How participating life insurance works for you

The Great-West Life Assurance Company

What is
participating life insurance?

At a high level, participating life insurance is distinguished by these key features.

- **First and foremost, it's life insurance.**
  When you die, your family, business or charity receives the payout.
- **It's permanent.**
  It's guaranteed to stay in force your whole lifetime, if you make the required payments.
- **It builds up a cash value you can use during your lifetime.**
  Your policy has a cash value that's guaranteed to grow over time. You can use your policy's cash value in many ways during your lifetime.
- **It has tax benefits.**
  Your policy's cash value grows tax-free while inside the policy, subject to government limits. When you die, the people and organizations you've named receive the payout tax-free.
- **It can give you dividends.**
  You can use dividends in one of several ways. You can increase your coverage and your policy's cash value. You can decrease your payments or stop them. Or you can take your dividends as cash.

What can you do with participating life insurance?

Enjoy lifelong protection and do more with your money

- Most important, you protect your family or business with the coverage amount, from the very first day your policy is in effect.
- You create a flexible asset you can use many different ways during your lifetime.
- You can protect more of your money from annual income taxes and taxes at death.

Tailor your life insurance to your goals and timeline

- Based on your goals, your financial security advisor can recommend a policy with strong growth of cash value in the early years – or a policy with higher coverage and cash value in the later years.
- You can get a guarantee your policy will be paid for in 20 years – or you can spread payments over a longer period. There are options that let you adjust your payments to match your cash flow.
- You can increase your coverage and your policy's cash value even further, using dividends or additional deposits, described later.

Have confidence in a company with a proven track record

- The assets that back your policy are managed by Great-West Life's investment managers, who have a proven history of steady, consistent returns.
- With Great-West Life, you can be confident your insurance company is strong and committed to participating life insurance.

Diversify to manage risk and enjoy guaranteed growth

- The amount of your insurance payout is fully guaranteed from day one. And your policy's cash value is guaranteed to grow.
- When your policy's cash value grows, the new total is automatically guaranteed and is protected from declines, unless used for some other purpose.
- With guaranteed, steady growth, plus the opportunity for dividends, your policy can help you diversify beyond investments and reduce your overall financial risk.

A spectrum of solutions

One size does not fit all. That's why we offer you a spectrum of solutions. Each solution provides a different combination of costs and benefits, to support different goals and timelines.

How do you want your policy's value to grow?

- Early value, using Enhanced Wealth

  This gives you strong growth of your policy's cash value in the early years.

- Later value, using Enhanced Legacy

  This gives you higher coverage and policy cash value in the later years.

How do you want to pay for your coverage?

- Shorter payment, using the guaranteed 20-pay option

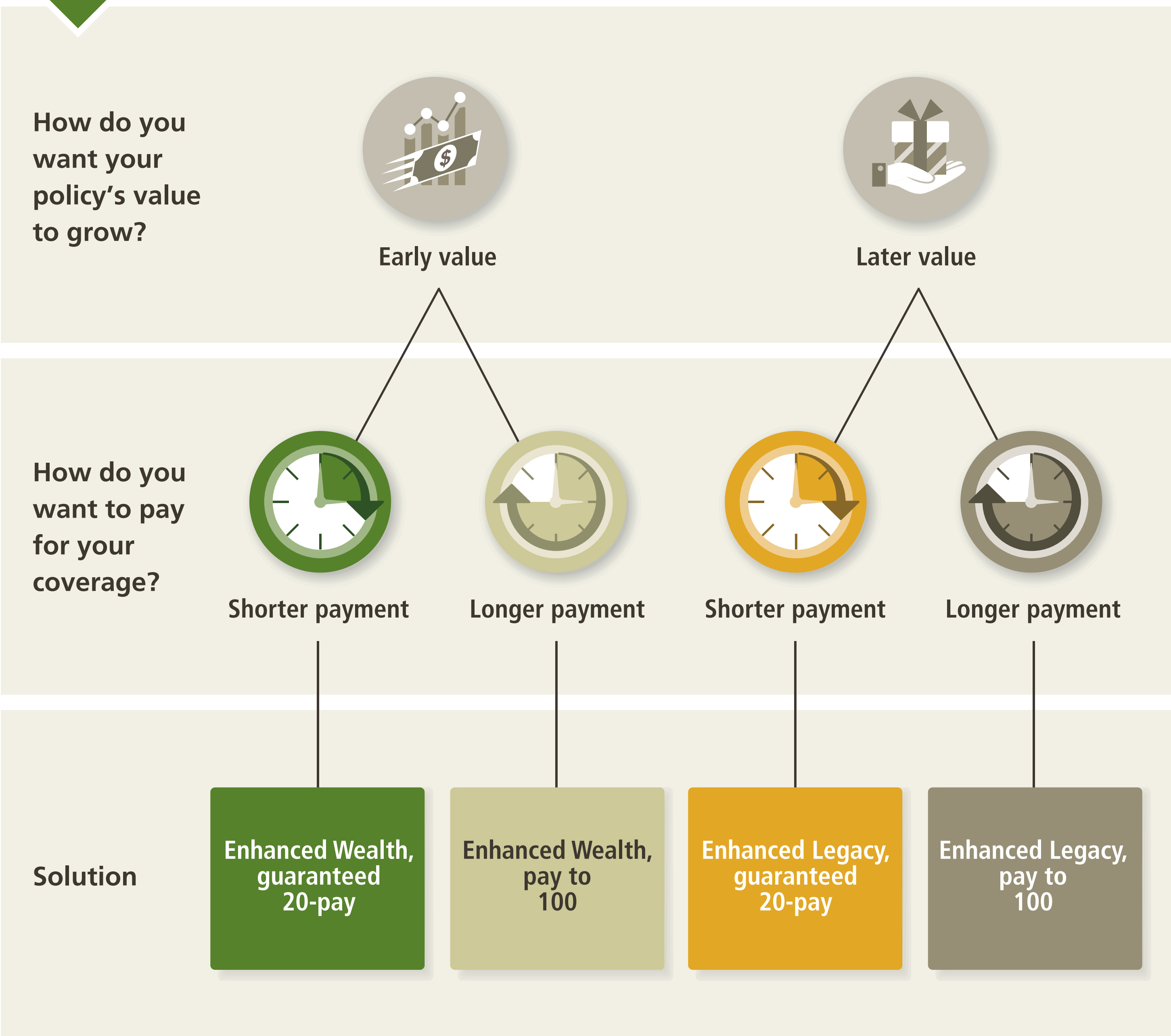
  This gives you a guarantee your policy will be paid for in 20 years.

- Longer payment, using the pay-to-100 option

  This lets you spread payments over your lifetime, until age 100.

Your financial security advisor can help you select the solution with the values and payments that best fit your goals and timelines. The next few pages give you an overview of each solution. For more details, see *Detailed guide to features and options*, page 19.

