Hedging definition:

The practice of undertaking one investment activity in order to protect against loss in another.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Leveraging magnifies gains or losses. It is important that a client proposing a leveraged purchase of a mutual fund product be aware that a leveraged purchase involves a greater risk than a purchase using cash resources only. Please ask your financial security and investment representative to explain these risks.

At this time, the Canada Revenue Agency (CRA) indicates that investments such as mutual fund trust, corporations and segregated fund policies are eligible investments for interest deductibility purposes. The CRA can change its position at any time, so interest deductibility cannot be guaranteed.

This information is general in nature, and is intended for informational purposes only. For specific situations you should consult the appropriate legal, accounting or tax advisor.

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PLANNING GROUP INC.
making every mile count

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Insurance products, including segregated fund policies are offered through Milestone Wealth and Estate Planning Group Inc., Bruce Unsal and Daniel Bilas, Investment Representatives, offer mutual funds through Quadrus Investment Services Ltd.

Business Owner Hedging strategy

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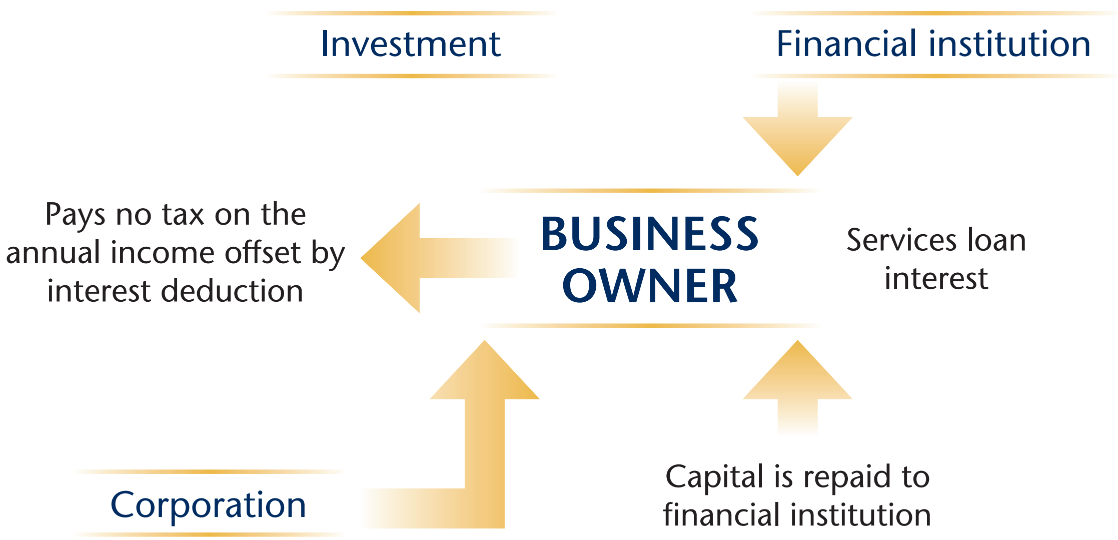
Business Owner Hedging strategy

As the owner of an incorporated business, its value probably represents a high percentage of your total assets. Many investment experts warn against the risk of concentrated (or under-diversified) investment portfolios.

It's common for business owners to have the majority of their assets tied up in their businesses. Are you concerned a majority of your assets are tied up in your company, yet you find it challenging to move assets from the business tax effectively?

One idea for you is the *Business Owner Hedging* strategy.



How the strategy works:

STEP 1 As a business owner, you take out an interest-only personal investment loan from a lending institution and invest the loan proceeds in a diversified portfolio.

STEP 2 You withdraw funds* from the company to pay the interest on the loan. This is a personal withdrawal, taxable to you personally).

STEP 3 You may offset the taxable income from the personal withdrawal from the business (used to pay loan interest) with the potential tax-deductible interest expense from the personal loan.

STEP 4 Continue with step 2 and 3 each year for the life of the loan.

*Note: Income could be in the form of a bonus, salary, dividends etc.

You have now withdrawn funds from your company and potentially offset the taxable income with a tax deduction.

Advantages

- If you withdraw funds from your business to pay the loan interest, the interest deduction can offset the taxable income (subject to interest deductibility rules).
- Adding a diversified portfolio of non-registered investments increases your overall liquidity and provides a savings plan separate from your business.
- You can generate returns and build wealth outside your business assets.
- While your business is successful, it's prudent to protect against unforeseen events to help manage your risk. This strategy creates assets for you outside your business.

Risks

- Business becomes unable to support the amount required to service the interest on the leveraged loan.
- All risks associated with a leveraging strategy apply, including any changes to tax laws, potential for rising interest rates and market volatility

Properly structured, this *Business Owner Hedging* strategy is an effective way to participate in the growth of your company, while building a diversified portfolio outside of it at the same time.

Talk to Milestone Wealth and Estate Planning Group Inc. to determine if this strategy is right for you.