

**Beal Advisory Group**

**RBC Wealth Management - Dominion Securities**

**Presents**

# **Planning Strategies for Business Owners**

**Solutions and Advice to Make the Most of Your Success**

**with Special Guests**

**Hussein Hamdani**

**Corporate / Commercial &  
Real Estate**

**SimpsonWigle LAW LLP**



**Vinay Khosla**

**Tax Specialist & Partner**

**Bateman Mackay**



# Agenda...

- Introductions
- Introducing RBC Wealth Management
- Our Wealth Management Approach
- Hussein Hamdani
  - Components of a Creditor Proofing Plan
  - Commonly Used Structures
  - Legislative Restrictions
- Vinay Khoslaw
  - Tax Efficient Strategies
  - Maximizing your capital gains exemption
- Putting it all together - Planning & Portfolio Management



# Introducing RBC Dominion Securities

## *Wealth management services designed for you*

- Serving clients since 1901, today RBC Dominion Securities is Canada's leading full-service wealth management firm with over 400,000 clients and \$150 billion in assets under administration.
- Chartered in 1869, RBC Royal Bank (TSX: RY) is now Canada's largest financial services company serving more than 18 million clients worldwide with \$1.6 trillion in assets under administration.
- Fifth largest bank in North America, and 15<sup>th</sup> largest bank globally by market capitalization.
- Beal Advisory Group provides personalized wealth management services to Private Clients
- **Our wealth management approach encompasses**
  - Financial Planning - retirement, tax and estate planning
  - Portfolio Management
  - Service, our ongoing commitment



# Wealth management approach

## *Helping you achieve your goals*

- A comprehensive approach to helping you achieve your goals in life – both personal and financial.
- Every step of the way, you are guided by a professional wealth manager
- The approach extends beyond investment advice and money management, helping you protect your lifestyle, manage your nest egg, plan your retirement and create your legacy.

## Guiding you through each stage of your life

- Accumulating wealth – growing assets
- Protecting wealth – maintaining assets
- Converting wealth – creating an income stream
- Transferring wealth – creating a legacy

## Five key steps

1. Introduction – determining if wealth management is right for you
2. Discovery – understanding your needs, goals and objectives
3. Strategy – matching your objectives with smart, time-tested strategies
4. Solutions – tailoring thoughtful and creative solutions to your objectives
5. Service – reviewing your situation regularly



## Hussein A. Hamdani, SimpsonWigle LAW LLP

- Partner since January, 2009
- Specializes in corporate/commercial and real estate law
  - Mergers and acquisitions
  - Drafting shareholders' and other agreements
  - Buying and selling real estate
- Sits on the Hamilton Law Association Corporate/Commercial committee
- Sits on a number of national, provincial and local board and committees.



## SimpsonWigle LAW LLP

- SimpsonWigle LAW LLP is a firm that provides legal services to businesses - large and small, privately owned and publicly held, not-for-profit and charities, as well as individuals who own and run these enterprises. The areas of practice keep pace with business demands and include Corporate Law, Tax Law, Commercial Litigation, Wills, Trusts and Estate Planning, Employment Law, Family Law, Immigration, Condominium Law, Bankruptcy, Insolvency and Restructuring, Succession Planning, Real Estate and Land Development, as well as Construction Law.



## Hussein A. Hamdani, legal perspectives...

- This presentation will answer cover the following key points:
  - i. Components of a Creditor Proofing Plan
  - ii. Commonly Used Structures
  - iii. Legislative Restrictions



## Hussein A. Hamdani

- Most prudent owners of a business recognize the need to reduce risk and safeguard their business assets from possible claims brought by other parties. While they need to protect the assets of their business as well as their own assets. If they are operating their business as a sole proprietorship, or as a partnership with someone else, incorporating the business becomes an essential component of their protection plan.





