



# ACCILENT SELECT

ACCILENT SELECT PPP

*Select the pension with the perfect fit.*



ACCILENT CAPITAL MANAGEMENT INC.

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# ABOUT ACCILENT CAPITAL



- *Accilent Capital Management Inc. (founded 2002) is a boutique investment firm located in Toronto, Ontario, that specializes in alternative assets and commodities.*
- *Our management team has honed their experience working with larger financial institutions, giving them the ability to identify investors' needs and deliver solutions through our own line of investment products, and discretionary portfolio management.*
- *PMs have over 40 years combined in finance as traders, portfolio managers and corporate finance professionals.*
- *Registered as*
  - *Portfolio Manager, Investment Fund Manager, Exempt Market Dealer, and Commodity Trading Manager in Ontario*
  - *Portfolio Manager and Exempt Market Dealer in Alberta, British Columbia, Saskatchewan and Manitoba*
  - *Investment Fund Manager and Exempt Market Dealer in Quebec*

# ACCILENT PPP: DAN PEMBLETON



- *Daniel Pembleton MBA, CFA, founded Accilent Capital Management Inc. in 2002 to provide investment advisory services for third party and proprietary funds, individual managed accounts, and structured investments.*
- *He has been working in the financial industry as a trader and portfolio manager for over 20 years. Nearly a decade of this time was spent with RBC Dominion Securities in institutional fixed income where he rose to the level of Vice-President Global Money Markets.*
- *Mr. Pembleton is a Commodity Trading Manager (CTM)*
- *Mr. Pembleton's education includes an Honours BA in economics from Brock University, an MBA from Western's Ivey School of Business and a Chartered Financial Analyst (CFA) designation in 1998 from the CFA institute.*

# ACCILENT PPP: MARK TAUCAR



- *Mark Taucar CFA develops investment referral platforms and product solutions for Exempt Market Dealers, Mutual Fund Representatives, Independent Financial Planners, Insurance Agents and IIROC registrants.*
- *He has constructed and managed dozens of referral platforms over the course of the past decade. Mr. Taucar has built and supported the growth of referral platforms for portfolio managers such as Cumberland Private Wealth Management Inc. and R N Croft Financial Group Inc.*
- *Mr. Taucar has authored articles for FundLibrary.com and has also appeared with BNNtv as an expert in Exchange Traded Funds.*
- *Mr. Taucar is also a faculty member with the Knowledge Bureau™ - Canada's leading post-secondary educational institute and publisher focused on excellence in financial education for professional advisors and their clients – where he instructs on topics of portfolio construction and management.*

# ACCILENT PPP: JEAN-PIERRE A. LAPORTE



- **Jean-Pierre A. Laporte**  
**Chief Executive Officer** Jean-Pierre founded INTEGRIS Pension Management with the intent of providing better solutions for investors looking to minimize taxes while protecting their assets. He worked over the past decade as a pension lawyer for a number of prestigious firms in Toronto such as Osler, Hoskin & Harcourt LLP, Bennett Jones LLP and Fasken Martineau LLP. He has dedicated himself to improving pension legislation and is often called as an expert witness on pension matters before the House of Commons Standing Committee on Finance. He has written a number of seminal articles on pension reform, most notably, on expanding the Canada Pension Plan. He was educated at the University of Toronto, Osgoode Hall Law School and the Institut d'Etudes Politiques de Paris.
- In recognition of his various contributions to the development of new forms of retirement savings plans, Jean-Pierre was awarded the Queen Elizabeth II Diamond Jubilee Medal in October 2012.

# ACCILENT PPP: THE RIGHT FIT FOR YOUR BUSINESS

*Add value. Differentiate and diversify. Harness an expert team and lower costs. Our client-centred, cost-conscious approach makes everyone a winner.*

## CREATE THE REVENUE STREAM THAT SUITS YOUR BUSINESS

You decide on what the transparent, client acknowledged referral fee is for your referral engagement with Accilent.

## STOP CARRYING ADMINISTRATION COSTS

We take on the **complete** administration of your client's investment needs, including administration, compliance, rebalancing and reporting.

## PASS ON REDUCED COSTS TO YOUR CLIENTS

The average Canadian equity mutual fund has fees more than 2.5%. We aim to provide a solution with a lower fee.