Solutions to fit your goals and timelines



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Enhanced Wealth

guaranteed 20-pay

Key features

- Early value: Strong growth of policy's cash value in early years
- Shorter payment: Guarantee your policy will be paid for in 20 years

Plus core features of participating life insurance

- Lifelong financial protection
- Tax benefits
- Opportunity to receive dividends

Along with financial protection, this solution builds up your policy's cash value in the early years. This gives you the flexibility to access that cash value early on, if needed. For example:

- Parents who want to give their children or grandchildren a financial start in life

  They can give children their own life insurance policies — with lifelong financial protection — and have it paid for in 20 years. The children can use the policy's cash value for education or a house.

- Owners who need to protect their business and want the flexibility to access cash for expansion

  They can use the policy's cash value to pay for expansion. If they decide not to use the policy's cash value, it keeps growing tax-free while inside the policy, subject to government limits.

- Business owners with idle assets, who want to reduce taxes and leave a legacy

  The business can buy insurance on the owners. The assets can grow tax-free inside the policy, subject to government limits. When they die, their loved ones or charity receive the payout tax-free.

Example of growth

Enhanced Wealth

pay to 100

Key features

- Early value: Strong growth of policy's cash value in early years
- Longer payment: Payments spread over lifetime, to age 100

Plus core features of participating life insurance

- Lifelong financial protection
- Tax benefits
- Opportunity to receive dividends

Along with your coverage, this solution builds up your policy's cash value in the early years. This gives you the flexibility to access that cash value early on, if needed. For example:

- **Professionals or owners who want to protect their business if a key person leaves or dies**

  They can buy insurance on the key person. If that person leaves, the policy's cash value can help while they replace that person. If that person dies, the payout protects the business.

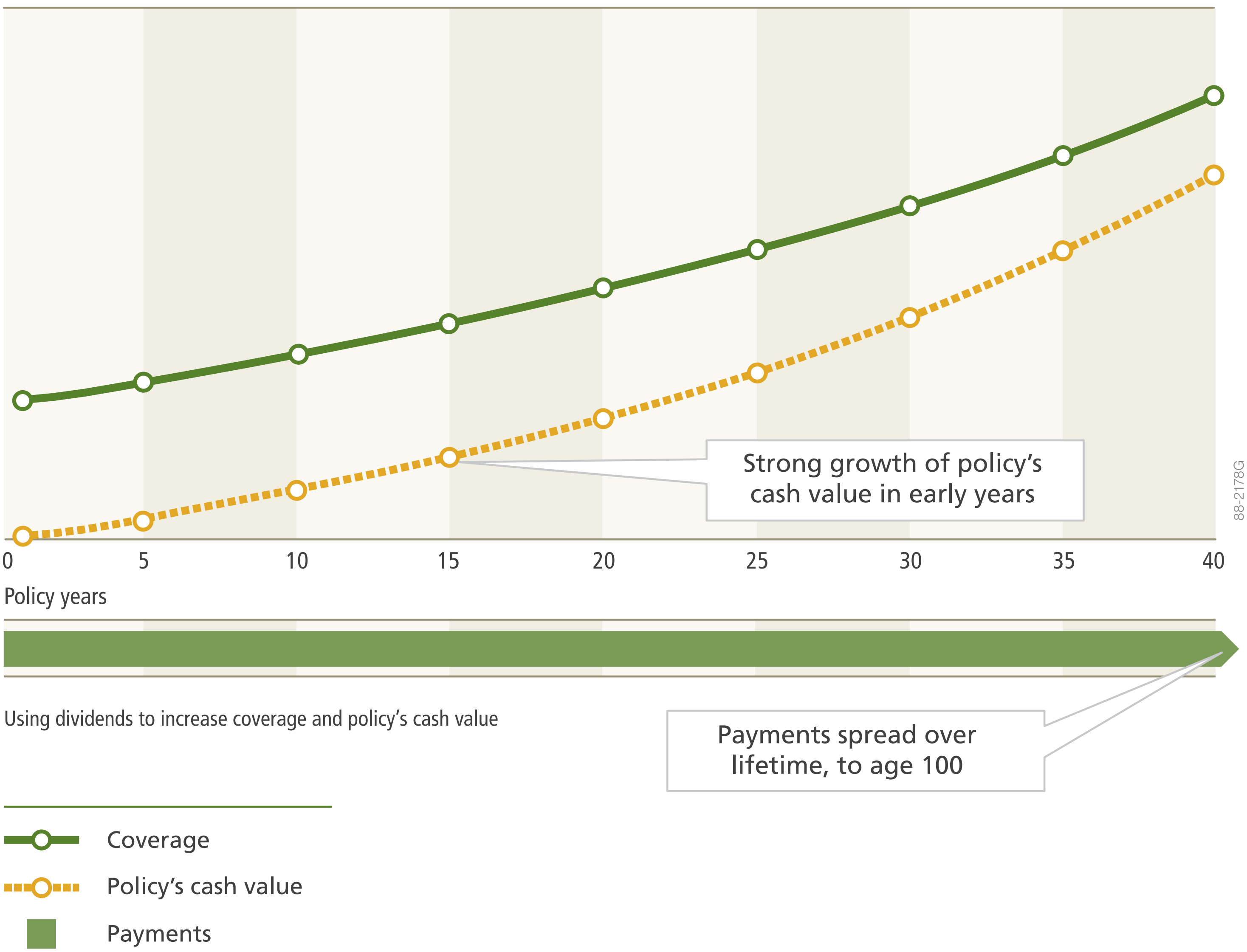
- **Owners of a growing business who want a cost-effective upgrade from term life insurance**

  For a start-up, term life insurance can be cost-effective. When the business grows, they can convert to participating life insurance. The policy's cash value can be used to fund future growth.

- **Parents who want flexibility in retirement, plus a legacy for their adult children**

  For example, they can use the policy's cash value to buy a home near their children, while also building a legacy for their children.

Example of growth



Enhanced Legacy

guaranteed 20-pay

Key features

- Later value: Focus on coverage and cash value in later years
- Shorter payment: Guarantee your policy will be paid for in 20 years

Plus core features of participating life insurance

- Lifelong financial protection
- Tax benefits
- Opportunity to receive dividends

This solution focuses on giving you coverage and cash value in the later years. For example:

- Parents who want to protect their children and leave them a large estate

  This solution builds an insurance payout for the benefit of the children. The 20-pay option lets the parents pay for the policy before they retire.