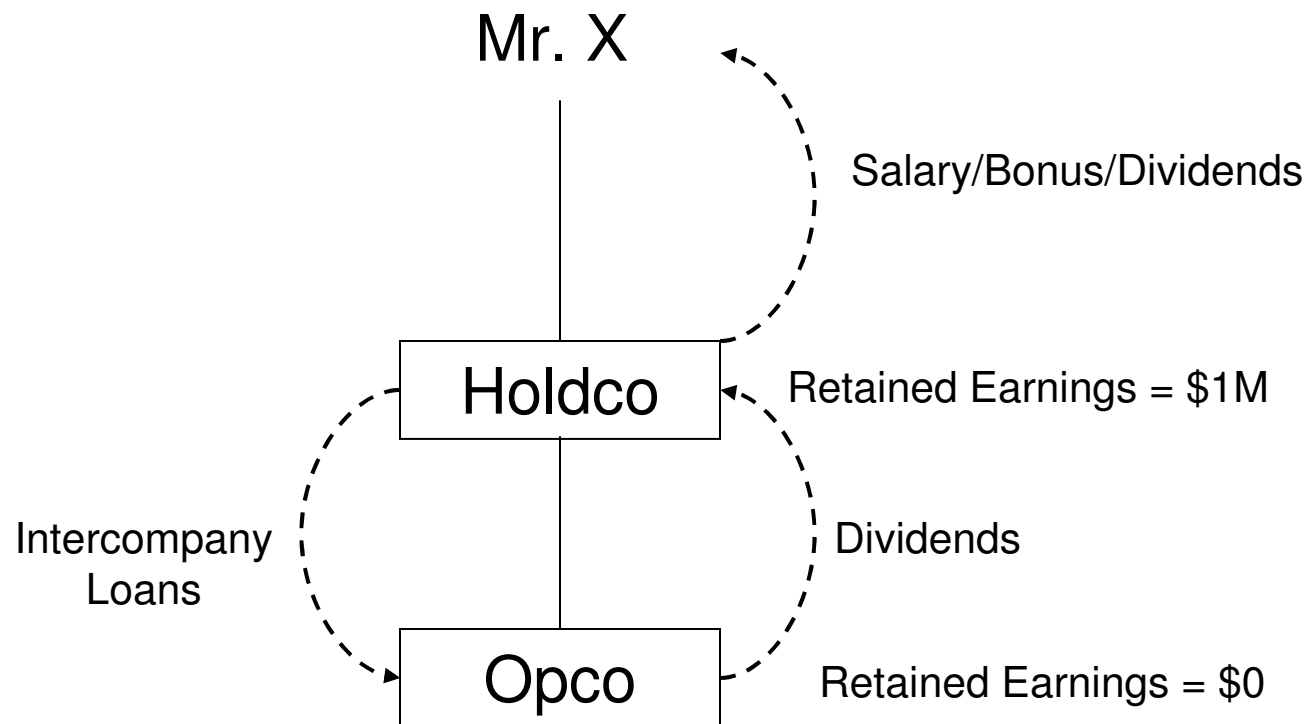
## Introduction

A business owner attempting to escape personal liability for the debts of his sole proprietorship or partnership usually transfers the proprietorship or partnership business assets to a new corporation.

If the owner does decide to operate the business through a corporation, the use of a single corporation is often as far as his business protection plan goes, supplemented only by property and general liability insurance, perhaps with business interruption insurance as well.



# The Classic Holdco Illustrated



# Components of a Creditor Proofing Plan

- **Use of multiple corporations**
  - Don't put all your eggs in one basket
  - Holdco and multiple Opcos - isolates liability
  - Eg. RealCo and Opco
- **Separating ownership of valuable assets from the operating business**
  - Have a EquipCo that leases to Opco
- **Investing in the operating business by secured loans**
  - Friends/family to invest should become secured creditors
  - Can realize on their security and sell back to owner
- **Providing services to the operating business through another company**
  - Affiliated company may provide consulting, info processing, admin or other services to the Opco, and the invoice amounts are secured by a GSA



# Components of a Creditor Proofing Plan

- **Holding valuable lease separate from operating business**
  - Use a shell company to hold the lease, and Opco subleases the premises
  - LL can only go after the T not the subT
- **Keep deposits and loans separate**
  - Use different banks for loans and deposit so that bank does not take from your savings to pay your loans.
- **Stripping equity**
  - Try to pay dividends as much as you can to reduce the amount of cash in the company.
  - Eg. Sell your valuable assets to AssetCo then lease it back to Opco, and use the cash to pay dividends
- **Dividing ownership amongst family members**
  - Creditors may be deterred from attempting to go after shares if such shares don't represent a controlling interest.
  - So sell shares to family members, a family-controlled corp, a family trust so that no one family member has 49% or more of the shares
  - Need to be careful about giving shares to kids, or getting divorced.



