Balancing to reduce risk

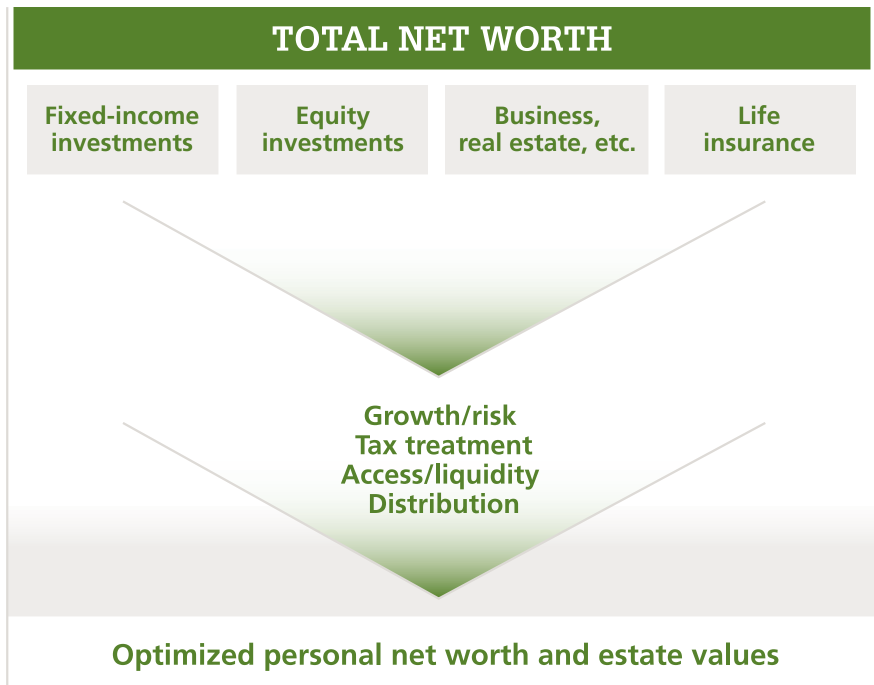
Would you consider life insurance and its cash value to be an important contributor to your net worth?

Life insurance is an important part of a financial plan. It's one of the best ways to provide funds for family members, your business, or to pay taxes when you die. It also builds up money you can use during your lifetime (called cash value) and you get a guaranteed insurance payout when you die.

You may also get dividends – depending on how the participating account performs. And once paid, those dividends are yours and can't be taken back.

Permanent life insurance in general, and participating life insurance specifically, is a unique part of your financial assets. It can provide stable growth, risk management and tax advantages.

To see whether life insurance may be right for you, let's look at a variety of different asset classes and how they can be used to your advantage when creating your financial plan.



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Fixed-income assets

These assets are ideal if you're looking for stable and safe rather than higher risk and volatility. Bonds are a good example of a fixed-income asset.

Equity investments

These assets are preferred if you're looking for increased growth, and are comfortable with the potential for higher risk and volatility. Stocks are a good example of an equity investment.

Businesses and real estate

These assets provide opportunities for long-term growth, with potential for higher returns. However, they do come with other unique risks, particularly since they're not easily converted into cash (liquidity risk).

Participating life insurance

Participating life insurance is unique because of its immediate estate enhancement, as well as potential cash value and life insurance benefit growth. This combination of benefits is a mix only offered with permanent life insurance and can help you meet your financial goals.

It also has guaranteed cash values that won't go down. Unlike assets that may be exposed to market volatility, if you receive dividends, their cash value is also guaranteed as long as you keep them in the policy, unless they're used for some other purpose. This cash value isn't affected by future market changes.

THE Great-West Life ASSURANCE COMPANY

	Fixed-income assets	Equity investments	Businesses and real estate	Participating life insurance
Growth opportunities and risks	• Low risk • Typically low returns	• Higher risk and volatility • Opportunity for greater returns	• Highest risk (concentration, liquidity, etc.) • Potential for greater long-term returns	• Low risk • Payments for insurance coverage via premiums are guaranteed not to increase, whether market performs well or not • Stable long-term growth in cash value • When your policy's cash value grows, the new total is automatically guaranteed and protected from declines
Tax treatment on growth	• Usually taxed as interest income, which is taxed at your marginal tax rate	• Dividend income has preferred tax rates • Growth may be subject to capital gains tax	• Business income taxed at your marginal tax rate • Real estate could have rental income, which is taxed at your marginal tax rate • Real estate could have capital gains	• Cash value growth is tax free* within the policy
Access	• Easy to access cash and may be tax-free because tax is paid on growth	• Cash access available but may trigger capital gain/loss • Capital gains are taxed at your marginal tax rate	• Access to cash may be more difficult and time-consuming as assets aren't liquid • Business and rental income is uncertain and can vary based on market conditions	• If enough cash value builds up, you may access it through a partial surrender or policy loan (may be subject to tax)
Distribution at death	• Generally paid through the estate, subject to probate	• Generally paid through the estate, subject to probate	• Generally paid through the estate, subject to probate • Influenced by market changes which may force a future sale	• Insurance payout goes to named beneficiary tax-free

