



YEAR-END TAX PLANNING

The Incorporated Business Owner's *Tax Checklist*

*12 questions to ask before your fiscal year closes — and the
strategies that fix each gap.*

RETAINED EARNINGS

PASSIVE INCOME

SALARY VS. DIVIDEND

INSURANCE OWNERSHIP

CDA BALANCE

ESTATE PLAN

ACCOUNTANT-FORWARDABLE

Most incorporated business owners finish the year without asking the questions that matter most. Not because they don't care — but because nobody put them in front of them at the right time. This checklist exists to fix that.

Work through it with your accountant before your fiscal year closes. Each question is paired with the strategy it connects to — so if you find a gap, you know exactly where to start. **Forward this to your CPA.** These are the questions they should be asking too.

If you answer “no” or “I don’t know” to any question, that gap is costing you money. The good news: every gap on this list has a solution. Some of them are straightforward accounting. Others are advanced strategies that could be worth six figures or more over your lifetime.

THE 12 QUESTIONS

Do you know your corporation's retained earnings balance?

GENERAL PLANNING

01

What is the current accumulated retained earnings balance sitting inside your corporation — and is it growing faster than you're extracting it?

Retained earnings are the foundation of every advanced corporate tax strategy. If you don't know the number, you can't plan around it. Most incorporated owners are surprised by how large the balance has become — and how much of it is silently exposed to passive income tax.

[ASK YOUR ACCOUNTANT →](#)

Is your passive income approaching or exceeding \$50,000 this year?

COLI

02

How much passive investment income will your corporation earn in this fiscal year — and is it at risk of triggering the small business deduction (SBD) phase-out?

Once passive income inside your corporation exceeds \$50,000 in a year, your SBD begins to phase out — dollar for dollar — until it's fully eliminated at \$150,000. This pushes your active business income into the general corporate rate (26.5%+ vs. 9%). A corporate-owned life insurance premium paid before year-end reduces your passive income pool and can protect your SBD.

[RELATES TO: COLI →](#)



Have you optimized your salary vs. dividend mix this year?

GENERAL PLANNING

03

Is your T4 income set at the right level to maximize RRSP room, CPP contributions, and corporate tax efficiency — without triggering unnecessary personal marginal tax?

The optimal salary vs. dividend split is different for every business owner and changes each year. It depends on your marginal rate, RRSP room remaining, CPP entitlement goals, and whether you have strategies like the IPP that require T4 income. Getting this wrong costs money on both sides of the ledger. Your accountant should be modelling this before December 31.

ASK YOUR ACCOUNTANT →



Is your life insurance policy owned by the right entity?

COLI

04

Is your existing life insurance policy owned personally, or by your corporation? If personally owned, are you funding it with after-tax personal dollars when pre-tax corporate dollars are available?

Personally-owned life insurance misses three critical advantages: pre-tax premium funding, tax-exempt CSV growth inside the policy, and the CDA benefit at death. A corporately-owned policy can be structured to deliver all three. If your policy is personally owned and your advisor has never raised this, that is a gap worth addressing before year-end.

RELATES TO: COLI →



Do you know your corporation's current CDA balance?

CDA

05

Has your accountant calculated your corporation's Capital Dividend Account balance? If you have received life insurance proceeds or realized capital gains inside the corporation, is that CDA credit being tracked and used?

The CDA is a running notional balance — it does not expire, but it also does not earn interest or compound. If you have an available CDA balance and have not elected to pay a capital dividend, you are deferring a tax-free distribution indefinitely. Distributing the CDA balance now could be one of the highest-value planning moves your corporation makes this year.

RELATES TO: CDA →



Have you maximized your RRSP contribution for this year?

IPP

06

Have you made your full RRSP contribution for the year — and if so, is the RRSP still the right vehicle, or have you outgrown it?

The RRSP is the first layer of registered retirement savings, and it should be maxed before considering other strategies. But for incorporated owners over 40 with significant T4 income, the RRSP limit is often lower than what an Individual Pension Plan (IPP) would allow. If you've maxed your RRSP and are over 40, the IPP is the next conversation to have before year-end.

RELATES TO: [IPP](#) →



Are you over 40 with consistent T4 income? Have you explored an IPP?

IPP

07

If you are over 40, have been paying yourself T4 income from your corporation, and have never set up an Individual Pension Plan — do you know how much additional tax-sheltered contribution room you have been leaving behind each year?

