
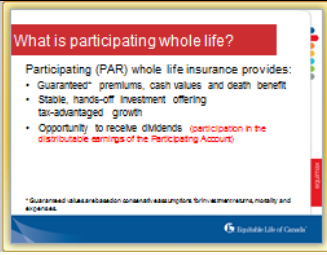
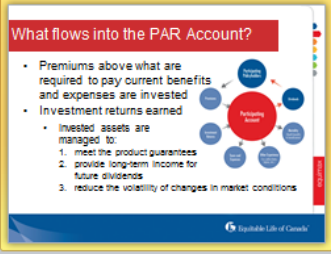



Equimax

Understanding Participating Whole Life – Client Presentation (Notes)

Slide	Notes
 <p>Understanding Participating Whole Life Insurance</p>	<p>Other pieces to provide to your client along with this presentation include:</p> <ul style="list-style-type: none"> • Understanding Equimax – Your Guide to Equimax (form 1129) - a client guide available for order in print or pdf • Understanding Participating Whole Life (form 1038) – available for order in print or pdf; and is an excellent accompaniment to this presentation. • Par Account Quarterly Update – available in pdf only; provides a quarterly snapshot of the Participating Account Asset Mix • Dividend Notice – available in pdf only • Dividend Policy – available in pdf only • Participating Account Management Policy – available in pdf only <p>All are available on www.equitable.ca on the Whole Life product page under Our Products at: http://www.equitable.ca/en/our-products/individual-insurance/whole-life.aspx</p>
 <p>What is participating whole life?</p> <p>Participating (PAR) whole life insurance provides:</p> <ul style="list-style-type: none"> • Guaranteed premiums, cash values and death benefit • Stable, hands-off investment offering tax-advantaged growth • Opportunity to receive dividends (participation in the distributable earnings of the Participating Account) <p><small>*Guaranteed rates are based on conservative assumptions for all-inclusive mortality and expenses.</small></p>	<p>Participating (PAR) whole life insurance provides:</p> <ul style="list-style-type: none"> • Guaranteed premiums, cash values and death benefit. Those values are based on conservative assumptions for investment returns, mortality (claims) and expenses. • Stable, hands-off investment offering tax-advantaged growth; part of your premium payment is invested into the Participating (PAR) Account and managed by Equitable Life Asset Management Group. • Participating whole life policyholders are also eligible to receive dividends through distributable earnings of the Participating Account. You can choose from 5 dividend options including: Cash, Premium Reduction, On Deposit, Paid-Up Additions and Enhanced Protection • While dividends are not guaranteed, they will never be negative. • The concept of Participating Whole Life insurance is that over the lifetime of the policy, the net cost to the client (premiums paid less dividends received) reflects the actual experience of the Participating Account.

	<p>What flows into the Participating (PAR) Account?</p> <ul style="list-style-type: none"> • The amount of premiums greater than what is required to pay for current benefits and expenses flows into the PAR Account and is invested. • Investment returns <ul style="list-style-type: none"> • Assets in the PAR Account are managed to: <ol style="list-style-type: none"> 1. meet the product guarantees 2. provide long-term income for future dividends 3. reduce the volatility of changes in market conditions.
	<ul style="list-style-type: none"> • The Participating (PAR) Account offers stable, hands-off investment with tax-advantaged growth • The investments in the PAR Account are managed by the Equitable Life Asset Management Group. • The asset mix includes common and preferred equities, real estate, commercial mortgages, private and public bonds. • Invested for optimum performance by: <ul style="list-style-type: none"> • Selecting high quality securities • Diversifying investments in a variety of maturities for the fixed income portfolio • Limiting concentration by sectors and geographic distribution • Invested to reduce the volatility of changes in market conditions. Increases or decreases in the rate of return will typically lag and potentially not be as volatile as changes in the interest rate environment which you can see by comparing the Par Account Rate of Return against well-known economic indicators like the S&P/TSX Composite Index, 5 Year GIC and Consumer Price Index • For quarterly updates on the Participating Account Asset Mix go to www.equitable.ca Our Products>Whole Life

What flows out of the PAR Account?

- Dividend payments
 - 5 options for how to receive dividends including using them to:
 - reduce your premium, or
 - to increase the cash value and death benefit.
- Claims (Mortality)
 - Death benefits paid to beneficiaries
- Expenses
 - Includes policy loans and lapsed policies
- Taxes

The PAR Account is managed for investment yield as well as the risk associated with paying all future obligations of the participating block of policies.

What flows out of the PAR Account?

- Dividend payments
 - 5 options to receive dividends including using them to reduce your premium or to increase the cash value and death benefit
- Claims (Mortality)
 - Death benefits paid to beneficiaries
- Expenses
 - Cost to administer the PAR Account including policy loans and lapsed policies. Lapsed policies are policies that terminate for a reason other than payment of a death benefit, such as cancelling the policy or stopping premium payments for a policy.
- Taxes

How are dividends calculated?