## BETTER DIVERSIFICATION MEANS BETTER PORTFOLIOS

Incorporating private investment opportunities that aren't available on the traded markets better diversifies the portfolio, and gives you the value edge.

## HARNESS A TEAM OF EXPERTS

Your client's portfolio is managed by an experienced team of portfolio managers with a focus on direct client engagement, ongoing review and evaluation, continuous commentary and strategic review.

## FREE UP YOUR TIME FOR YOUR OWN PRACTICE

Without the burden of administering your accounts you can reallocate time to more productive client engagement services in your business. In the end your client wins.



# ACCILENT PPP: THE OPPORTUNITY

*Only **Accilent Select** goes beyond a standard institutional approach, to give investors the personalized, client-centred portfolio design and attention that only our boutique service mandates and expertise can deliver.*

- PUBLIC AND PRIVATE INVESTMENTS

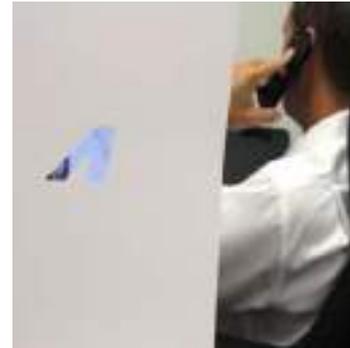
We build portfolios including private placement products (not available to stock market investors), which adds a layer of additional diversification previously only enjoyed by the Ultra High Net Worth and institutional investors.

- ACCESS TO OPPORTUNITIES

Our platform allows *all* clients—not just Ultra High Net Worth (UHNW) and High Net Worth (HNW) clients—to participate in private placements such as private real estate, debt and equity that has primarily been the domain of institutional “big money”.

- A HIGH NET WORTH SERVICE FOR ALL

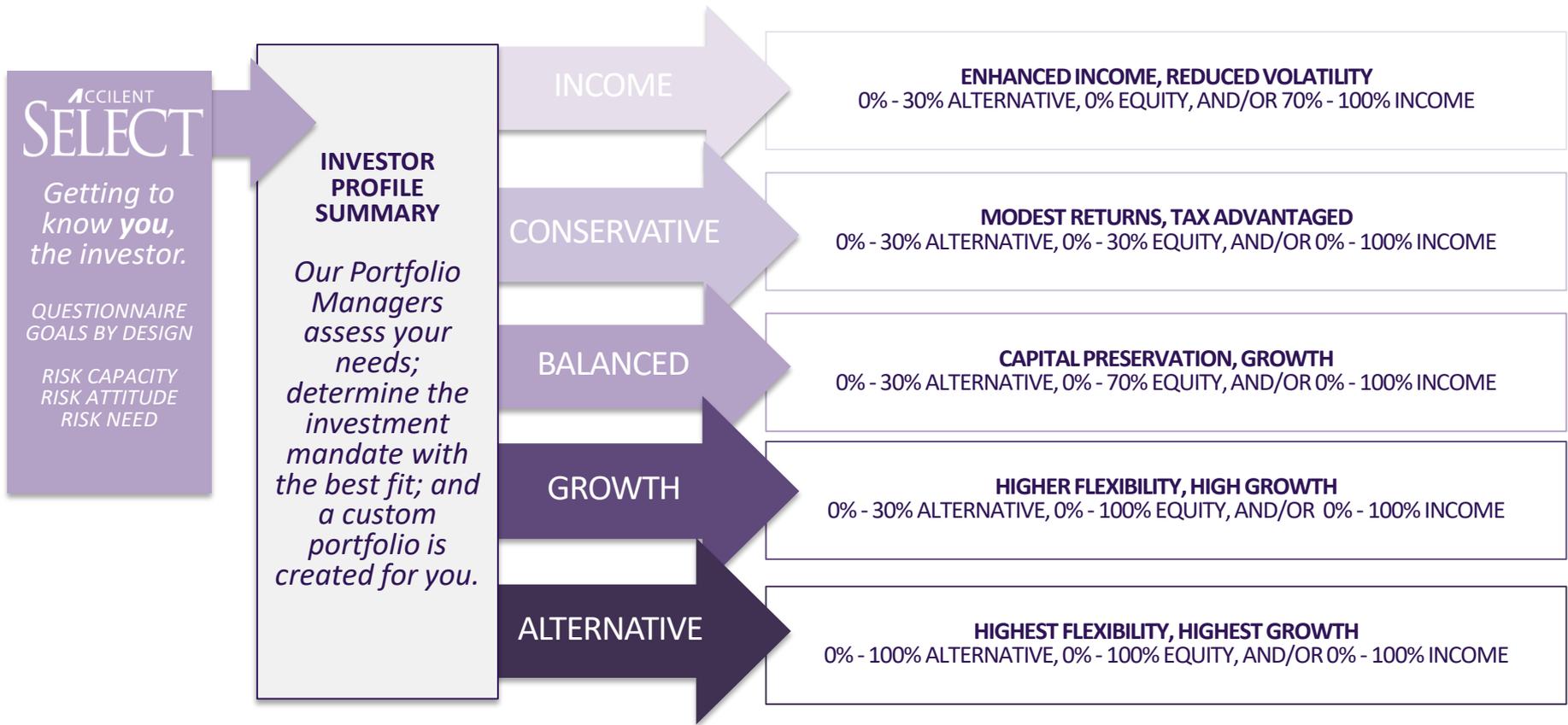
No matter how much you are investing, you always have the best advice to rely on. We’ve lowered our account minimum thresholds to accommodate virtually all clients without sacrificing the quality of the offering.



