MARTIN INTEGRATED
WEALTH PLANNING

A Strategic Approach to Integrated Wealth Planning™

Multi-Entity Planning for Medical Specialists ~ Optimizing a Professional Medical Corporation (PMC)

58th Ontario Anesthesia Meeting
Sheraton on the Falls
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Important Considerations

- This presentation is for information and discussion purposes only and should not be construed as legal, tax or investment advice. Every effort has been made to ensure its accuracy, but errors and omissions are possible.

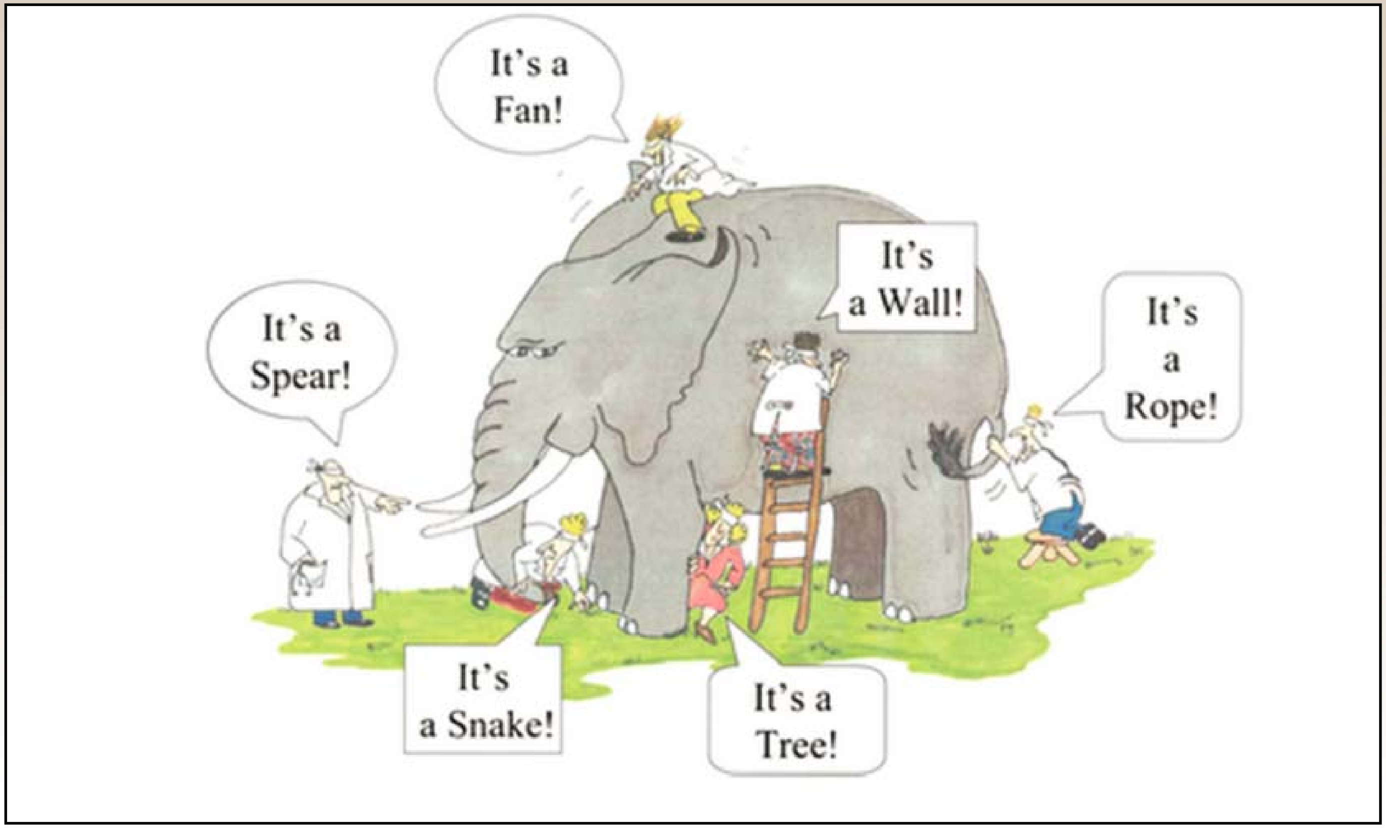
- All comments related to taxation are general in nature and are based on current Canadian tax legislation for Canadian residents, which is subject to change.

