It is therefore **important** to **understand your needs first** to see which specific company product will meet those needs.

Attention Accountants: In the attached example, the company's portion is not used as a tax deduction. The return of premium to the employee however, provides that money to the employee net - at the corporate tax rate. This provides a tax savings over the alternative option of taking the corporate funds out as salary or dividends.

Feel free to pass on the following other attachments to your Accountant to confirm that this tax-saving strategy can be beneficial for you:

[EHSP-Tax-Savings-Comparison-to-Dividends](#)

[DFS-EHSP-Summary-of-Legal-and-tax-bases](#)

Also feel free to have your accountant contact me to review this strategy in further details.



For more information on this topic and other areas of financial planning, see our library of articles found in: www.DytucoFinancialServices.com. Also watch out for our other posts on:

- Tips on teaching your children about money
- Thinking beyond the typical “estate planning box”
- Business planning and how to avoid the top 3 mistakes made by start-up entrepreneurs

Please share this with a friend, family member or co-worker who might get value out of this information. Also feel free to contact me for a complimentary review of your financial plan or retirement plan. I can help you look at different & creative strategies to meet your specific needs for covering your risks, reaching your financial goals, and saving for your family & your retirement.

Remember, *the time to repair the roof is when the sun is shining.* (John F. Kennedy)