# ACCILENT PPP: INVESTMENT APPROACH



# ACCILENT PPP: FINDING THE PERFECT FIT



# ACCILENT PPP: INVESTMENT MANDATES

## INCOME PORTFOLIO SERVICES



### MANDATE ALLOCATIONS

ALTERNATIVE	EQUITY	INCOME
0%-30%	0%	70%-100%

### RISK SCALE



### PORTFOLIO DESCRIPTION

- This strategy provides the least amount of flexibility to allocate amongst Equity, Income and Alternative asset classes.
- In addition to allocating amongst two asset classes – Income and Alternative Strategy— the portfolio manager has the ability to allocate to products that have zero liquidity, with "locked-in" periods that can be many years. This portfolio has no equity allocation.

### SUITABILITY

- This portfolio is suitable for Investors seeking enhanced income, on a tax advantaged basis with reduced volatility.
- Investors that typically gravitate to this mandate show a need for supplemental income.
- On average, investors in this mandate are seeking income with reduced volatility and a greater certainty of return.
- Generally, this mandate appeals to those seeking more capital preservation than growth.

# ACCILENT PPP: INVESTMENT MANDATES

## CONSERVATIVE PORTFOLIO SERVICES



### MANDATE ALLOCATIONS

ALTERNATIVE	EQUITY	INCOME
0%-30%	0%-30%	0%-100%

### RISK SCALE



### PORTFOLIO DESCRIPTION

- This strategy provides a smaller degree of flexibility relative to the Balanced, Growth, and Alternative mandates.
- In addition, to allocating between Income, Equity and Alternative Strategies, the portfolio manager has the ability to allocate to products that have zero liquidity, with "locked-in" periods that can be many years.

### SUITABILITY

- This portfolio is suitable for Investors seeking modest returns, lower volatility and tax advantaged income.
- Typically, investors in this mandate are in or near retirement, have low capacity for risk and are highly risk adverse.
- On average, investors in this mandate are seeking some income with reduced volatility, a greater certainty of modest returns. Generally, this mandate appeals to those seeking more capital preservation than growth.

# ACCILENT PPP: INVESTMENT MANDATES

## BALANCED PORTFOLIO SERVICES



### MANDATE ALLOCATIONS

ALTERNATIVE	EQUITY	INCOME
0%-30%	0%-70%	0%-100%

### RISK SCALE



### PORTFOLIO DESCRIPTION

- This strategy provides a higher degree of flexibility relative to the Income and Conservative mandates.
- In addition, to allocating between Income, Equity and Alternative Strategies, the portfolio manager has the ability to allocate to products that have zero liquidity, with "locked-in" periods that can be many years.