- Every situation is different and requires individual consultation. Please ensure that your circumstances are discussed and reviewed with legal, tax and investment advisory professionals.

- A return of capital reduces an investor's adjusted cost base. Capital gains taxes are deferred until units are sold or until the ACB goes below zero. Investors should not confuse this cash-flow distribution with a fund's rate of return or yield. While investors in Series I8/S8/F8 and/or I5/S5/F5 will be able to defer some personal capital gains, they must still pay tax on capital gains distributions that arise from the sale of individual holdings by fund managers, and on interest and dividend distributions. T-SWP will also pay a distribution that must be reinvested in December, consisting of income and capital gains.

- Please note that return of capital or ROC will vary from year to year and includes reinvested year-end distributions.

Integrated Wealth Planning



From Overwhelmed to Organized with a Strategy

Learning Objectives

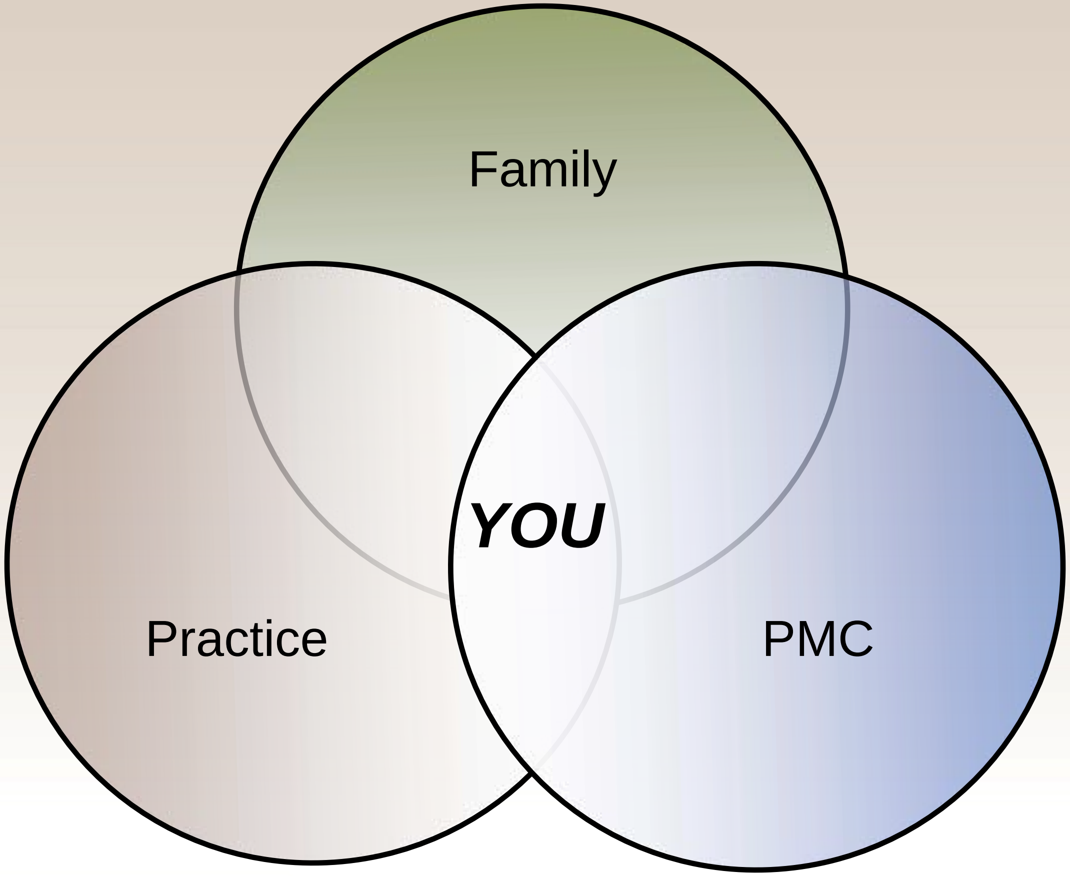
1. Differentiate the 3 primary systems within a multi-entity planning framework.
   - ✓ Understanding from an Integrated Planning Perspective the relationship between your:
     - Family, Practice, Professional Medical Corporation

2. Describe the benefits of aligning appropriate asset classes & solutions with the most efficient entity to maximize wealth.
   - ✓ Putting the right assets in the right place to minimize taxes.

3. Identify strategies to optimize the use of a Professional Medical Corporation from a compensation, wealth creation and preservation perspective.
   - ✓ Getting more of your hard-earned money in your hands.

