THE BEST OF BOTH WORLDS:

CASH VALUE AND DEATH BENEFIT

SUN PAR ACCUMULATOR

Enhanced early cash value access with long-term death benefit growth

Meet Edward

Edward, age 50, is a successful engineer and has a good group benefits plan.

Edward has term insurance, critical illness insurance, is maximizing the RRSP and TFSA contributions for himself and the RESP contributions for his children. He is interested in purchasing an investment property within the next few years but also wants to address his estate planning needs.

The challenge

Edward seeks an efficient solution that will allow him to purchase an investment property and maximize his long-term estate value for his family.

Edward has a couple of options to meet his goals. He can purchase non-registered investments or he can use a permanent life insurance solution to meet his needs or both.

If Edward chooses to invest all of his free cash flow in non-registered investments, he should consider the following:

- Taxes on investment income mean that the assets may grow at a much slower rate than within a life insurance policy which provides tax-preferred growth.
- Accessing cash from the investment portfolio may trigger significant capital gains tax, which could erode the asset values.
- Managing a diversified portfolio may involve rebalancing, forcing deferred capital gains to be realized and creating additional taxable income.
- Probate, legal and administrative fees will also reduce his estate value.

The solution

Sun Par Accumulator with the paid-up additional insurance dividend option. Accessing the early cash value could help him buy an income-earning investment property and potentially qualify for a tax deduction.

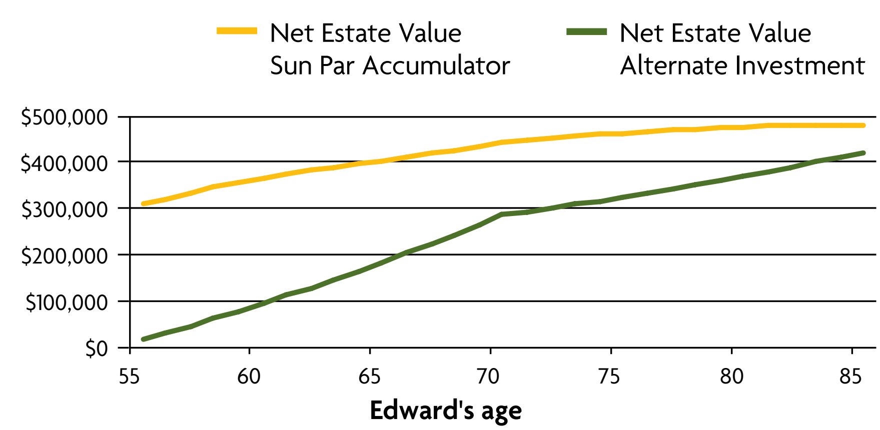
After reviewing his assets, Edward and his advisor determine that he has an immediate additional insurance need of $300,000. He purchases a Sun Par Accumulator plan with the 20-Pay premium option which results in a monthly premium of $1,206.81. With Sun Par Accumulator, Edward can enjoy the following benefits:

- **Enhanced early cash value access.** The cash value growth is **tax preferred** and can be accessed by policy loan or by collateral assignment through a third party lender.
- **Long term death benefit growth.** The death benefit has the potential to grow to cover the expected increasing tax liability of the estate and will be paid out **tax-free**.

The result

Early cash value access coupled with long-term, tax-preferred growth of the death benefit.

Edward intends to take a policy loan in five years from now and use the proceeds towards a down payment on an investment property. He is able to take a maximum policy loan amount of $53,949 and still have an estate value of over $450,000 at age 85 to cover his estate needs. The loan would not trigger a taxable gain as the amount is projected to remain below the adjusted cost basis of the policy. Edward may also be eligible for tax deductions as the loan proceeds were used to earn income.



Sun Par Accumulator gives Edward the peace of mind knowing his estate needs are covered and also allows him to meet his investment goals.

The above scenario is based on the current dividend scale interest rate -1%. It also assumes a policy loan rate of 5% and that the interest is capitalized. The alternate investment uses a rate of return of 4%. Both assumptions are not guaranteed. The accumulated cash value in the life insurance policy is used as collateral for a loan. If the loan balance to cash value ratio exceeds the limit, the policy owner will need to pay down the loan to keep the policy in effect. Dividends are not guaranteed and may be higher or lower than shown here. Any sales strategy should not be used without a thorough review of all risks. Clients should consult their tax advisor before making any decisions about using this strategy.

Advisor information:

Life's brighter under the sun

Sun Life Financial

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