### SUITABILITY

- This portfolio is suitable for Investors with a medium capacity for risk, seeking exposure to the returns available by investing in equity, with a slight focus on lower volatility and tax advantaged income.
- Investors tend to be able to withstand drops in their portfolio without feeling uncomfortable
- Generally, this mandate appeals to those seeking a balance between capital preservation and growth and have time horizons of greater than 7 years.

# ACCILENT PPP: INVESTMENT MANDATES

## GROWTH PORTFOLIO SERVICES



### MANDATE ALLOCATIONS

ALTERNATIVE	EQUITY	INCOME
0%-30%	0%-100%	0%-100%

### RISK SCALE



### PORTFOLIO DESCRIPTION

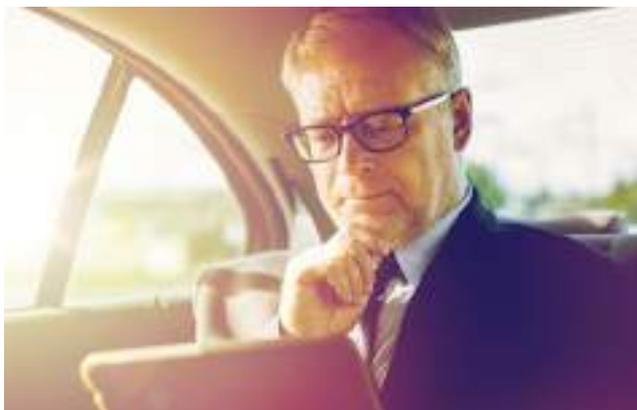
- This strategy provides a very high degree of flexibility relative to the Balanced, Income and Conservative mandates.
- In addition, to allocating between Income, Equity and Alternative Strategies, the portfolio manager has the ability to allocate to products that have zero liquidity, with "locked-in" periods that can be many years.

### SUITABILITY

- This portfolio is suitable for Investors with a very high capacity and tolerance for risk, seeking exposure to the potential of higher returns and growth, with little focus on tax advantaged income or concern for volatility.
- Investors can withstand large drops in their portfolio over a protracted period of time without feeling uncomfortable.
- Generally, this mandate appeals to those seeking a balance between capital preservation and growth and have time horizons of greater than 10 years.

# ACCILENT PPP: INVESTMENT MANDATES

## ALTERNATIVE PORTFOLIO SERVICES



### MANDATE ALLOCATIONS

ALTERNATIVE	EQUITY	INCOME
0%-100%	0%-100%	0%-100%

### RISK SCALE



### PORTFOLIO DESCRIPTION

- This strategy provides the highest degree of flexibility relative to the other Accilent Select mandates.
- In addition, to completely allocating between Income, Equity and Alternative Strategies, the portfolio manager has the ability to allocate to products that have zero liquidity, with "locked-in" periods that can be many years.

### SUITABILITY

- This portfolio is suitable for Investors who can demonstrate the highest capacity and tolerance for risk, seeking exposure to the potential of high returns and growth, and almost no focus on tax advantaged income or liquidity.
- Investors can withstand large drops in their portfolio over a protracted period of time without feeling uncomfortable.
- Generally, this mandate appeals to those investors with time horizons of greater than 10 years.

# PAIN POINTS FACING OUR CLIENTS

- Tremendous strain is put on our small and medium size business clientele:
  - Costs going up: e.g. Minimum wage hikes (Ontario, etc.)
  - Increased overall compliance costs/complexity
  - **« Morneau Tax Measures » making it difficult to use the corporation as the primary vehicle to save for retirement**

# MORNEAU TAX MEASURES

- Core ideas of traditional financial and tax planning being put under strain...
  - Pay the low corporate tax rate
  - Invest retained earnings passive in Opco or move to Holdco
  - Dividend sprinkling with family members
  - Often, purchase an exempt life policy (U/L, PAR, whole life etc.)
  - At retirement, declare dividends to live off

# FEDERAL GOVERNMENT WANTS IT TO END

- Both the PM and Min. of Finance are on the record saying the Canadian Controlled Private Corporation was not designed to act as a savings account for business people.
- « ...if you want to save for retirement, open an RRSP... »

# HOW TO ALLEVIATE THE PAIN?

- SOLUTION: Find every possible legitimate tax deduction that the corporation can find to move surplus (otherwise passively invested) out of the CCPC into a tax-sheltered vehicle
- HOW?:
  - Traditional exempt life insurance still works (but subject to insurable need, underwriting and no tax deductions given...)
  - **The Personal Pension Plan or ACCILENT PPP®**

# ACCILENT PPP????

- Never heard of ACCILENT PPP!!
- I know IPPs (Individual Pension Plans)
  - (...and I never liked them.... )
- I don't see « ACCILENT PPP » anywhere in my copy of the *Income Tax Act*...