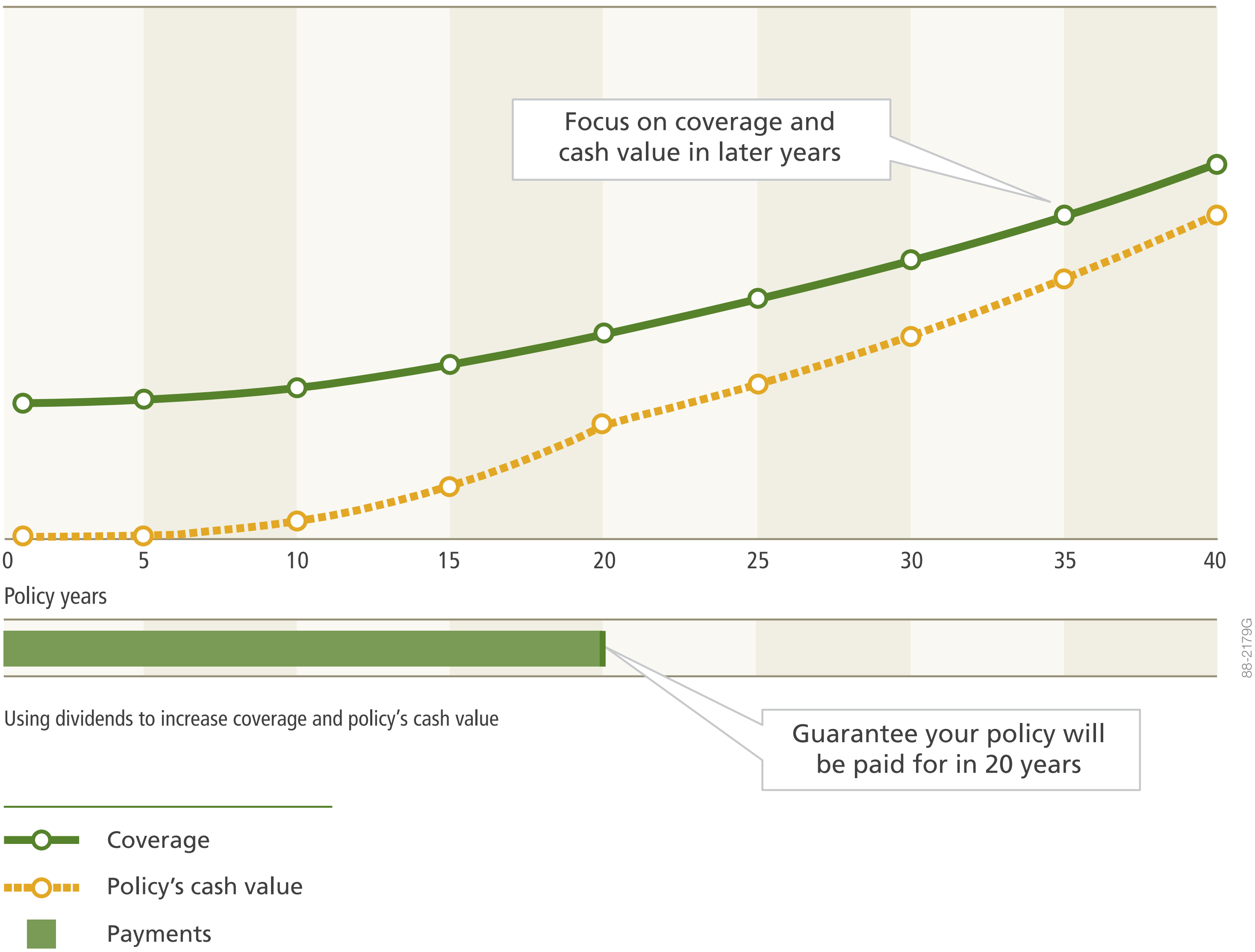
- Grandparents who want a tax-efficient way to transfer assets to their grandchildren

  The insurance payout provides a tax-free transfer to the grandchildren. The 20-pay option lets the grandparents put assets into the policy quickly and pay for it by a definite date.

- Business owners who want to protect their company if a business partner dies

  The owners can insure the lives of their partners. The payout provides money to buy out their partners' shares if they die. Coverage grows over time, like the value of the partners' shares.

Example of growth



Enhanced Legacy
pay to 100

Key features

- Later value: Focus on coverage and cash value in later years
- Longer payment: Payments spread over lifetime, to age 100

Plus core features of participating life insurance

- Lifelong financial protection
- Tax benefits
- Opportunity to receive dividends

This solution focuses on giving you coverage and cash value in the later years. For example:

- **Parents who plan to leave their business to one of their children**

  They can insure their own lives, with cost-effective payments. The payout can equalize their estate, providing money for children who do not receive the business.

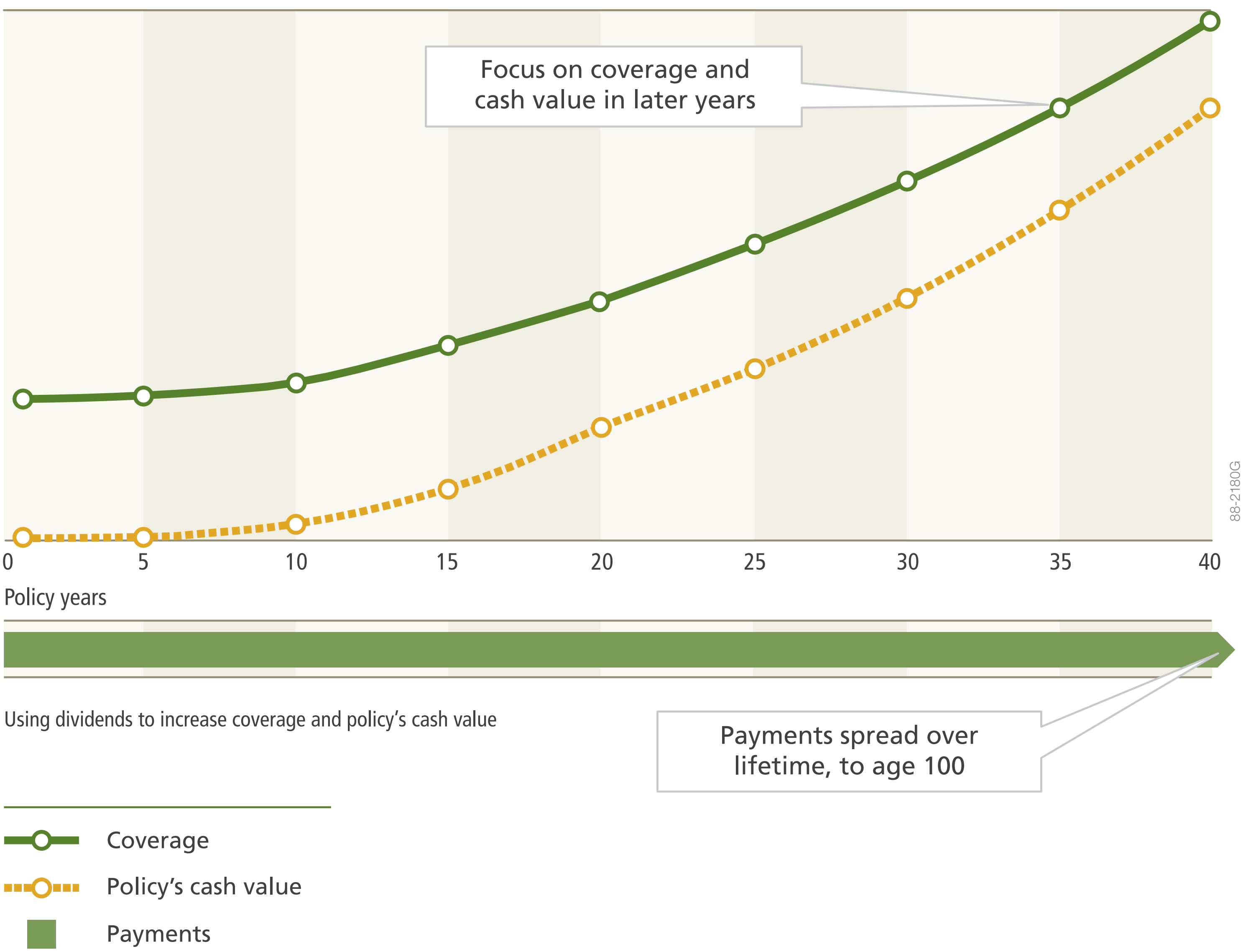
- **Professionals with fluctuating income, who want to supplement their income when they retire**

