Before You Retire or Sell Your Company

After the company is sold, what happens to the money left inside?

Bliss Financial Consulting Inc

How to use it: if you plan to retire, sell your company or pass it to the next generation in the next few years, tick each item. Work through anything unticked early with us, your accountant and your lawyer.

1 The earlier the better

- [ ] Decided at least 5 years before retiring how to exit: sell the shares, sell the assets, or not sell

2 Selling the shares

- [ ] Know about the Lifetime Capital Gains Exemption (LCGE, $1.275 million in 2026)
- [ ] Know you must qualify two years in advance: shares held only by you or family, more than half the assets used in the business, and over 90% at the time of sale
- [ ] If selling to your children, understand the intergenerational transfer rules

3 Selling assets or not selling

- [ ] Selling assets: know the company pays one layer of tax, and you pay another when the money comes out
- [ ] Not selling: use the company as a pension and pay dividends as needed; pass what's left to the family tax-free through company-owned participating life insurance

4 Money left in the company after a sale

Some turn it into four or five million, others leave the family 18 million.

- [ ] Thought about what to do with the money left in your Holdco: moving it into your own name may cost a large share in tax
- [ ] Know Holdco passive investment income is taxed at 46.7% in Alberta
- [ ] Looked into an IFA: the company owns a policy and borrows against it to keep investing

5 Tax at death

- [ ] Know that when a shareholder dies, the shares are usually deemed sold at market value and the gain goes on the final return
- [ ] Know company succession involves three layers of tax: company assets, the shareholder's shares, and distributions
- [ ] Know life insurance proceeds can add to the CDA, allowing tax-free distributions to the family under the rules

6 Do it while you're healthy

- [ ] Put the shareholder agreement, key person insurance and buy-sell insurance in place while you are healthy and the business is running normally

Remember: The earlier you plan the better, but it is never too late. Planning ahead makes passing on wealth much smoother.

Can't tick a box? Scan to add us on WeChat and send us your question.

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This checklist provides general information only and is not personalized insurance, investment, tax or legal advice. Tax rates use Alberta 2026 as an example.