# WHAT IS THE IPP AND ACCILENT PPP<sup>®</sup> ?

- An IPP is typically a Defined Benefit (DB) registered pension plan offering a fixed pension benefit in retirement, calculated by reference to a formula found in the plan text. Most **IPPs** utilize a single account to invest contributions made to the plan.
- An ACCILENT PPP<sup>®</sup> is a « Combination registered pension plan » that provides the member with the option of creating a benefit either under the Defined Benefit (DB) method (i.e. everything an IPP offers, the ACCILENT PPP also offers) or through the Defined Contribution (DC) / Money Purchase method.
- The ACCILENT PPP<sup>®</sup> is made up of three accounts: DB, DC and Additional Voluntary Contribution (AVC)

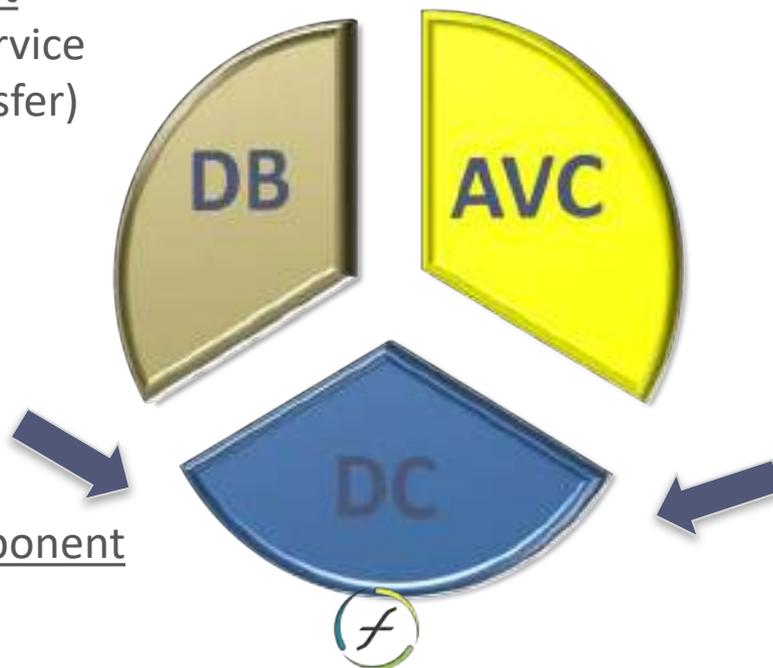
# ACCILENT PPP<sup>®</sup> ARCHITECTURE: 3 COMPONENTS