  They can access the policy's cash value during retirement or earlier. The spread-out payments make this solution cost-effective, while providing future access to cash.

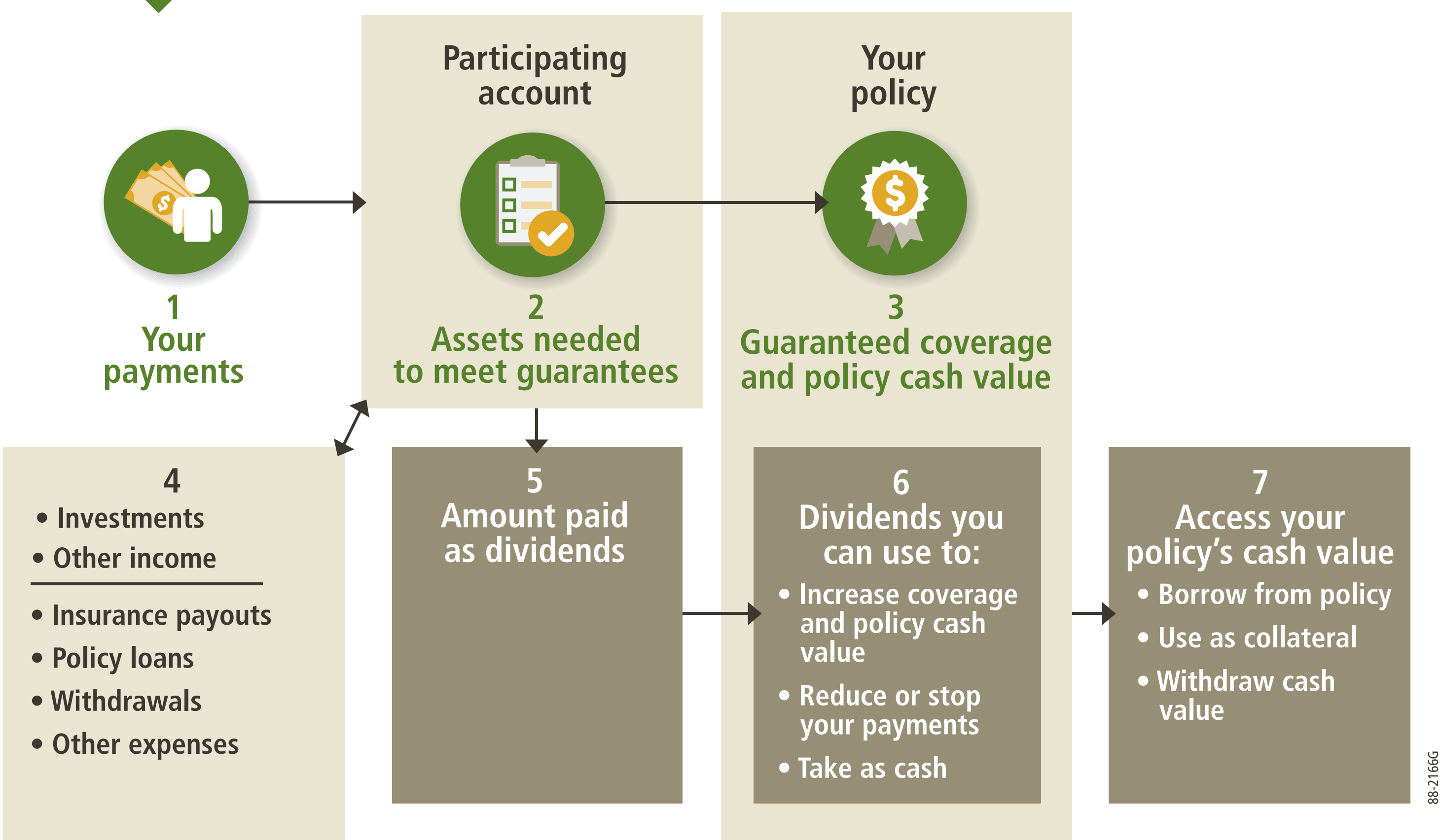
- **Parents who want to leave the family cottage to their children and cover their estate taxes**

  The insurance payout can pay the capital gains tax when the cottage changes hands. It can also help cover other taxes on their estate, including their taxable investments.

Example of growth



How
Great-West Life participating life insurance works for you



1 Your payments go into Great-West Life's participating account.

2 We manage this account to meet the guarantees and commitments of all our participating life insurance policies, now and in the future.

3 Your policy's guaranteed coverage and cash value are backed by assets in the account.

4 The account's earnings reflect investment income, insurance payouts, policy loans, withdrawals and other factors.

5 When earnings exceed the amount needed to meet guarantees and commitments, policyowners may be able to share, or "participate," in these earnings. We may distribute some of these earnings as policyowner dividends, although this is not guaranteed.

6 You can use dividends in one of several ways: Increase your coverage and your policy's cash value. Reduce your payments or stop them. Or take your dividends as cash.

7 You can access your policy's cash value in several ways: Borrow from your policy, use it as collateral for a third-party loan or withdraw cash value. This can affect your coverage and taxes.

For more details, see *Detailed guide to features and options*, page 19.

How
you can make it work for you

You may be surprised at the number of ways you can use participating life insurance. In addition to providing lifelong protection, it gives you many different ways to do more with your money. It's a versatile financial tool for individuals, families and businesses.