*Within legislated limits

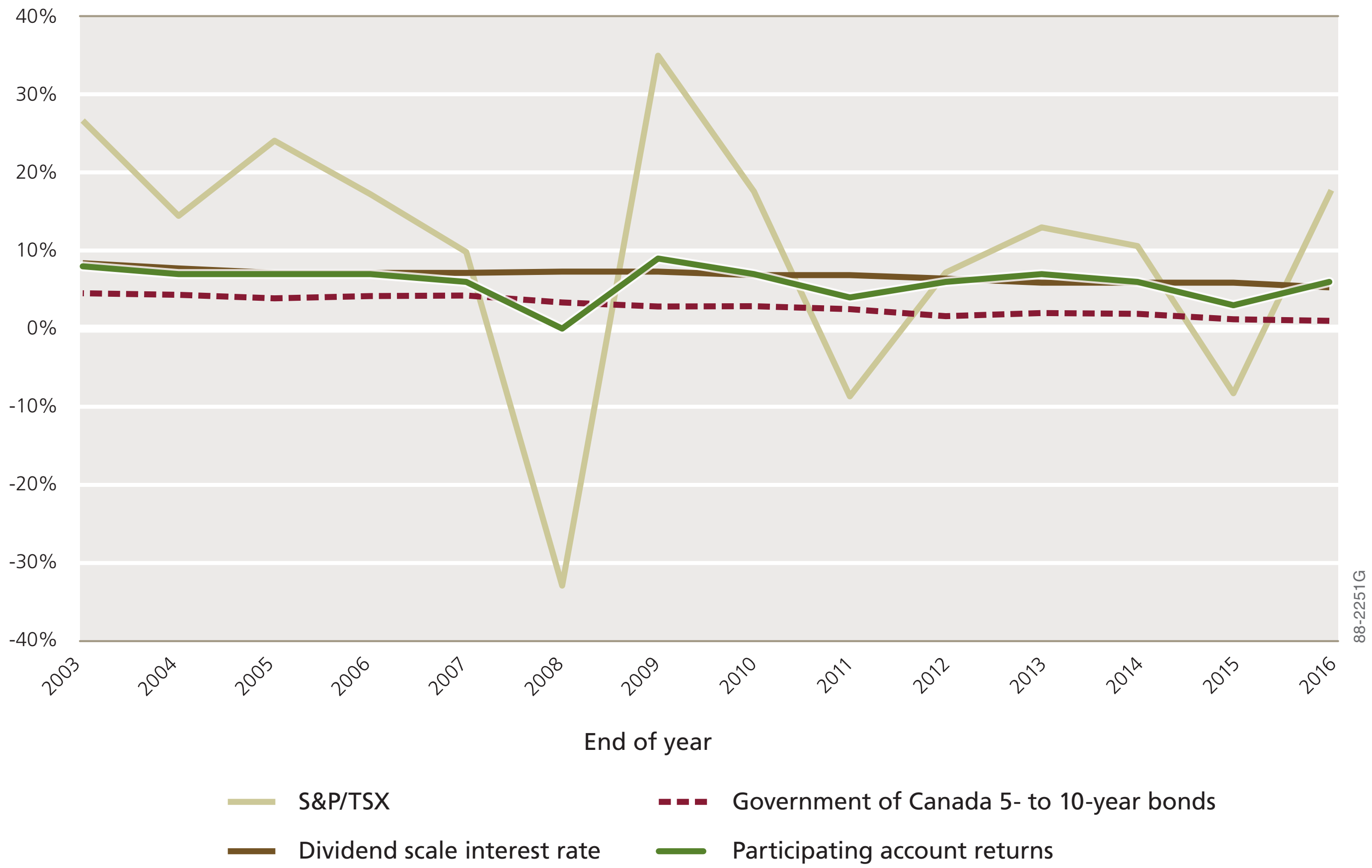
Dividends aren't guaranteed and vary up or down from those illustrated, depending on future dividend scales.

Strong, stable performance achieved with lower risk

Great-West Life's participating account has been relatively stable

Investment returns associated with the participating account are reflected in the dividend scale through the dividend scale interest rate. The dividend scale interest rate is used to determine the portion of participating policyowner dividends that come from the participating account's investments.

Great-West Life historical participating account



The longer-term focus for participating account investments is one factor that helps stabilize the dividend scale interest rate.

The Great-West Life participating account 30-year average dividend scale interest rate was 8.9 per cent for the period from 1987 to 2016.

Other information

- Great-West Life has distributed participating policyowner dividends every year since 1899.
- In 2016, Great-West Life distributed $151 million in participating policyowner dividends.
- The 10-, 20- and 30-year average annual dividend scale interest rates to the end of 2016 were 6.6, 7.6 and 8.9 per cent, respectively.
- Since 1987, the 30-year standard deviation for the Great-West Life dividend scale interest rate was 2.2 per cent.
- Effective July 2017, the dividend scale interest rate is 5.6 per cent.
- The dividend scale interest rate is only one of many factors that contribute to an individual policy's dividend.

Does participating life insurance, with its historically strong, stable performance, have a place in your portfolio?

Talk to your financial security advisor for more specific examples.

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