

# 5. Retirement planning

Some key considerations for retiring business owners are:

- Financial security
- Achieving your personal goals for retirement
- Adjusting to a new lifestyle
- For further information go to [www.retirementyourway.com](http://www.retirementyourway.com)

## A RETIREMENT COMPENSATION ARRANGEMENT (RCA) IS ANOTHER TOOL:

An RCA is a flexible and tax-effective tool. It offers the opportunity for a business owner to create a retirement fund that is protected from creditors and has funding options that differ from Registered Retirement Savings Plans.

For business owners, an RCA can also be used to improve business financing where leverage is used. Both the refundable tax and the cash value of the trust or insurance policy can, in some circumstances, be used as assets to support credit facilities. An RCA can, in this way, do double duty as a retirement plan and a method of business financing.

Payment of funds into an RCA are tax deductible and can reduce the Fair Market Value (FMV) of the business at time of transfer which allows for more favorable conditions when transferring the business to a family member.

Additional benefits can be obtained where the business is being transferred to a family member.

## Contact us

BMO's succession specialists can help you to make the succession planning process straightforward and successful.

For more information, please call 1-866-886-0027.



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Roy Williams and Vic Preisser, 2003. *Preparing Heirs: Five Steps to a Successful Transition of Family Wealth and Values*. San Francisco. Robert D. Reed Publishers

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