

UPDATE & NEXT STEPS

BUDGET 2012

Today, the Department of Finance released 24 pages of draft legislation affecting the taxation of life insurance policies. This draft legislation is in relation to the 2012 Federal Budget, not the measures proposed in the March 2013 budget draft that affect 10/8 Policies. Below is a summary of the 2012 Budget highlights and next steps:

1. This draft legislation is in respect of the measures announced in the 2012 Federal Budget affecting the exempt test calculations for life insurance policies, and include some measures affecting policyholder taxation.
2. This is NOT the draft legislation still to come in respect of the 2013 Federal Budget measures affecting 10/8 Policies and Leveraged Insured Annuities.
3. This draft legislation applies to policies issued after 2015. This draft legislation grandfathers policies issued before 2016.
4. This draft legislation is open for comments until November 6, 2013.
5. Westward is analyzing the legislation and will provide more details shortly.
6. CALU is expected to publish a summary of the draft legislation after it completes its analysis and meets with Finance to clarify questions.

In summary, this draft legislation does not affect any of our existing clients, nor does it affect any insurance planning for policies issued before 2016.

*The opinions expressed in this memorandum are strictly those of Westward Advisors Ltd.
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