

Common name or acronym	Full Name	Plain Language Explanation
RRSP	Registered Retirement Savings Plan	A Canadian savings account in which contributions are exempt from being taxed in the year they are saved. Pretax money is place into an RRSP and grows tax-free until it's withdrawn and then it's taxed at a the contributor's personal tax rate (based on their income for the year it is withdrawn).
TFSA	Tax Free Savings Account	Canada's tax-free savings accounts (TFSA) allow for interest earned, dividends, and capital gains to grow tax-free. Money withdrawn from a TFSA is also tax free and can be used for any purpose. TFSAs can hold cash, funds, securities, and bonds and there's a limit on annual contributions and carryovers.
LCGE	Lifetime Capital Gains Exemption	Canada's Lifetime. Capital Gains Exemption allows for a portion of the net gain in value of assets since purchasing to be tax-free when it's sold. For farmers, the first \$1million increase in value of qualified farm property is tax-free.
Trust		A trust is a legal entity giving another party, known as the trustee, the right to hold title to property or assets for the benefit of a third party. There are 6 main types of trusts including, living or testamentary, funded or unfunded, and revocable or irrevocable.
Codicil		A legal document used to make a minor change to a will.
Addendum		A minor change to a will.

Common name or acronym	Full Name	Plain Language Explanation
Common shares		Common shares are parts of ownership of a corporation with voting rights, usually one vote per share, as dictated by the shareholder agreement.
Preferred Shares		Preferred Shares are part ownership of a corporation with no voting rights as dictated by Shareholder Agreement.
Corporation		A legal business entity that is separate from it's owners. However, like individuals, it can enter contracts, loan and borrow money, sue and be sued, hire employees, own assets, and of course pay taxes. In Canada the corporate tax rate is lower than for individuals.
Partnership		A formal arrangement of two or more individuals to operate a business and share in its profits.
Health Care Directive (aka Living Will)		Health directives or living wills are legal documents giving another person the authority to make health and other types of personal and non-financial decisions for you, if you were to become mentally incapable of doing so for yourself.
Power of Attorney		Power of Attorney is a legal document you sign that gives authority to one or more people to manage your money and property on your behalf, if you are incapacitated. Varies by province.
Executor		An executor is an individual appointed to administer the will of a deceased person. They're appointed by the individual who makes the will or if that wasn't done ahead, by a court.

Common name or acronym	Full Name	Plain Language Explanation
Sole proprietorship		An unincorporated business with one owner who pays personal income tax on the business' profits. A sole proprietorship is easy and inexpensive to establish and dismantle.
Capital Gains		The increase in value of an asset compared to the original price paid for it.
FMV	Fair Market Value	Fair Market Value (FMV) is the price of an asset (or product) would sell for on an open market and is different than market value and appraised value.
Qualified Farm Property		Qualified farm property in Canada is real or immobile property like land or buildings or quota that is used to carry on a farm business.
Intergenerational Farm Rollover		Intergenerational Rollover Rule is a tax shelter that allows Canadian farmers to transfer qualified farm assets to direct descendants. Specific eligibility must be confirmed by an accountant.
Inheritance Tax		In Canada you don't have to pay taxes on money you inherit, and you don't have to report it as income. Cash inheritance is not counted as taxable income in Canada.
CPP	Canada Pension Plan	CPP is an earning-related public pension plan in Canada. This social insurance program gives monthly taxable benefits to Canadians who have worked and contributed to the plan, except in Quebec, which province has its own program.

Common name or acronym	Full Name	Plain Language Explanation
OAS	Old Age Security	Universal retirement pension available to Canadians when they reach 65 years of age.
Cohab Agreement	Cohabitation Agreement	A legal contract between a couple who has chosen to live together. It protects your current and future property and specifies how financial responsibilities will be divided between the partners. Local jurisdiction advice
Prenup Agreement	Prenuptial Agreement	A contract between 2 people before they marry stating their respective property rights, and how support will be calculated, if they divorce or one person dies. Local jurisdiction advice.
MOU	Memorandum of Understanding	An Memorandum of Understanding is an agreement of an intended line of action between multiple parties. Although is not legally binding, it shows the commitment and cooperation of the parties involved.
Probate		Probate is the general administration of a deceased person's will, or the estate of a deceased person without a will.
Butterfly transaction		A butterfly transaction is used when multiple shareholders owners all want to legally splitting up a corporation's assets.
JV	Joint Venture	A joint venture(JV) is an agreement that 2 or more parties agree to pool their resources to accomplish a specific task and sharing profits, losses, control and resources. Usually JV's are limited to a single enterprise for a given time.

