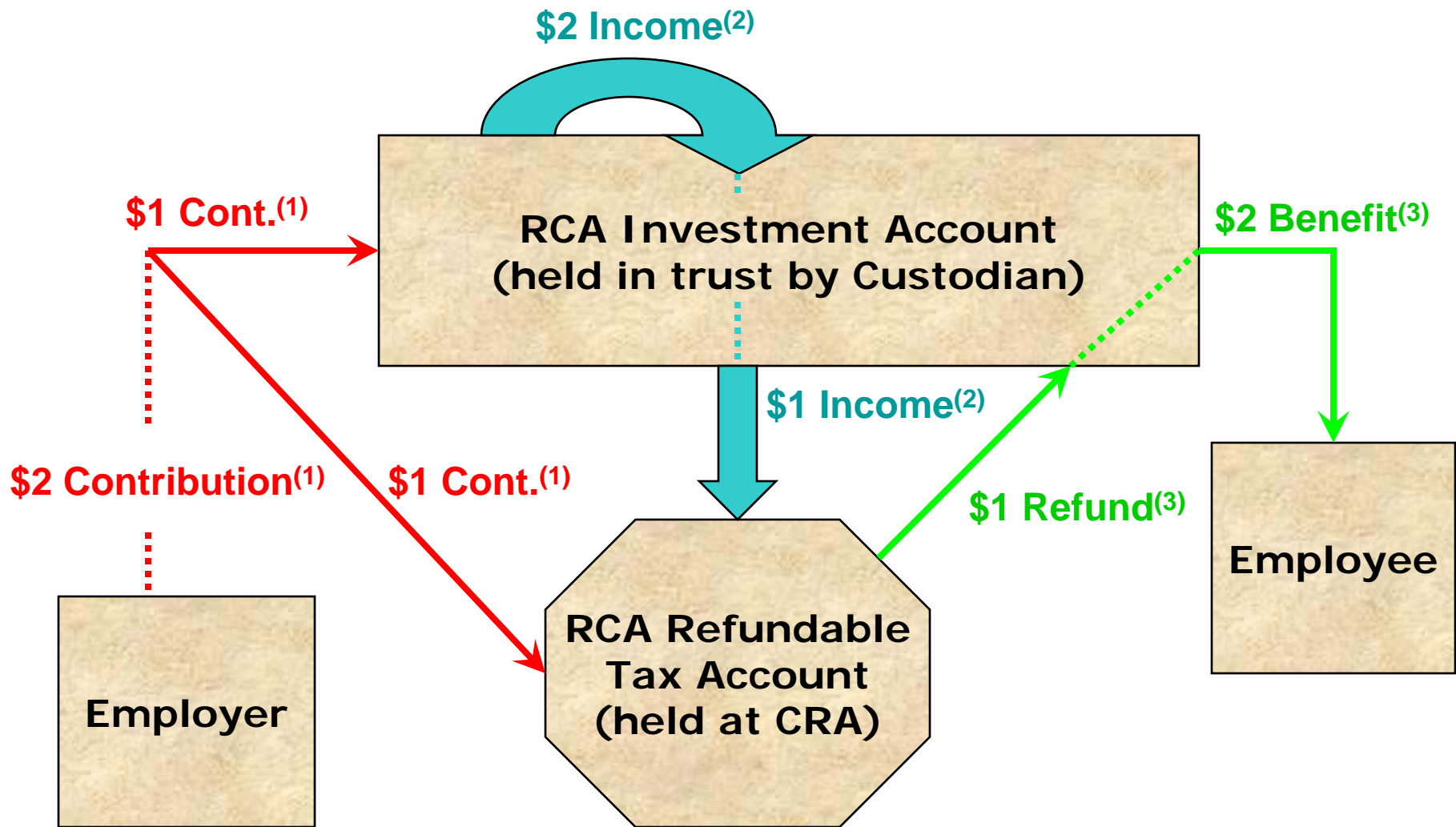


RCA Cash Flows



RCA Cash Flows (Legend)

- (1) When the Employer makes a \$2 contribution to the RCA, they would deposit \$1 (i.e. 50%) to the RCA Investment Account. They would remit \$1 (i.e. the 50% refundable tax) to the RCA Refundable Tax Account held at CRA.
- (2) When the RCA Investment Account earns \$2 of income (interest & dividends and realized capital gains net of realized capital losses) in a calendar year, the RCA Trust would remit the 50% refundable tax on realized investment income (e.g. \$1) to the RCA Refundable Tax Account held at CRA upon the filing of the T3-RCA trust return for the calendar year.
- (3) When the RCA Trust pays \$2 of benefits to the Employee on a taxable basis from the RCA Investment Account in a calendar year, CRA would issue a refund of \$1 (i.e. the 50% refundable tax) from the RCA Refundable Tax Account to the RCA Trust after their assessment of the T3-RCA trust return for the calendar year.