## Defined Benefit Component

- Current Service & Past Service (Including Qualifying Transfer)
- Locked-in

## Defined Contribution Component

- 1% of T4 Income
- Locked-in

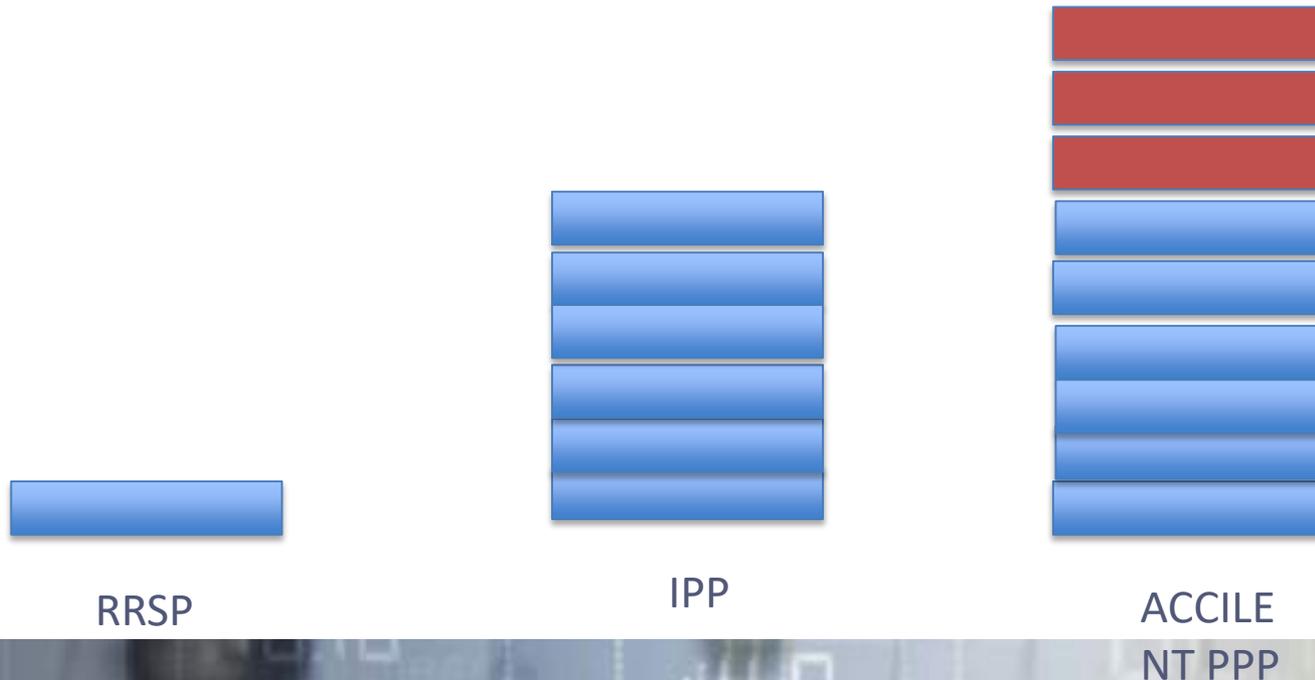


## Additional Voluntary Contributions

- Not Locked-in
- Allows transfers-in of additional RRSP assets in order to tax deduct Investment Mgmt Fees
- 0% to 17% voluntary employee contributions

# TAX DEDUCTIONS AND ADVANTAGES

- Since the objective is to utilize **as many legitimate tax deductions** as are possible under the *Income Tax Act*, the ACCILENT PPP plays a critical role...
- Both IPPs and ACCILENT PPPs share certain additional tax deductions unavailable to RRSP savers
- But the ACCILENT PPP offers tax advantages that the IPP cannot offer.



# REFRESHER: DB VS RRSP

Advantage	« Delta »	Example
Annual Additional Contribution	From \$220 to \$17,000 more than RRSP maximum	\$10,500 more at age 55
Special Payments	When ROA is less than 7.5%	\$3,000 more annually
Past Service	Eg. \$200,000 deduction to corporation	\$550,000 (record)
Fees	Tax deductible	\$5,000 annually (depends on AUMs)
Terminal Funding	Pre-65, can reach over \$1M	\$400,000
Interest of borrowings	Tax deductible	\$3000
RRSP double dip	6500 to 26,230 in first year	\$10,000
PA offset amount	\$600/yr to RRSP	\$600
HST credit	33% refund	\$400

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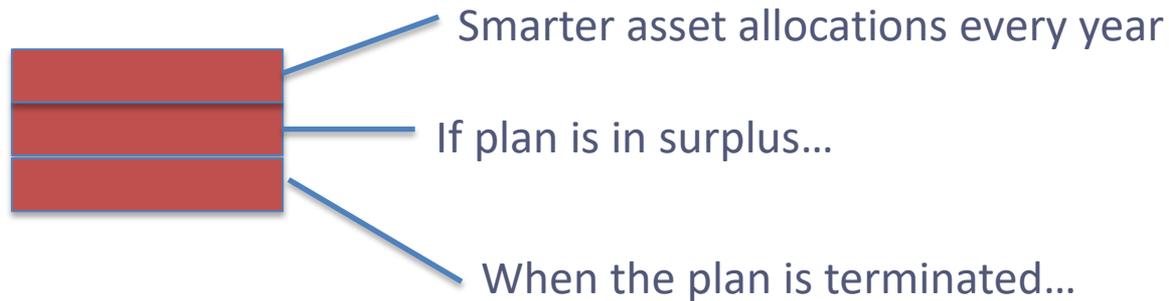
NONE OF THESE EXIST FOR BUSINESS OWNERS WHO SAVE THROUGH THEIR RRSP!!

