



Passing the farm to the next generation, when the tax break doesn't apply.

A Prairie farmer needs \$9,000,000 at death to pass his share of the farm to his nephews. Unity's recommended plan funds it for **\$1,470,000 less** than the next-best option.

\$4,825,080

BEST COST WITHOUT INSURANCE

A sinking fund built from farm cash flow; selling assets or borrowing costs over \$11,000,000

\$3,354,679

COST WITH UNITY'S PLAN

Corporate life insurance with premium financing and tax deductions

\$1,470,000+

ESTIMATED SAVINGS

With the full \$9,000,000 guaranteed from day one, not decades from now

THE SITUATION AT A GLANCE

The client	Victor Enns (name changed), Prairie farmer with a large share of the family farm corporation
The wish	Pass his share of the farm to his nephews, who farm alongside him today
The obstacle	The farm rollover only applies to children and grandchildren; a transfer to nephews triggers roughly \$9,000,000 of tax at death
The recommendation	A \$9,000,000 corporately owned policy with premiums recovered through bank lending, plus interest and fee deductions

WHY IT WORKS

The tax bill arrives the day he dies. Insurance is the only option that delivers the full \$9,000,000 that same day, at any age.

Every alternative either takes decades to build, forces the sale of farmland, or loads the next generation with debt. The policy keeps the farm whole and the nephews farming.

THE SITUATION

Victor's nephews have farmed with him for years and are the natural successors. But the Income Tax Act's farm rollover only defers capital gains tax for transfers to children and grandchildren. Passing his share to his nephews means the gain is realized at death, a liability of roughly \$9,000,000 that comes due precisely when the farm can least afford it.

WHY INSURANCE FITS

The liability is triggered by death, and life insurance is the one asset that pays in full at that exact moment, whether death comes next year or in thirty. Growth inside the policy is tax-exempt, the Capital Dividend Account credit carries the benefit out of the corporation tax-free, and financing the premiums keeps farm capital working in the operation.

FIVE WAYS TO FUND THE \$9,000,000

RECOMMENDED				
OPTION 1 Sell an asset \$11,250,000 • Farmland leaves the family permanently • Tax on the sale inflates the true cost	OPTION 2 Bank financing \$11,100,390 • Decades of repayment fall on the nephews • Interest rate and credit uncertainty	OPTION 3 Sinking fund \$4,825,080 • Investment growth taxed every year • Large shortfall if death comes early	OPTION 4 Life insurance \$4,205,350 • Full \$9,000,000 guaranteed from day one • Premiums paid from farm cash flow	OPTION 5 Insurance + financing \$3,354,679 • Premiums recovered through bank lending • Interest and fee deductions lower the net cost

WHAT UNITY DID

1. FACT-FINDING

Mapped the farm structure and quantified the tax liability at death

2. ACTUARIAL MODELING

Our in-house actuary costed all five options: rates, tax, life expectancy

3. PLAN DESIGN

Structured the policy and financing to maximize deductions and the Capital Dividend Account

4. UNDERWRITING

Managed medicals and insurer negotiation on a \$9,000,000 case

5. LENDER COORDINATION

Arranging the bank financing that recovers premiums; reviewed annually