4. Identify the elements of effective 'asset / liability matching' strategies to create a diversified stream of tax efficient income at various life stages.
   - ✓ Understanding your income needs and ensuring that you have enough money at every stage of your life.

At the Intersection of Family, Practice and PMC



Multi-Entity Planning ~ Structures / Entities

Individuals

PMC

TFSA

Family Trust

RRSP

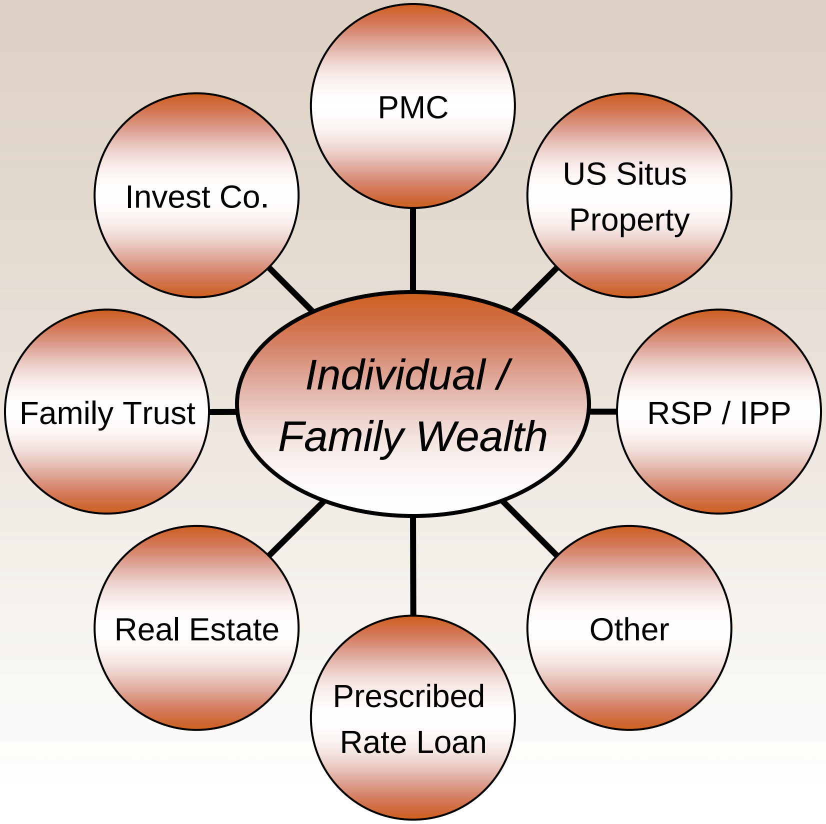
Prescribed Rate Loan

Hold Co.

RESP

IPP

Aligning Assets and Structures for Optimal Wealth Creation



Professional Medical Corporation (PMC) Ownership Issues

- Voting shares must be legally and beneficially owned, directly or indirectly by a member of:
    1. Doctors (meaning members of the College of Physicians and Surgeons of Ontario only)

- Non-voting shares of the professional corporation may be owned by:
    1. The health professional
    2. A "family member" of the health professional
        - Spouse
        - Parent
        - Children ~ minor children via a trustee
    3. A trustee, in trust for a minor child of the health professional
        - But only while a minor

Why a Professional Medical Corporation?