# EXAMPLES FROM ACCOUNTANTS

Partner Profile	Additional Assets @ Retirement		Corporate Tax Deductions up to Retirement					
	Additional PPP vs. RRSP	Additional PPP vs. (RRSP & Non Registered)	Additional PPP Contributions above RRSP	Past Service	Terminal Funding Age 64	Investment Management Fee	Total Corporate Deductions	Total Corporate Tax Savings
Age 40, 1977, \$200K, 0 Yr. PC	\$ 816,919	\$ 444,735	\$ 508,840	\$ -	\$ 360,056	\$ 332,400	\$ 1,201,296	\$ 318,343
Age 45, 1972, \$300K, 0 Yr. PC	\$ 601,984	\$ 319,967	\$ 393,898	\$ -	\$ 228,638	\$ 244,253	\$ 866,789	\$ 229,699
Age 45, 1972, \$300K, 5 Yr. PC	\$ 681,842	\$ 372,706	\$ 432,554	\$ 25,940	\$ 304,625	\$ 252,866	\$ 1,015,985	\$ 269,236
Age 50, 1967, \$450K, 0 Yr. PC	\$ 392,845	\$ 198,628	\$ 295,793	\$ -	\$ 146,992	\$ 176,741	\$ 619,526	\$ 164,174
Age 50, 1967, \$450K, 10 Yr. PC	\$ 731,401	\$ 404,461	\$ 459,698	\$ 43,880	\$ 382,001	\$ 311,092	\$ 1,196,671	\$ 317,118
Age 50, 1967, \$450K, 5 Yr. PC	\$ 501,601	\$ 268,650	\$ 356,849	\$ 40,255	\$ 212,449	\$ 187,751	\$ 797,304	\$ 211,286
Age 55, 1962, \$600K, 0 Yr. PC	\$ 248,454	\$ 120,302	\$ 196,367	\$ -	\$ 82,379	\$ 128,879	\$ 407,625	\$ 108,021
Age 55, 1962, \$600K, 10 Yr. PC	\$ 428,139	\$ 228,957	\$ 311,455	\$ 103,970	\$ 196,040	\$ 128,879	\$ 740,344	\$ 196,191

# WHAT IS IT THAT THE ACCILENT PPP OFFERS THAT THE IPP DOES NOT?

- The built-in flexibility of the ACCILENT PPP allows the business owner to « turn on the turbo » and create even more tax deductions than the IPP...



# SMARTER ASSET ALLOCATIONS

- To remain « fully funded », a designated plan (whether IPP or DB- ACCILENT PPP<sup>®</sup>) is assumed to earn 7.5%.
- If plan is underfunded because assets grew at a lower rate, additional tax-deductible special payments are made by the plan sponsor.
- Because an IPP is a single pension fund made up of various asset classes with different expected rates of return (GIC 2%, Bonds 4%, Stocks 9% etc.), the blended average rate might be around or slightly below this assumed rate of 7.5%.
- Thus, inside an IPP any additional tax deductions created by ‘special payments’ would generally be relatively modest.

# SMARTER ASSET ALLOCATIONS

- ACCILENT PPPs allow the investment advisor to « park » lower- yielding, safer portions of the overall portfolio into the DB component of the plan.
- Asset classes that could exceed the 7.5% target rate can be held inside of the money purchase accounts (DC and AVC)
- Since special payments and excess surplus only apply to DB account, the twin results are:
  - Higher special payments = more deductions
  - No excess surplus on higher yielding DC/AVC assets

# EXCESS SURPLUS - IPP

- IPP faces 'excess surplus' when assets exceed liabilities by 25% (See paragraph 147.2(2)(d) of the *Income Tax Act* (Canada))
- This triggers a 'contribution holiday' on the plan sponsor (company). No more deductions because no more contributions allowed.
- Moreover, within IPP, adding another year of « credited service » generates a Pension Adjustment (« PA ») which virtually eliminates the personal RRSP contribution room of the member.