## Legislative Restrictions

- One of the main objectives of bankruptcy and insolvency legislation is that all ordinary unsecured creditors are to be treated equally. The general concept of equality among the ordinary unsecured creditors has been backed up by legislative provisions in the *Bankruptcy and Insolvency Act*, such as Section 91 (settlements), Section 101 (improper dividends) and by provincial legislation such as the *Fraudulent Conveyances Act*, *Assignments and Preferences Act*, and *Bulk Sales Act*. These statutes provide a trustee in bankruptcy or the creditors of the debtor with various ways to challenge improper transactions and recover property which has been improperly disposed of by the debtor.



## Vinay Khosla, Bateman MacKay

- Tax Partner
- Masters of Accounting & Bachelor of Arts, University of Waterloo
- Specializes in providing small-medium enterprises with innovative advice on
  - Tax planning
  - Mergers and acquisitions
  - Estates & Trusts
  - Offshore tax minimization strategies
- Member, Institute Chartered Accountants of Ontario
- Member, Canadian Tax Foundation
- Advisor, Canada Revenue Agency Tax Steering Committee



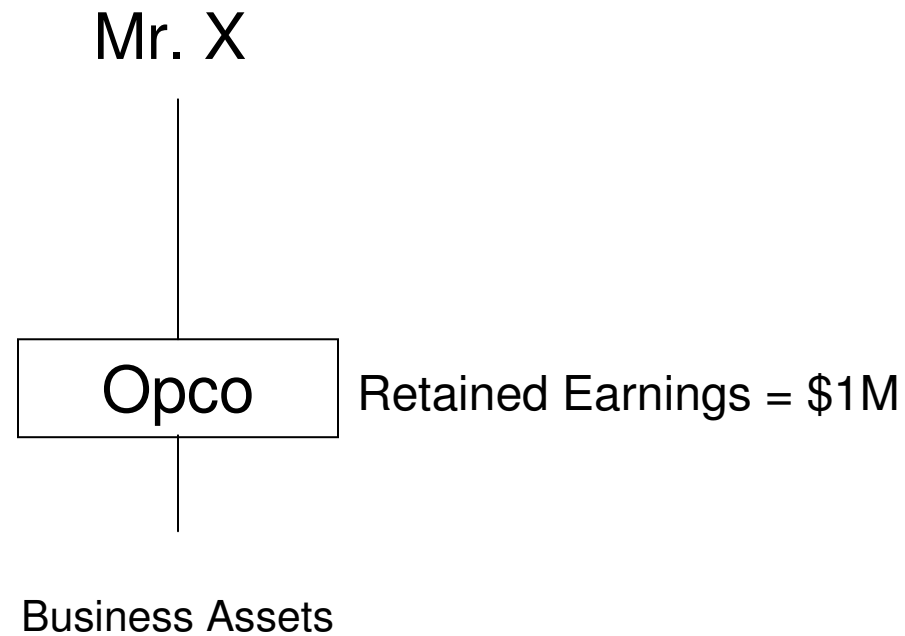
# Tax Perspectives, Vinay Khosla

## Creditor Proofing Your Business Overview

- The Classic Holdco
- The Sister Company
- The Contemporary Holdco

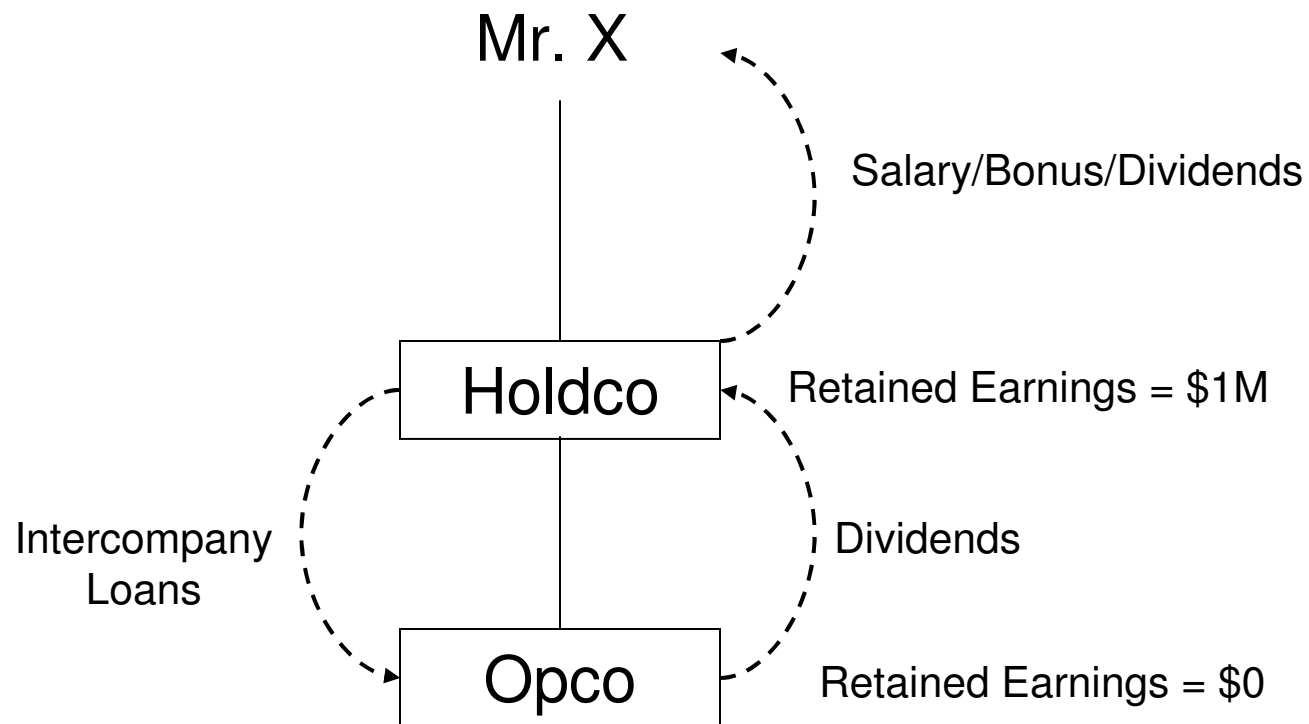


# The Classic Holdco Illustrated

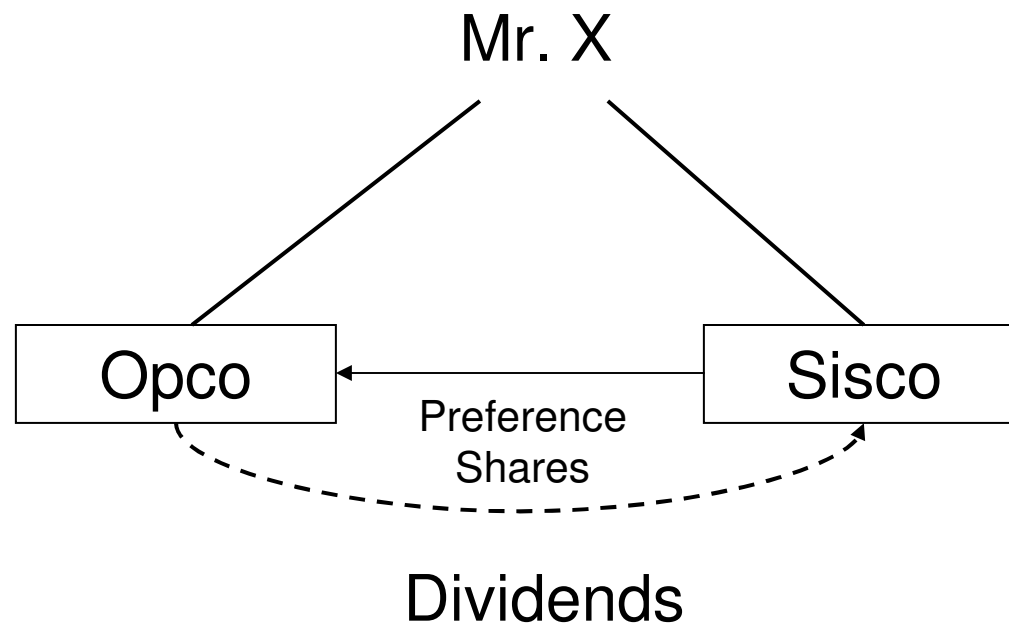




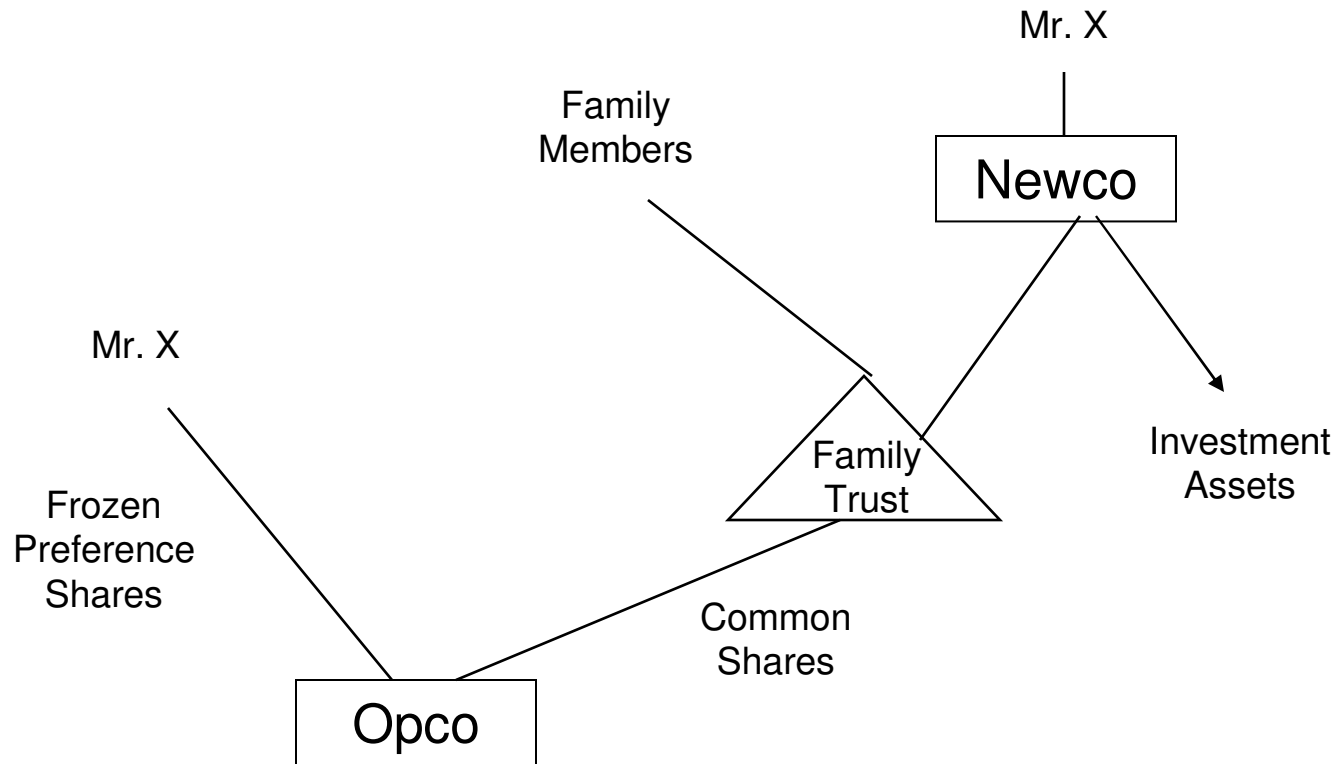
# The Classic Holdco Illustrated



# The Sister Company Illustrated



# The Contemporary Holdco Illustrated



# Managing all aspects of your wealth





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# Thank You!