Conventional Reasons

- Tax efficiency
- Income Splitting
  - Spouses
  - Adult children

A Tool for Building Wealth

- Multi-Entity Planning
- Integrated Wealth Planning

Why a Professional Medical Corporation? The Wealth Effect

Optimize Tax Rates

Multi-Entity Planning

Active vs. Passive Income

Compensation Strategies

Planning and Protection

Diversified Streams of Income

Multiple Lenses ~ A Strategic Overlay

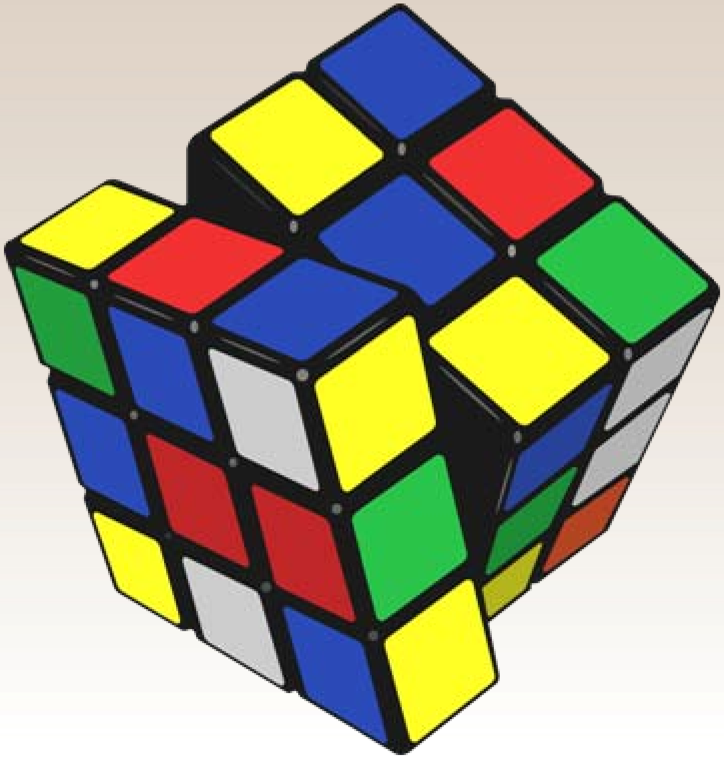
3 Key Wealth Creation Questions:

1. Are your investments held in the optimal entity?

2. Are your Real Estate Assets (domestic & foreign) held in the optimal entity?

3. Are your Insurance solutions (living benefits and life policies) held in the optimal entity?

A Disciplined Approach to Investing



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A Strategic Approach to Integrated Wealth Planning™

PERFORMANCE OF CANADIAN VS. INTERNATIONAL MARKETS: 2002-2012
(BEST AND WORST ANNUAL RETURNS BY MARKETS)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Top-performing sector	Canadian Bonds: 8.7%	Canadian Small Cap: 41.6%	Emerging Markets: 16.8%	Emerging Markets: 31.2%	Emerging Markets: 32.1%	Emerging Markets: 18.6%	Canadian Bonds: 6.4%	Canadian Small Cap: 68.9%	Canadian Small Cap: 35.2%	Canadian Bonds: 9.7%	Emerging Markets: 16.4%
	Canadian Small Cap: -1.6%	Emerging Markets: 27.8%	Canadian Equity: 14.5%	Canadian Equity: 24.1%	Foreign Equity: 26.4%	Canadian Equity: 9.8%	U.S. Small Cap: -17.9%	Emerging Markets: 52.0%	U.S. Small Cap: 20.2%	U.S. Equity: 4.6%	Foreign Equity: 15.3%
	Emerging Markets: -7.0%	Canadian Equity: 26.7%	Canadian Small Cap: 13.2%	Canadian Small Cap: 18.8%	Global Equity: 21.0%	Canadian Bonds: 3.7%	U.S. Equity: -22.9%	Canadian Equity: 35.1%	Canadian Equity: 17.6%	U.S. Small Cap: -1.8%	Global Equity: 14.0%
	Canadian Equity: -12.4%	U.S. Small Cap: 20.5%	Foreign Equity: 11.9%	Foreign Equity: 11.2%	U.S. Small Cap: 17.9%	Canadian Small Cap: -1.2%	Global Equity: -26.9%	Global Equity: 13.0%	Emerging Markets: 13.0%	Global Equity: -2.7%	U.S. Equity: 13.4%
	Foreign Equity: -16.5%	Foreign Equity: 13.8%	U.S. Small Cap: 9.7%	Global Equity: 6.7%	Canadian Equity: 17.4%	Foreign Equity: -5.3%	Foreign Equity: -28.8%	Foreign Equity: 12.5%	U.S. Equity: 9.2%	Canadian Equity: -8.71%	U.S. Small Cap: 12.1%
	Global Equity: -20.5%	Global Equity: 10.3%	Canadian Bonds: 7.1%	Canadian Bonds: 6.5%	U.S. Equity: 16.1%	Global Equity: -6.6%	Canadian Equity: -33.0%	U.S. Equity: 9.3%	Canadian Bonds: 6.7%	Foreign Equity: -9.6%	Canadian Equity: 7.2%
	U.S. Small Cap: -21.3%	Canadian Bonds: 6.6%	Global Equity: 6.6%	U.S. Small Cap: 1.9%	Canadian Small Cap: 13.6%	U.S. Equity: -10.1%	Emerging Markets: -41.4%	U.S. Small Cap: 8%	Global Equity: 6.6%	Canadian Small Cap: -14.2%	Canadian Bonds: 3.6%
Worst-performing sector	U.S. Equity: -23.1%	U.S. Equity: 6.1%	U.S. Equity: 2.6%	U.S. Equity: 1.7%	Canadian Bonds: 3.8%	U.S. Small Cap: -16.5%	Canadian Small Cap: -48.6%	Canadian Bonds: 5.4%	Foreign Equity: 2.6%	Emerging Markets: -16.2%	Canadian Small Cap: -0.5%

