



SSC # 106 – ESTATE FREEZE INSURANCE STRATEGIES FOR INCORPORATED FAMILIES

This course is eligible for:

3.0 Life & A&S CE Credits for BC, SK, MB & ON.

3.0 Life ONLY CE Credits for AB.

Target Audience

This course is designed for licensed Canadian life insurance advisors, financial planners, and estate planning consultants who advise incorporated business owners, family-held corporations, professional corporations, and multi-generational family enterprises on the intersection of estate planning and insurance strategy.

The course is specifically suited to advisors who regularly encounter clients who have accumulated significant corporate value and who face a material capital gains exposure at death — and who want to understand how a properly structured estate freeze, combined with corporate-owned life insurance, can protect that wealth, fund the resulting tax liability, and facilitate an orderly intergenerational transfer.

This course will be of particular value to advisors who serve founders of closely held private corporations in the manufacturing, professional services, real estate holding, construction, agriculture, and retail sectors. It is also directly relevant to advisors working alongside tax lawyers, estate lawyers, and chartered professional accountants in multi-disciplinary advisory teams. Advisors who are expanding their practice from individual insurance into the corporate and estate planning market, and who want to develop a technically credible understanding of how insurance integrates with the estate freeze strategy, will find this course an essential foundation.

Course Purpose

The purpose of this course is to equip Canadian life insurance advisors with the deep technical knowledge and practical advisory framework necessary to participate competently and confidently in estate freeze planning engagements for incorporated family business clients. The estate freeze is one of the most powerful and widely used estate planning tools available to Canadian business owners — and corporate-owned life insurance is an indispensable component of every well-designed freeze.

Yet the intersection of these two disciplines — tax-driven estate planning and insurance strategy — is a space in which many advisors lack the technical foundation to contribute meaningfully alongside the tax lawyers and accountants who typically lead these engagements.

By the end of this course, advisors will understand not just what corporate-owned life insurance does within an estate freeze — but why it is structured the way it is, how the Capital Dividend Account mechanics drive policy ownership and beneficiary decisions, how the LCGE interacts with freeze planning, how TOSI rules constrain income splitting with family trust beneficiaries, and how the wasting freeze strategy uses insurance as a long-term value-management tool. Advisors who complete CE-112 will be prepared to lead the insurance conversation within a multi-disciplinary estate freeze team, to present insurance-integrated freeze proposals with technical credibility, and to serve incorporated family clients at the highest standard of professional competence.

Learning Objectives

Upon successful completion of CE-112, the learner will be able to:

1. Explain the deemed disposition at death rule under the Income Tax Act and calculate the capital gains tax exposure it generates for the estate of a deceased incorporated business owner, referencing the 2026 capital gains inclusion rate of 50%.
2. Describe the mechanics of an estate freeze using the Section 86 share exchange and the Section 85 rollover, including the role of preferred shares, the establishment of freeze value, and the issuance of new common shares to the next generation or a family trust.
3. Apply the 2026 Lifetime Capital Gains Exemption of \$1,275,000 per eligible individual to an estate freeze scenario involving a family trust with multiple adult beneficiaries and explain how the trust structure facilitates LCGE multiplication across family members.
4. Explain the design, ownership structure, and tax treatment of corporate-owned life insurance (COLI) as a vehicle for funding the capital gains tax liability arising at the death of the frozen shareholder, including the impact of the policy's adjusted cost basis (ACB) on the Capital Dividend Account credit.
5. Identify the conditions under which the Capital Dividend Account (CDA) election under ITA s.83(2) allows a private corporation to distribute the insurance death benefit (net of ACB) to shareholders as a tax-free capital dividend and explain the significance of this mechanism for estate liquidity planning.
6. Distinguish between a standard estate freeze, a wasting freeze, and a reverse freeze, explaining the circumstances under which each is most appropriate and the role of life insurance in each structure.
7. Evaluate the impact of the Tax on Split Income (TOSI) rules under ITA s.120.4 on family trust income allocations, the availability of the Lifetime Capital Gains Exemption to trust beneficiaries, and the design of estate freeze structures that remain effective in the post-2018 TOSI environment.

8. Apply the advisor documentation, disclosure, and professional referral obligations that govern insurance advising within multi-disciplinary estate freeze planning teams, including the requirement to refer to legal counsel and tax advisors, E&O insurance implications, and provincial suitability standards.