- Investment returns
- Claims (Mortality) experience
- Lapse experience and policy loans
- Taxes and expenses

Investment returns and claims experience are the largest components

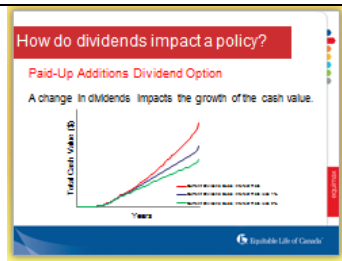
- Dividends are determined by looking at all of the PAR Account experience, not just investment earnings. This includes mortality, lapse experience, taxes and other expenses that are associated with the sale and administration of the participating block of policies. All of these components are factored into determining the dividend to be credited each year.
- For example, a poor year for investments could be offset by good mortality experience and help reduce the decrease in the dividend scale.
- Investment returns and Mortality are typically the largest components of the dividend calculation.
 - Taxes are a smaller component of the total dividend compared to investment return and mortality experience

Payment of dividends

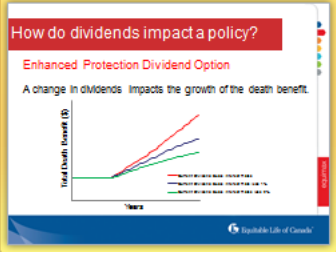
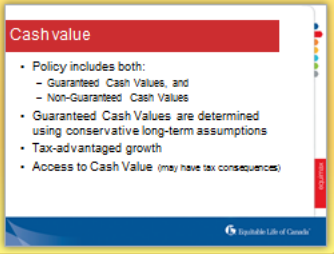
Equitable Life has credited dividends every year since we first offered Participating Whole Life in 1936.

- Equitable Life has credited dividends every year since they first offered Participating Whole Life in 1936.
- While dividends are not guaranteed, they will never be negative.
- Once a dividend is credited to a policy it cannot be taken away unless directed by you.





- A change in the dividend scale can affect your policy, particularly if you selected a Dividend Option that relies on dividends to increase the cash value and the death benefit of your policy.
- With Paid-Up Additions Dividend Option, dividends are used to purchase participating paid-up additional insurance which is also eligible to earn dividends and therefore increases the cash value and death benefit of the policy.
- The sales illustration projects the cash value and death benefit into the future assuming the continuation of the current dividend scale.
- A change in dividends will impact the growth of the cash value and the death benefit.
- The guaranteed cash values and death benefit provided by the Basic Permanent Insurance will not be affected by changes in dividends, but changes in dividends will affect the non-guaranteed cash values and death benefit amount provided by the Paid-Up Additions.
- This graph shows how a decrease in the dividend scale interest rate of 1% or 2% impacts the Total Cash Value of a policy with the Paid-Up Additions dividend option. The Total Cash Value, which includes both the Guaranteed Cash Value and the Non-Guaranteed Cash Value generated by the Paid-Up Additions, will grow at a slower rate.

 <p>How do dividends impact a policy?</p> <p>Enhanced Protection Dividend Option</p> <p>A change in dividends impacts the growth of the death benefit.</p> <p>Total Death Benefit (DB)</p> <p>Years</p> <p>Equitable Life of Canada</p>	<ul style="list-style-type: none"> • With Enhanced Protection Dividend Option, the policy begins with a combination of Basic Permanent Coverage and Yearly Renewable One-Year Term Insurance (the Enhancement). • Dividends paid are used first to pay for the One-Year Term Insurance with any excess buying participating paid-up additional insurance (Paid-Up Additions) which replaces part of the One-Year Term Insurance. The paid-up additional insurance also build cash value within the policy. • Once all the One-Year Term Insurance has been replaced with Paid-Up Additions, dividends continue to purchase Paid-Up Additions which increase the death benefit as well as continuing to increase the cash value of the policy. • The sales illustration projects the death benefit and cash value amounts into the future assuming the continuation of the current dividend scale. • A change in dividends will impact the growth of the total death benefit and cash values. • The guaranteed cash values and death benefit provided by the Basic Permanent Insurance will not be affected by changes in dividends, but changes in dividends will affect the non-guaranteed cash values and death benefit amount provided by the Paid-Up Additions. • This graph shows how a decrease in the dividend scale interest rate of 1% or 2% impacts the Total Death Benefit of a policy with the Enhanced Protection dividend option. It will take longer for the Paid-Up Additions to replace the One-Year Term Insurance and the Total Death Benefit will grow at a slower rate.
 <p>Cash value</p> <ul style="list-style-type: none"> • Policy includes both: <ul style="list-style-type: none"> - Guaranteed Cash Values, and - Non-Guaranteed Cash Values • Guaranteed Cash Values are determined using conservative long-term assumptions • Tax-advantaged growth • Access to Cash Value (may have tax consequences) <p>Equitable Life of Canada</p>	<ul style="list-style-type: none"> • The cash value of a participating life insurance policy has a guaranteed cash value component, which is set out in your policy contract, and a non-guaranteed cash value component, depending on the dividend option you have selected, which is generated by dividends credited to the policy. • The cash value accumulates in the policy on a tax-advantaged basis, subject to limits under the Income Tax Act. • Options to access the cash value in the policy include cash withdrawals, policy loans or policy surrender. • There may be tax consequences to accessing the value in your policy. • You may also be able to use the value in your whole life policy to obtain a collateral loan.