Create an estate and protect your legacy

- **In case of unexpected death, provide an instant estate, guaranteed from the very first day.**

  This is the foundation of your financial security. It protects those you love and those who depend on you.

- **Show you care for the people and organizations that are special to you.**

  The insurance payout goes directly to the people and organizations you name. It does not go through a long, public probate process. Depending on the rules in your province, you can not only avoid delays and estate fees, but also keep your bequests private.

- **Protect your legacy from taxes.**

  The insurance payout is tax-free to the people and organizations you name. It can also help cover the taxes on the rest of your estate. This helps prevent taxes from reducing the size of your legacy.

Build your wealth and lower your taxes

- **Build an asset that's different from investments and is not taxed like one.**

  With taxable investments, your growth is eroded, year after year, by income tax. On the other hand, the growth of your policy's cash value is exempt from annual income tax, as long as the money is inside the policy and within government limits.

- **Potentially increase your rate of growth and lower your yearly taxes.**

  By putting money into your policy, instead of taxable investments, you may be able to achieve a higher rate of growth, after taxes, and at the same time reduce your annual taxes.

Create a flexible asset you can use in retirement or whenever you need it

- **Create a liquid asset you can access at any time, for any reason.**

  You never know what the future will bring, or when. An unexpected expense or loss ... a family or business emergency ... a sudden opportunity. With participating life insurance, you can create a dependable asset that gives you the flexibility you need.

- **Create a source of income during your lifetime.**

  Life insurance is not only crucial for your estate planning. It's also useful for your retirement planning. You can use your policy's cash value to supplement your retirement income or cover unexpected expenses.

- **Build value you can depend on in up and down markets.**

  Your policy's cash value is guaranteed to grow. On top of that, if you receive dividends and keep them in your policy, their cash value is also guaranteed, unless used for some other purpose. This cash value is not affected by future market changes.

Protect your company and achieve your business goals

- **Protect your business if a key person dies or leaves.**

  The policy can provide money to help you manage the loss and disruption if you lose a key person.

- **Protect your ability to buy the shares of a partner who leaves or dies.**

  The policy can provide money, just when it's needed, so the remaining shareholders can buy the shares of the person who leaves or dies.

- **Protect your ability to add more coverage later, as your business grows.**

  The policy can include a guarantee you can add coverage as your business grows, regardless of health.

- **Pay for planned growth or seize unexpected opportunities.**

  The policy's cash value is available to help you in both planned and unplanned situations.

- **Reduce your company's yearly taxes.**

  If your business has money in taxable investments, you may be able to move some of it into a participating life insurance policy. The money can grow tax-free while inside the policy, subject to government limits, instead of increasing your company's tax bill each year.

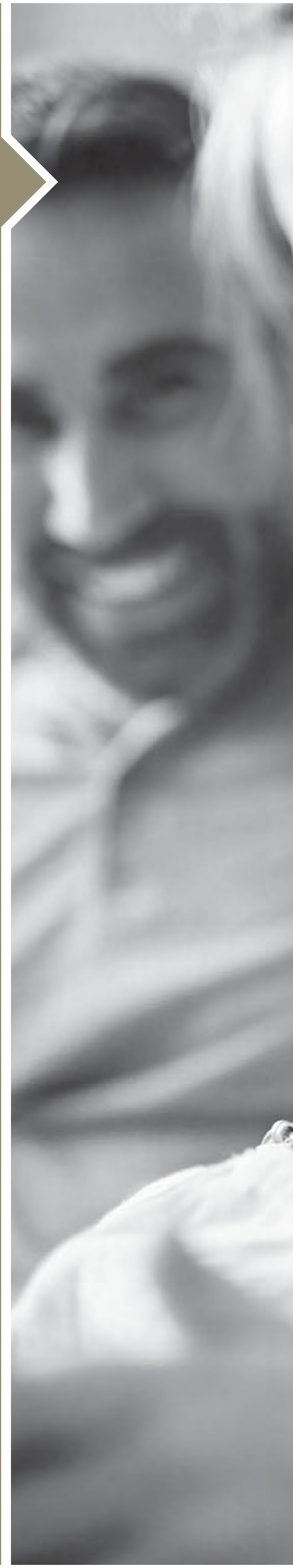
- **Create a tax-efficient business plan for the next generation.**

  The insurance payout is tax-free to the businesses and people you name. What's more, if your business owns the policy, shareholders may be able to receive the proceeds tax-free, in the form of capital dividends.

Detailed guide

to features and options

Our participating life insurance offers many options, to meet many goals and timelines. Your financial security advisor can highlight the ones most important to you.



Who you insure

With one policy, you can insure the lives of one or two people, plus all their children.

- **Insure one person.**

  This is known as single-life coverage.

- **Insure two people and receive the payout when the first person dies.**

  This coverage is known as joint first-to-die. The surviving person is covered for an additional 60 days, during which they can buy their own insurance, regardless of health.

- **Insure two people and receive the payout when the second person dies.**

  You have two options for payments:

  - **Stop paying when the first person dies.** Payments are higher than with the next option. This is known as joint last-to-die, premiums payable to first death.
  - **Continue paying until the second person dies.** Payments are lower than with the previous option. This is known as joint last-to-die, premiums payable to last death.

- **Insure all your children at the same time.**

  You can include term life insurance for all your children, including adopted and stepchildren. Future children are added at no extra cost, until you turn 60. When a child reaches 25 or marries, you can convert their insurance to a stand-alone term or permanent policy, regardless of health. This is known as a children's term life insurance rider.

Your coverage

Your policy's coverage amount is paid out when the insured person dies. This is known as the death benefit.

Two powerful methods for increasing your coverage are depositing additional money in your policy (page 25) and using dividends to increase your coverage (page 29). You can also add the following options to tailor your coverage to your needs.

- Increase your coverage in the future, regardless of health.

  You may want to add coverage in the future, for example, if your family grows or there's an increase in your income, assets or estate. Your policy can include a guarantee you can add coverage in the future, regardless of health. This option specifies how much coverage you can add and when you can add it. This is known as a guaranteed insurability rider.

- Increase your coverage when your business grows.

  When insurance is related to your business, you may want it to grow when your business grows. Your policy can include a guarantee you can add coverage when your business grows, regardless of health. This option specifies how much coverage you can add and when you can add it, over a 10- or 15-year period. This is known as a business growth protection rider.

- Increase your coverage to meet a temporary need.

  You may want higher coverage for a limited time, for example, in the early years of a new family or business. You can temporarily increase your coverage with cost-effective term life insurance. You can convert this term insurance to permanent insurance later, if needed. If your policy insures one person, you can include the additional term insurance in the same policy. This is known as a term life insurance rider. If your policy insures two people, you can get a separate term life insurance policy.

- Increase the payout in case of accidental death.

  Your policy can include a provision for a higher payout if death is caused by certain types of accidents. It can double the payout, up to an additional $400,000. This is known as an accidental death insurance benefit.