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Sources: Fidelity Management & Research Company, BMO Nesbitt Burns, Datastream. Total returns in CDN$. Note: It is not possible to invest directly in an index. Asset class performance represented by: foreign equity: MSCI EAFE Index; global equities: MSCI World index; emerging markets equity: MSCI Emerging Markets Free Index ; U.S. equity: S&P 500 Index; U.S. Small Cap: Russell 2000 index; Canadian equities: S&P/TSX Composite Index; Canadian small cap: Nesbit Burns Small Cap Weighted PR Index; Canadian bonds: DEX Universe Bond Index. As at December 31, 2012.

Optimizing Returns ~ Reducing Tax, Risk and Volatility

Income re-categorization
- Interest
- Dividends
  - Domestic
  - Foreign
- Capital gains
  - Capital Dividend Account

Passive vs. Active Income

Tax Treatment
- Single Securities
- Institutional Money Managers
  - Corporate Class Solutions
  - Return of Capital

Investment Alternatives

a. Marketable Securities
   i. Domestic
   ii. Foreign
b. Real Estate
   a. Domestic
   b. Foreign
c. Individual Pension Plan
d. Institutional Money Management
e. Private Equity
f. Other

Alternative Solutions ~ Corporate Owned Life Insurance

Participating Life policies (PAR)

- Tax exempt status of life insurance cash values vs. annual taxation of passive income

- Taxation of shares and receipt of insurance proceeds at death are:
  - received tax-free by corporation; and
  - an addition to capital dividend account (Proceeds less Policy's adjusted cost basis) can be distributed tax-free to shareholders as capital dividends

Life Insurance converts taxable retained earnings into tax-free capital dividends at death

Relevant Issues of Owning Life Insurance Corporately

Corporate Owned Insurance and Investments

- Subject to claims of creditors of the corporation while the professional is alive and after death

Personal Owned Life Insurance and Investments

- While professional is alive
  - Investments subject to claims against medical professional personally but not Corporation's liabilities (other than professional negligence which is a personal liability)
  - Life Insurance with a direct family member as named beneficiary is not subject to personal or corporate creditor claims

- At death
  - Investments – personal liabilities become part of the Estate
  - Life Insurance with a named beneficiary – no liability because not part of estate

Life Stage Priorities

While Practicing “Wealth Accumulation Phase”	In Retirement “Income Generation Phase”
• Building Wealth • Acquiring Real Estate • Building out an Investment Portfolio • Paying off Debt • Protecting your Family • Increasing Income • Minimizing Tax	• Generating a sustainable Income from your Investment Portfolio • Preserving your Capital • Planning for your Family • Minimizing Tax • Efficient Transfer of Wealth

Compensation Strategies ~ Diversified Streams of Income

While Practicing

a. Salary & Capital Gains vs. Dividends
b. Income Splitting
   i. Adult children
   ii. Spouses
      - Prescribed Rate Loan*

In Retirement

a. Registered vs.
   Non registered Investments
b. Defined Contribution vs. Defined Benefit
c. Return of Capital
   - Manufactured
   - Insurance solutions
c. Other

Planning & Protection

What happens to your PMC if something happens to you?

Estate Planning for Medical Specialists

A Will, properly drafted:

- Achieves wishes
- Facilitates an orderly transition of assets
- Minimizes tax liability

Dual Wills

In the absence of a will, an administrator of the estate is appointed by a court and assets are distributed on the basis of the provincial intestacy laws.

Why an Estate Plan?

Control Assets & Minimize Tax

- Maximize tax deferral of capital gains relating to deemed disposition on death
- Maximize benefits of income splitting on death
- Minimize US tax exposure (if any)
- Maximize tax credits

Top 10 Questions We Are Asked

1. How can I pay less tax?
2. How much money can I take out of my corporation?
3. How much money do I need before I can retire?
4. What if something happens to me?
5. Do I have the right insurance coverage?
6. How quickly can I pay off my mortgage?
7. Should I buy a rental property?
8. What is the best way to buy a vacation property abroad?
9. Should I contribute to my RRSP or invest inside my PMC?
10. How much can I pay my spouse from my PMC?