# EXCESS SURPLUS – ACCILENT PPP<sup>®</sup>

- ACCILENT PPP<sup>®</sup> members can « switch » from DB component that faces excess surplus to the money purchase side of the plan.
- By not adding another year of « credited service » under the DB component the plan does not generate a Pension Adjustment (« PA ») restoring most of the member's personal RRSP contribution room.
- ACCILENT PPP members can contribute to their RRSP (& claim a tax deduction personally) and then roll these contributions into the Additional Voluntary Contribution component of the ACCILENT PPP<sup>®</sup> (unavailable to IPP client)

# EXCESS SURPLUS – ACCILENT PPP<sup>®</sup>

- It is also possible to use DB excess surplus assets to make a Transfer of surplus to the DC component of the ACCILENT PPP<sup>®</sup>.
- While this does not create new tax deductions for either the member or the plan sponsor, it does remove assets from the DB pool which brings the plan sponsor closer to exiting the ‘contribution holiday’ sooner.
- Other advantage if the ACCILENT PPP is eventually wound up (see further slides)

# LESS TAXES OWING ON WINDUP

- Pure DB plans must contend with the maximum transfer value regime on plan wind up.
- Income Tax Regulation 8517 only allows a portion of the entire DB account to roll tax deferred into an RRSP-like account (RRSP, LIRA, LIF) on plan wind up.
- Because excess surplus in a ACCILENT PPP<sup>®</sup> DB account can be used to fund DC contributions, on a plan wind up, less capital is exposed to Income Tax Regulation 8517 - thereby lowering the taxes payable by the plan member.

# WITHIN BC, MB, QC, PEI ...MORE TOTAL DEDUCTIONS

- Some provinces do not require a pension plan sponsor to make contributions while the 'defined benefit' provisions are being utilized: BC, MB, QC and PEI.
- While this provides the sponsor some level of cashflow flexibility, it comes at a price:
  - Adding another year of credited service generates a pension adjustment which virtually eliminates the personal RRSP room of the plan member.
  - No capital is compounding tax-deferred (whether corporate or personal) for that year
- Shifting to DC under ACCILENT PPP allows for personal contributions/deductions via AVC account.

## CAN WE QUANTIFY THE EXTRA SAVINGS?

- Third party independent actuary created a mathematical model over a 6 months period to test the financial impact of moving from IPP to ACCILENT PPP savings.
- Over a 35 year horizon, the ACCILENT PPP generates a 'delta' of additional registered assets of approximately \$500,000 over the maximum savings under an IPP, all else being equal.
- Let's help our clients realize these extra savings!!

# OTHER ADVANTAGES UNIQUE TO ACCILENT PPP

- INTEGRIS provides the following unique fiduciary oversight services to the ACCILENT PPP:
  - Pension lawyers on staff at INTEGRIS (Most IPP providers either do not have pension lawyers on staff or charge extra, by the hour, for anything that is not customary.) plus,
  - 126 year old insurance company and their team of 4 actuaries and 6 support staff (iA Professional Services) to look after all of your client's actuarial & administrative tasks.

# OTHER TAX SAVINGS OPPORTUNITIES TO CONSIDER...

- Inter-generational wealth transfers in the context of family businesses to bypass the deemed disposition rules...
- Commuted value transfers from existing public or private sector pension plans when one starts a legitimate business...
- Pension-style alternative investing in assets classes that are not 'RRSP eligible'....
- Creditor protection & super priority in cases of bankruptcy
- And many more « à la carte solutions » ...

# HOW TO BEGIN

- Through Julia Jenkins and Mark Taucar:
- Sign Referral Agreement with Accilent Capital Management to gain access to the ACCILENT PPP
- Gain Access to The ACCILENT agent PPP Portal for administration of applications
- Prospect ACCILENT PPP clients
- Introduce clients to Portfolio Manager when they are ready to begin account set-up and funding

CONNECT WITH US TODAY

*Your goals. Your life. Your investments.  
Select the portfolio with the perfect fit.*

Email: [service@accilentcapital.com](mailto:service@accilentcapital.com)

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1 877 429 9779

# ACCILENT PPP: NATIONAL BANK OF CANADA



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