Your policy's cash value

Your policy has a cash value that's guaranteed to grow over time.

As your policy's cash value grows, the increased total is guaranteed. If markets fall, it is protected. It cannot be reduced or used except as you authorize, or as provided in the policy, for example, to make payments.

You can access this cash value during your lifetime.

How you can access your policy's cash value

- Borrow from your policy.

  You can borrow some of your policy's cash value and pay it back over time with interest. This is known as a policy loan. Your coverage and the dividends you receive are not affected. If the loan is not repaid, then the balance, including interest, is deducted from the payout. Some of the borrowed amount may be taxable, and some of the interest may be deductible.

- Use your policy as collateral for a third-party loan or line of credit.

  Banks and other third-party lenders may lend against the policy's cash value. Interest may be tax deductible. This is known as a collateral loan.

- Withdraw your policy's cash value.

  You can withdraw some or all of your policy's cash value, adjusted for any loans or fees. This is known as the cash surrender value. This reduces your coverage. Withdrawals may be taxable.

Your cost

The amount you pay for your coverage is fixed. It stays level throughout the payment period you've selected, either 20 years or to age 100. These payments are known as premiums.

How to reduce or stop your out-of-pocket payments

- **Let your policy pay for itself.**

  You may be able to use your dividends to cover some or all of your payments. This option is known as premium offset, page 33.

- **Reduce your coverage and stop payments.**

  You can reduce your coverage to the amount supported by the cash value already built up in your policy. Your policy is paid up and cannot receive more payments. This is known as reduced paid-up.

- **Borrow the payments from your policy's cash value.**

  We can automatically deduct overdue payments from your policy's cash value and treat it as a policy loan, provided the cash value is large enough to cover the loan. This is known as an automatic premium loan.

- **Don't require payments if the insured person becomes disabled.**

  If the insured person is at least 18 when the policy is issued, your policy can include an option to stop required payments if they later experience certain disabilities. This is known as a total disability insurance benefit.

- **Don't require payments if the person making payments becomes disabled or dies.**

  Your policy can include an option to stop required payments, if the person making payments later experiences certain disabilities or dies. This is known as a premium waiver insurance benefit.

Put more money in your policy

You may want to put more money into your policy than the minimum required to keep it in force.

If you add this option, these additional deposits can increase your coverage, your policy's cash value and your tax benefits. They may lower your out-of-pocket payments later on.

You can reduce or stop your additional deposits at any time. This is known as an additional deposit option.

- **Grow your coverage and your policy's cash value even more.**

  Additional deposits increase your coverage, which increases your policy's cash value. You get a larger asset you can access sooner.

- **Reduce taxes even more.**

  Instead of keeping money in taxable investments, you can move more money into your policy, where it can grow tax-free while inside the policy, subject to government limits.

- **Possibly stop out-of-pocket payments even sooner.**

  Additional deposits can increase the cash value in your policy. This can accelerate how soon your policy can pay for itself. See *Let your policy pay for itself*, page 33.

- **Be flexible in your payments.**

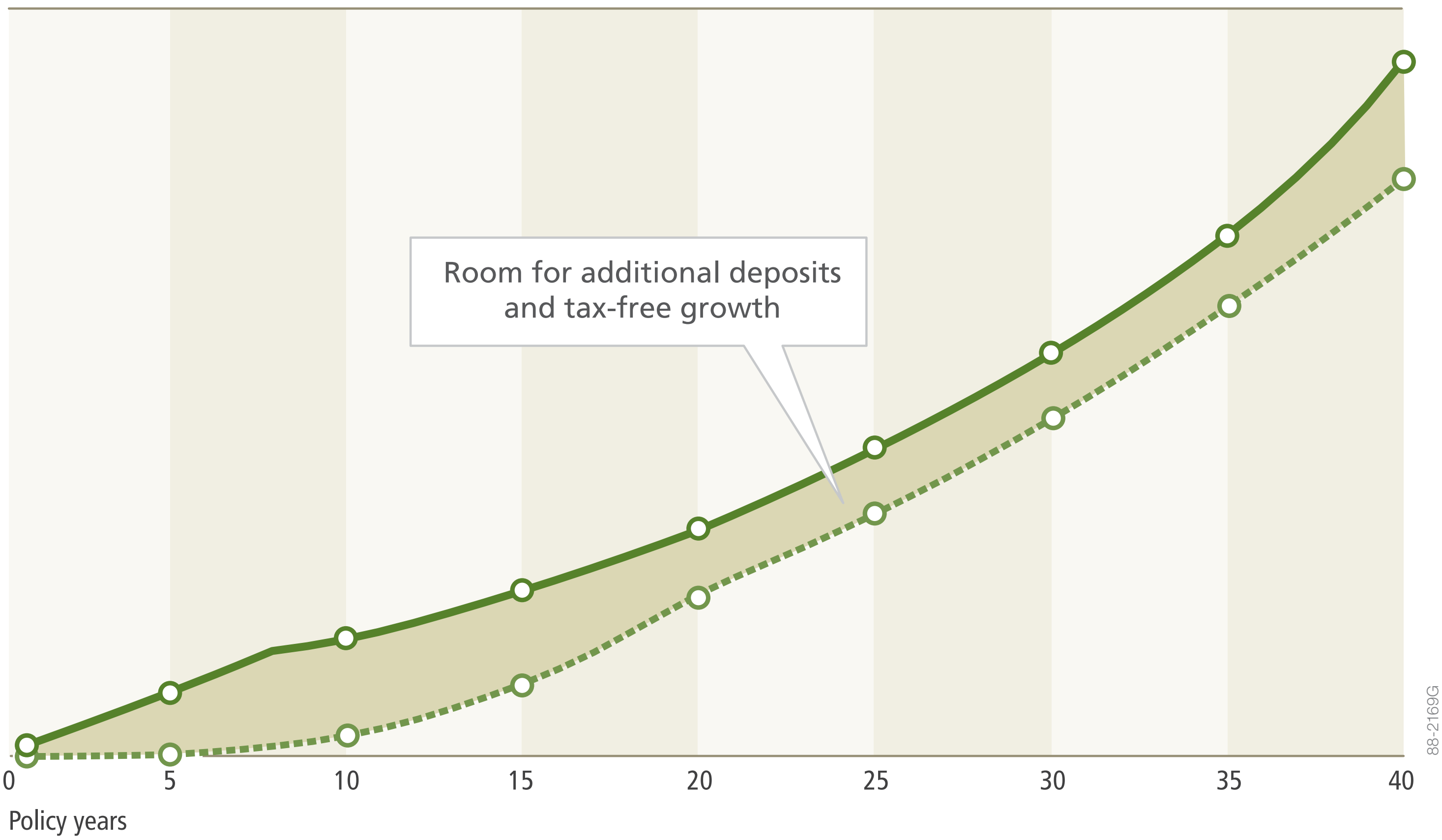
  You can reduce or stop your additional deposits at any time. You can also pause for up to two years and then resume.