Key Risks

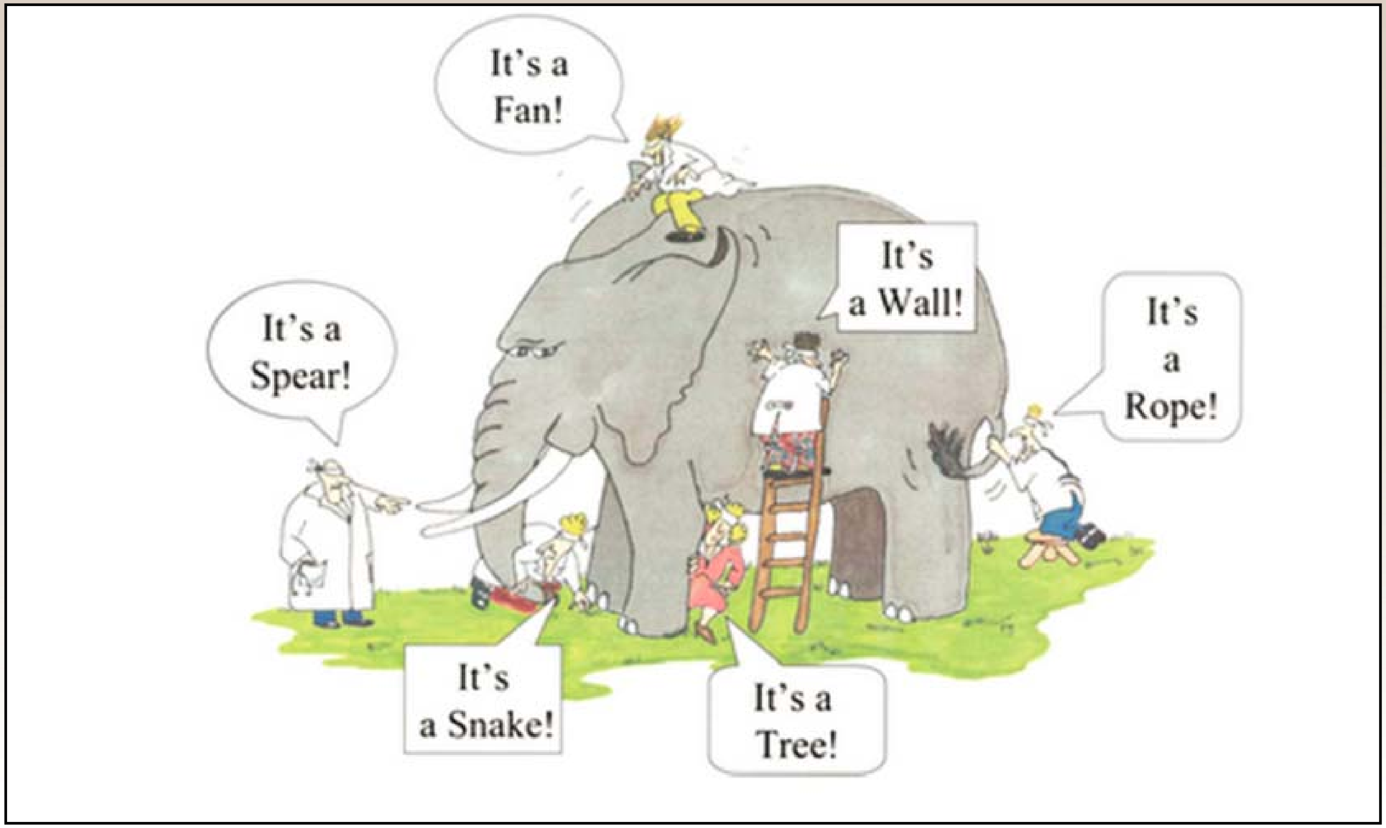
Poor Advice & Implementation:

1. Implementing Tactics in the Absence of a Strategy

2. “Chasing” anything Without a Plan (i.e. Returns, Lower Tax Rates, etc.)

3. Lack of Commitment/Discipline...
   ”Implementing a plan halfway”

Integrated Wealth Planning ~ Recognizing it is an Elephant



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