

Analysis of Tax Liabilities for Clearance of Estate					
Prepared for: John & Jane Smith		In Event of The Death of		Joint Property	At Second Death
Province of Residence	Ontario	Client	Spouse		
Marginal Tax Rate		43.41%	32.98%	38.19%	46.41%
Assets Subject to Capital Gains Treatment		John	Jane	Jtwros	Combined
Business Interest	amount in excess of ACB				
Shares in Personal Corporation	"	1,250,000	1,250,000		2,500,000
Mutual Fund Accounts	"			275,000	275,000
Stocks & Other securities	"	3,072,750			3,072,750
Syndicated Investments	"	100,000			100,000
Revenue Property	"			123,456	123,456
Raw Land	"				
Cottage	"			450,000	450,000
Other Capital Investments	"				
Realized Capital Gains for year to date of death		1,100		17,555	18,655
Less Enhanced Capital Gains Deduction Remaining		-500,000	-500,000		-1,000,000
Less Eligible Capital Gain carried forward			-11,234		-11,234
Other Adjustments or Deductions		-14,500			
Total Capital Gains from Deemed Dispositions		3,909,350	738,766	866,011	5,528,627
Taxable Income from Capital Gains	50% inclusion	1,954,675	369,383	433,006	2,764,314
Taxable Gains from Donated Securities	25% inclusion	5,000	12,000		17,000
Other Assets Subject to Tax As Income					
RRSP / RRIF / LIF & LRIF's.	fully taxable	180,000	120,000	n/a	300,000
Accrued Interest on Investments to the date of death		1,235	458		1,693
Other income received in year to the date of death		50,000	35,000		85,000
Less Charitable Bequests made in will		-15,000	-40,000		-55,000
Other Income or Adjustments					
Total Taxable Income for Terminal Tax Return		2,175,910	496,841	433,006	3,113,007
Income Tax payable on above Terminal Tax Return		944,554	163,858	165,386	1,444,734
Provincial Probate Fees on All Assets Subject to Probate		43,878	9,875	4,567	58,320
Legal Fees and other expenses to clear estate		390,935	73,877	86,601	551,413
Total Costs to Obtain Clearance Certificate		1,379,367	247,610	256,554	2,054,467

NOTE:

*In the event of the death of one spouse the tax liability could be deferred until the second death.
 In a common disaster or at the second death, taxes would be payable before payment to the beneficiaries.
 On Jointly owned assets (Jtwros) taxes can be deferred until the second death.
 Estate Planning can significantly reduce exposure to taxes due on a terminal tax return.
 Tax calculations assume income for the year of death uses up the lower bracket tax rates.
 Joint Second to Die life insurance may be a cost effective method to cover terminal tax liability.*

Continued on next page.

see notes on page # 2

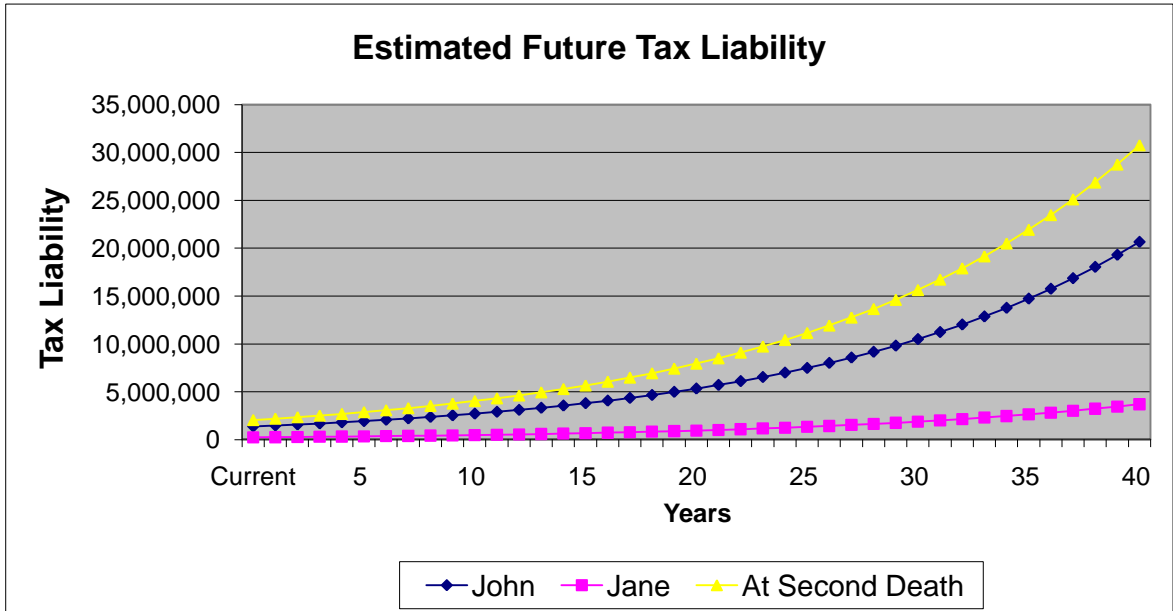
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The following chart projects the future tax liability assuming growth of the assets at the rates shown below.

Estimated Future Tax Liability on Terminal Tax Return

Assuming Assets Grow at a Rate of :	7.00%
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At the First Death & at the Second Death



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