There's a limit to how much money you can deposit in your policy. Government rules set the maximum cash value allowed, based on the policy's coverage amount. Above that maximum, a policy would lose its exemption from annual taxes.

What does this mean to you? It means that between your policy's cash value and the maximum cash value, there's room for additional deposits and more tax-free growth, as this chart shows.

Room for more tax-free growth

Your policy's cash value can grow tax-free while inside the policy, subject to government limits



Using dividends to increase coverage and policy's cash value

Maximum cash value within government limits

Policy's cash value

Your dividends

What are dividends?

Policyowner dividends are one of the key differences between participating life insurance and other types of life insurance.

Each year we calculate how much money we need to meet our guarantees and commitments to owners of participating life insurance policies, both now and in the future. We use long-term assumptions for investment income, insurance payouts, expenses and other factors.

When actual earnings exceed these long-term assumptions, policyowners may share in a portion of these earnings, through dividends. See the diagram of how participating life insurance works, page 15.

It's important to note your policy does not guarantee the size of the dividends you get, or whether you get dividends. It's also worth noting that Great-West Life has distributed policyowner dividends through Canada's most turbulent times, including two world wars, the Great Depression of 1929-39 and the Great Recession of 2008-09.

For detailed financial information on dividends, see *Great-West Life participating life insurance financial facts*.

Your dividend options

You decide how to use your dividends. You can use dividends to increase your coverage, which also increases your policy's cash value. Or you can use them to reduce or stop your payments. Or you can take them as cash. The following pages describe your dividend options.

Keep your coverage growing

One of the most valuable things you can do with dividends is increase your coverage. This option is known as paid-up additions.

- Grow your coverage.

  When you use your dividends to buy more coverage, your new total coverage amount is eligible for future dividends. You can use those future dividends to buy even more coverage. You can access the cash value of this increased coverage in the future, if you want.

- Get more coverage without paying more.

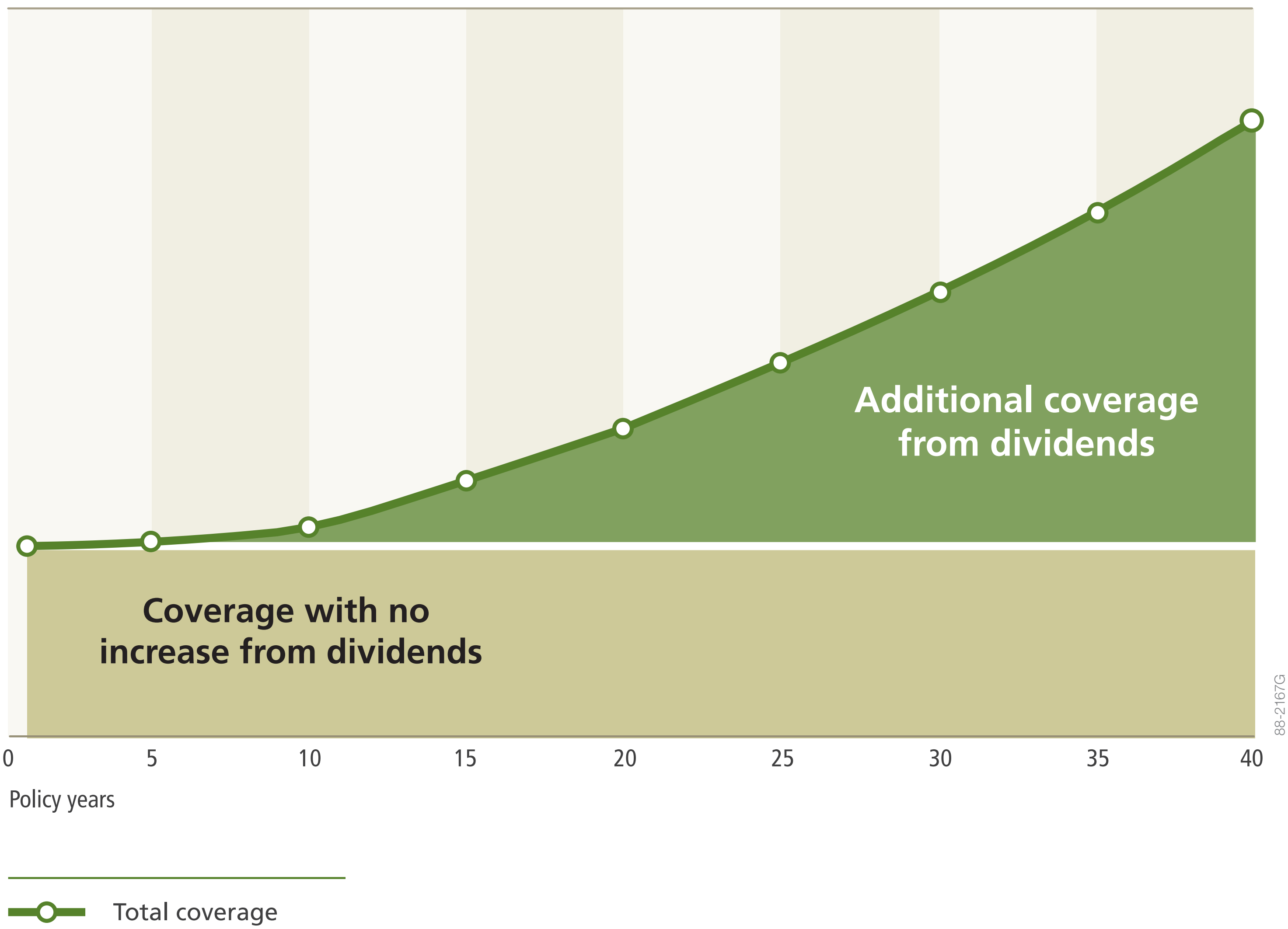
  The additional coverage is fully paid for, with no need for future payments. So you can increase your coverage and policy cash value, without increasing your payments.

- Possibly stop out-of-pocket payments even sooner.

  When you use dividends to buy more coverage, your policy's cash value increases. This can accelerate the time when your policy can pay for itself, by using its cash value to cover your payments. Any dividends not needed for payments can continue to buy more coverage. If the policy's cash value is used to cover your payments, your coverage may be reduced. See *Let your policy pay for itself*, page 33.

Grow your coverage

Use dividends to buy additional coverage



Get more protection from the start

Instead of maximizing your long-term coverage, you may want a higher level of coverage right at the start.

You can accomplish this by using your dividends to buy a combination of additional coverage and term life insurance.