Common name or acronym	Full Name	Plain Language Explanation
SHA	Shareholders' Agreement	A Shareholders' Agreement (SHA) describes how a corporation should be operated and outlines shareholders' rights, obligations, privileges and protection and may include information on the management of the company.
NFI	Net Farm Income	Net Farm Income is gross farm income(from farm cash receipts) minus production costs and is the return to farmers for their labour, management and capital. In other words, the amount left over for debt payment and to pay yourself.
Estate Plan		An estate plan arranges for the disposition and management of one's estate at death or in case of incapacity.
Succession Planning		A business process and strategy for replacement and passing on leadership roles.
Transition Planning		The process for preparing the transfer of ownership and management of a business.
Continuity Planning		Continuity planning is the process of creating a prevention and recovery system from potential threats that can disrupt an organization.
Mentoring		Mentoring is to advise or train typically between 2 people. It can be formal or informal.
Beneficiaries		A beneficiary is an individual who receives a benefit which is often a monetary distribution.

Common name or acronym	Full Name	Plain Language Explanation
Silent partner		A silent partner in a partnership agreement is when one partner is not involved in the day-to-day operations of the business. May or may not have voting rights.
Cash flow statement		A financial statement showing all the income and expenses of a business, giving a picture of all the transactions going through the business for a given time.
Balance Sheet		A financial statement reporting assets liabilities and shareholder equity at a specific point in time, like a financial snapshot
Income Statement		A business's Income statement focuses on the revenue, expenses, gains, and losses of a company during a particular period. Also known as a profit and loss (P&L) or a revenue and expense statement.
Buy-Sell Agreement		A Buy-Sell agreement controls what would happen if one owner dies, such as who has the option/obligation to buy the owner's interest in the business, the price that would be paid, and how it would be funded.
RESP	Registered Education Savings Plan	In Canada an RESP is an investment vehicle for caregivers to save for post secondary education which can be withdrawn (contribution and growth) at the student income tax rate, usually low. There is a government grant to compliments these contributions.

Common name or acronym	Full Name	Plain Language Explanation
Promissory Note		A promissory note is written and signed note to repay a sum of money in exchange for a loan or other financing. Typically it contains all the terms involved, such as the principal debt amount, interest rate, maturity date, payment schedule, the date and place of issuance, and the issuer's signature.
Section 85 – Rollover		Section 85 of Canada's Income Tax Act allows a tax payer to transfer personal property into a taxable corporation at adjusted cost base instead of at fair market value. It is often used to defer taxes owed at disposition or when moving from sole proprietorship to corporation.
Estate Freeze		An estate freeze is a way of locking in the current value to help with planning for intergenerational tax and tax liability.
RDSP	Registered Disability Savings Plan	Registered Disability Savings Plan is a Canadian savings is designed to help parents and others save for the financial security of disabled people. Although contributions are not tax deductible, when withdrawn, they're not included in the beneficiaries income, plus substantial grants are available.
Will	Last Will and Testament	A will legally declares how a persona wants property, assets, and guardianship of their children dealt with after they die.
Ltd.	Limited	Limited is a corporate structure available in countries including the U.K., Ireland, and Canada.
CRA	Canada Revenue Agency	Canada Revenue Agency collects taxes administers tax laws for the government

Common name or acronym	Full Name	Plain Language Explanation
Whole life insurance		Whole life insurance is a permanent insurance that never expires as long as you keep paying premiums and pays a specific amount to beneficiaries and has a cash value.
Term life insurance		For Term life insurance you pay a premium for a chosen time and once that time is up, your insurance does provide a payout. Term insurance does not provide an cash value or survival benefits.
Disability insurance		Basically, for Term life insurance you pay a premium for a chosen time and once that time is done, you are no longer covered. Term insurance does not provide a cash value or survival benefits.
Credit insurance		Credit insurance is bought by the borrower to protect against bad debts, and commonly sold by lending agents.
Inc.	Incorporated	Inc. is short form for incorporation and when used after a company's name means that it has formally designated itself as a corporation.