



**ASK AN EXPERT  
FINANCIAL PLANNER**

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# FINANCIAL STRATEGIES FOR INCORPORATED BUSINESS OWNERS

“I always hear that being incorporated enables me to take advantage of some wealth-building strategies. What are some of these financial strategies I should be taking advantage of?”

**IN MY PRACTICE**, we specialize in helping incorporated business owners ensure they are taking advantage of all the valuable strategies available to them. As an incorporated business owner, there are many ways to increase your wealth while deferring and reducing your taxes significantly. In this issue, I will touch on just a few:

**PAY YOURSELF DIVIDENDS ONLY  
—NO SALARY**

Traditionally, many Canadian small business owners have been paying themselves a salary, which allows them to make RRSP and CPP contributions. With new tax rules and rates in effect over the past few years, it definitely makes sense to determine if paying yourself (and spouse or family trust, if applicable) dividends only is more advantageous. Just a few of the advantages may include:

- Large tax deferrals, so you pay less tax and have more money to invest
- Additional income-splitting opportunities
- Elimination of \$4,000+ per year in CPP contributions



**INVESTING AS A CORPORATION**

If you decide to pay yourself with dividends only, then only pay yourself what you need for your annual expenses. All other funds should probably be left in your corporation to invest (in mutual funds, stocks, rental properties and so on) as this provides an enormous long-term tax deferral.

**PAY FOR HEALTH & DENTAL EXPENSES  
TAX-EFFICIENTLY**

Most business owners pay for their family’s health and dental expenses out of their own pocket. A much more attractive option is to open a Private Health Services Plan (PHSP), which in general terms allows you to pay for these expenses with pre-tax corporate dollars—a very big savings! If you are incorporated, definitely look into this.

**STRUCTURE YOUR LIFE  
INSURANCE PROPERLY**

Time and time again, I will start working with incorporated business owners and see that they are paying for their life insurance with personal funds instead of structuring them to be owned and paid for by their corporation. Not only can this be more tax-efficient, but additional corporate tax sheltering opportunities are also available.

Again, these are just a few of the strategies available to you—if you are an incorporated business owner, be sure that you have been shown all of the potential wealth-building and tax strategies you are eligible to take advantage of. As always, I am happy to help: you may contact me with any questions at [jswanson@bmf.ca](mailto:jswanson@bmf.ca).