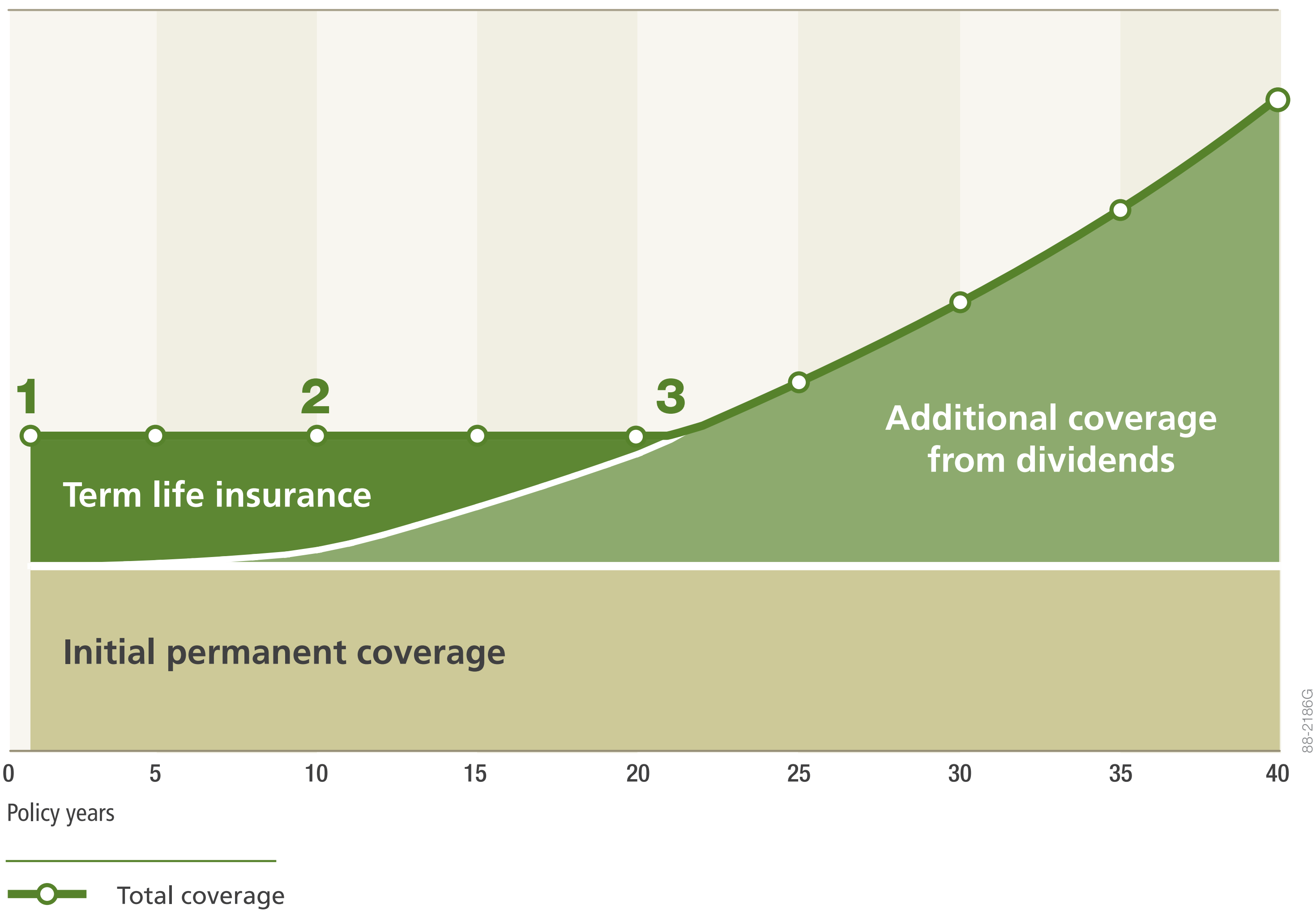
This option is known as Enhancement.

You can use this option to fine-tune the balance between cost and growth. It lets you get more initial coverage for the same cost. The trade-off is, your long-term coverage and cash value do not grow as much. This chart shows how it works.

This option gives you a choice of a 10-year guarantee or a lifetime guarantee on your enhanced coverage amount.

Boost your initial coverage

Use dividends to enhance your coverage



1 You start with a combination of permanent coverage and term life insurance. Term life insurance is very economical, so for the same cost, this combination gives you more initial coverage.

2 Your dividends pay for the term insurance. Any dividends not needed for the term insurance are used to buy additional coverage. This additional coverage is fully paid-for. It replaces the equivalent amount of term coverage. So your total coverage stays the same.

3 Eventually the additional coverage can completely replace the term insurance. From this point on, your total coverage starts to grow.

See *Keep your coverage growing*, page 29.

Let your policy pay for itself

Your dividends can grow large enough to cover some or all of your payments. At that point, you can decide to reduce or stop your out-of-pocket payments. This option is known as premium offset.

You decide how much of your payments you want to cover with dividends and for how long. Dividends can cover all your payment, a fixed dollar amount or a certain percentage. It can be a few years, for a short-term need, or a longer time, like retirement. This option may reduce your cash value and coverage.

It's important to note this option depends on your dividends being large enough to cover the payments. If at some point your dividends are no longer enough, you may have to resume out-of-pocket payments.

Any dividends not used to cover payments can be used to buy additional coverage. See *Keep your coverage growing*, page 29.

Your policy may be able to pay for itself

Use dividends to cover your payments

- Coverage when dividends increase coverage
- Coverage when dividends cover payments
- Out-of-pocket payments when dividends increase coverage
- Out-of-pocket payments when dividends cover payments

Take cash

You can simply take your dividend as cash. It may be taxable. This is known as the cash payment option.

Talk with
your financial security advisor

As you've seen, Great-West Life participating life insurance can be a versatile financial solution for individuals, families and businesses.

In addition to giving you lifelong protection, participating life insurance gives you many ways to do more with your money. You can use it to obtain the rewards of stable, tax-efficient growth. You can use it to diversify, to manage risk and enjoy guaranteed growth. You can tailor it to your goals and your timeline.

Talk with your advisor about how you can make it work for you.

The Great-West Life Assurance Company, founded in Winnipeg in 1891, is a leading Canadian insurer.

We serve individuals and families with life, disability, critical illness and health insurance, as well as investment, savings and retirement income plans and annuities.

In Canada, Great-West Life and our subsidiaries, London Life and Canada Life, offer financial and benefit plan solutions and serve the financial security needs of more than 12 million people.

Great-West Life has received strong ratings for financial strength from major rating agencies, including A.M. Best Company, DBRS Limited, Fitch Ratings, Moody's Investors Service and Standard & Poor's Ratings Services.

Great-West Life is a subsidiary of Great-West Lifeco Inc. and a member of the Power Financial Corporation group of companies.

For detailed financial information about Great-West Life participating life insurance, see *Great-West Life participating life insurance financial facts*. For more information about Great-West Life, visit greatwestlife.com.

THE
Great-West Life
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