



Hybrid life insurance for children

A Case Study

Jason, an insurance advisor, recently visited two long-time clients, Pierre and Marie, who became first-time grandparents two years ago and are now interested in planning for the financial future of their grand-daughter, Ann-Marie. The long-term goal is to pay the premiums until Ann-Marie is old enough to pay the premiums on her own. During the conversation, Jason learned that Marie retired two years ago to provide daycare for Ann-Marie so Ann-Marie's mother could work full time. Pierre plans to retire within the year, so their budget is limited to approximately \$70 per month.

★ Jason's Dilemma

Jason knows that locking into guaranteed pure term to 100 plans may still be affordable, even with recent rate increases, but there is no value or flexibility for Ann-Marie in the future should she need cash or stop paying her premiums. What they really want is permanent coverage for Ann-Marie that can provide her excellent value at any point in her life when she grows up.

★ Jason's Solution

Fortunately, Jason can offer a new product for Ann-Marie that will allow premiums to decrease if long-term interest rates go up and her coverage will remain level. Jason recommends Hybrid Solution 100 from Empire Life.

★ Jason's Recommendation

Purchase a \$250,000 Hybrid Solution 100 plan for Ann-Marie. The total initial premium on Ann-Marie's policy will be \$60.53 per month based on the current interest rate range.

Hybrid Life Insurance

For times that change and needs that don't

Always Current Pricing*

Interest Rate Range	Premium		% Change
	Annual	Monthly	
less than 1.00%	\$925.00	\$83.25	38%
1.00% to 1.99%	\$830.00	\$74.70	23%
2.00% to 2.99%	\$732.50	\$65.93	9%
3.00% to 3.99%	\$672.50	\$60.53	-
4.00% to 4.99%	\$627.50	\$56.48	-7%
5.00% to 5.99%	\$575.00	\$51.75	-15%
6.00% to 6.99%	\$522.50	\$47.03	-22%
7.00% to 7.99%	\$470.00	\$42.30	-30%
8.00% or more	\$427.50	\$38.48	-36%

Each Hybrid Solution 100 coverage provides a set of premiums, all of them based on original age at issue and each one linked to a specific interest rate range. Every year, Empire Life will determine an annual interest rate by calculating the average for the last six months of the previous calendar year of a monthly benchmark interest rate. This annual rate determines the interest rate range that is used to establish the premium for the year.

Having premium changes linked to a benchmark interest rate makes this product more responsive to market conditions.

Future Value*

Ann-Marie's Life Stage	Age	Minimum Cash Value	Estimated Cash Value ¹	Minimum Paid-Up Value	Estimated Paid-Up Value ¹
Graduated from University and gets her first job	22	\$5,555	\$15,363	\$72,294	\$144,588
Married with first child and purchase of first home	32	\$11,975	\$28,460	\$91,919	\$183,838
Move to larger home with two children	42	\$23,595	\$47,273	\$104,966	\$209,933
Children leaving home, starting college and getting married	52	\$42,258	\$72,278	\$117,668	\$226,285
Contemplating early retirement with plans for travel to many places	62	\$67,103	\$101,338	\$146,270	\$235,920

¹ Illustration Only. Assumes original factors considered to determine cash and paid-up values remain the same for the entire period. Also assumes a specific time period for each life stage event. Cash Values and Paid-Up Values may be adjusted by the Company annually but will never be less than the guaranteed minimum value limits provided in the policy.

Jason assures Pierre and Marie that no matter what life-stage Ann-Marie is in, her Hybrid Solution 100 coverage provides excellent cash and paid-up values should she need to borrow, leverage against her policy or stop paying premiums altogether. Jason also explains that if long-term interest rates in Canada rise, as Pierre and Marie believe they will, Ann-Marie's premium can decrease. The premium payable at each interest rate range is written in the contract and premiums are always based on Ann-Marie's initial age at issue.

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*For illustrative purposes only. Any amounts shown in this document are based on the hypothetical scenario and circumstance(s) described and are not guaranteed. Actual results will vary depending on individual circumstances.

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