The IPP is actuarially determined and grows with age — often 2x or more the RRSP maximum by age 50. It is funded with fully deductible corporate dollars. Past service contributions going back to 1991 can be made in year one. A terminal funding top-up at retirement is also deductible. For many incorporated professionals, this is the single largest untapped deduction available to them.

RELATES TO: [IPP](#) →



Do you have a plan for tax-free retirement income beyond your RRSP?

IRP

08

When you retire, how will you generate income without triggering significant personal tax? Is your retirement income plan relying entirely on RRSP withdrawals — which are fully taxable?

RRSP withdrawals are taxed at your full marginal rate in retirement. For a business owner used to managing their tax exposure strategically, drawing \$120,000/year from an RRSP could mean \$50,000+ in annual personal tax — for decades. The Insured Retirement Plan uses corporate life insurance CSV as bank collateral to deliver tax-free retirement income, with no personal tax on draws and a CDA estate benefit at death.

RELATES TO: [IRP](#) →



Does your retained earnings balance include deployable capital?

IFA

09

Do you have \$200,000 or more in retained earnings that you intend to invest in income-producing assets — real estate, a portfolio, or business expansion — within the next 12 months?

If you are deploying retained earnings into income-producing investments, an Immediate Financing Arrangement may allow you to fund a large life insurance policy and borrow the premium back immediately — deploying the same capital, while the policy builds tax-exempt CSV. The interest on the loan is potentially tax-deductible if proceeds are used for income-producing purposes, making the effective cost of the strategy significantly lower than it appears.

RELATES TO: IFA →



Do you have a shareholders agreement with life insurance funding it?

COLI

10

If you have business partners, does your shareholders agreement specify what happens if one of you dies or becomes disabled? And is there a funded buy-sell mechanism in place — meaning life insurance that actually covers the purchase price?

A shareholders agreement without funded buy-sell insurance is a legal document with no teeth. If a partner dies and there is no insurance to fund the buyout, the surviving partner may be forced to buy the shares from the deceased's estate without sufficient capital — or the estate may be forced to sell at a discount. Corporately-owned life insurance is the most tax-efficient way to fund a buy-sell, with the death benefit flowing through the CDA tax-free.

RELATES TO: COLI →



Has your estate plan been reviewed in the last two years?

CDA

11

Does your will accurately reflect your current corporate structure, shareholder agreements, insurance policies, and family situation? Have you modelled the tax liability your estate will face at death under current legislation?

The deemed disposition rules at death mean your estate could owe significant tax on RRSP balances, accrued capital gains, and corporate assets — before anything reaches your heirs. Life insurance proceeds structured through the CDA are the most effective tool to fund this liability tax-free, equalize inheritances between children, and ensure your business transitions without a forced sale. If your estate plan was written before you had significant retained earnings or corporate assets, it needs updating.

RELATES TO: CDA + COLI →



Are your accountant and insurance advisor working together?

ALL STRATEGIES

12

Has your insurance advisor ever spoken directly with your accountant? Do they have a shared understanding of your corporate structure, retained earnings, and tax position?

The strategies on this checklist — COLI, IRP, IFA, IPP, CDA — all sit at the intersection of insurance and tax. They only work when both advisors are aligned. An insurance advisor who designs a strategy without your accountant’s input may build something that creates unintended tax consequences. An accountant who doesn’t understand the CDA or IRP may leave your most powerful planning tools unused. The best outcomes happen when both sides work together from the start.

ACTION: INTRODUCE THEM →

STRATEGY MAP · WHERE EACH QUESTION LEADS

Every Gap Has *a Solution.*

Each question on this checklist connects to a strategy Goald & Co specializes in. Here is the map.

<p>COLI</p> <p>QUESTIONS 2, 4, 10, 11 — CORPORATE-OWNED LIFE INSURANCE</p>	<p>IRP</p> <p>QUESTION 8 — TAX-FREE RETIREMENT INCOME</p>	<p>IFA</p> <p>QUESTION 9 — CAPITAL DEPLOYMENT + INSURANCE</p>
<p>IPP</p> <p>QUESTIONS 6, 7 — MAXIMUM PENSION CONTRIBUTIONS</p>	<p>CDA</p> <p>QUESTIONS 5, 11 — TAX-FREE ESTATE TRANSFER</p>	<p>General</p> <p>QUESTIONS 1, 3, 12 — REVIEW WITH YOUR ACCOUNTANT</p>

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