Life Dimensions

A market leading universal life plan for various estate and wealth accumulation needs.

BMO Insurance

A Product Guide for Insurance Advisors

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This Guide is designed as a marketing aid for insurance advisors and is not binding. In the event of a discrepancy between this Guide and the actual policy issued, the provisions of the insurance policy govern.

Life Dimensions at a Glance

Life Dimensions is a universal life insurance plan that combines permanent life insurance protection with a tax-deferred savings account. It's an all-in-one package which can be tailored to meet your client's changing needs.

	Life Dimensions	Life Dimensions (Low Fees)
Plan Description	A flexible universal life plan with competitive guaranteed rates and more than 200 different investment options with a Guaranteed Investment Bonus. A Cumulative Fund Bonus is available providing the policy meets certain funding requirements.	A flexible universal life plan with competitive guaranteed rates and more than 200 different investment options with the added value of lower UL fees, which can mean the potential for higher investment returns. A Cumulative Fund Bonus is available providing the policy meets certain funding requirements. Note: *The Low Fees option does not have a Guaranteed Investment Bonus.*
Issue Ages	0 – 80 (Age Nearest)	
Minimum Face Amount	$25,000 (Term conversions only) $50,000 (New Issues)	
Maximum Face Amount	$20,000,000 (subject to head office approval)	
Rate Bands	$25,000 – $99,999 (Term conversions only) $100,000 – $249,999 $250,000 – $499,999 Note: *For YRT and YRT 85/20 the cost of insurance rates are the same for the $500,000 – $999,999 and $1,000,000 rate bands.*	$500,000 – $999,999 $1,000,000 and above
Rate Bands *Investor***Maximizer**	Not Available	$50,000+ (YRT only)
Policy Administration Fee	$12 monthly, payable to attained insurance age 100	
Cost of Insurance (COI) Options	Yearly Renewable Term (YRT) YRT to Age 85 or 20 Years (YRT 85/20) Level COI Level Switch Cost of Insurance After the attained insurance age of 100, the Cost of Insurance is zero	
Coverage Types	Single Life • Joint First-to-Die (up to 3 lives) • Joint Last-to-Die (up to 3 lives) • Multiple Coverage	
Death Benefit Options	Sum Insured Sum Insured plus Fund Value Note: *For Multiple Coverage policies, the portion of total Fund Value (also called the "Allocated Fund Value") paid to the beneficiary is limited to the maximum tax-free amount allowed under the Income Tax Act.*	
Maximizer Options	Not available	*Investor***Maximizer**
Riders and Benefits	Term 10, Term 15, Term 20, Term 25 & Term 30 (SIngle Life or Joint Last-to-Die) Annual Renewable Term (SIngle Life or Joint Last-to-Die) Accidental Death Benefit Joint Last-to-Die Special Death Benefit	Children's Term Rider Business Guaranteed Insurability Option Rider Total Disability Waiver of Premium Payor Waiver of Premium on Death Payor Waiver of Premium on Death and Total Disability Critical Illness – Living Benefit 10, 20, 75 and 100
Other Benefits Included at no extra charge	BMO Insurance Health Advocate Plan™ – access to medical information and services as well as personal assistance services Disability Benefit – We will pay a lump sum Disability Benefit payment of up to the Cash Surrender Value minus 12 times the Monthly Deduction upon receipt of acceptable evidence of disability as defined in the policy Policy Exchange Option, Survivor Option and Double Benefit on Joint First-to-Die plans Joint Last-to-Die Conversion – on all single and Joint First-to-Die policies as long as both lives are underwritten at time of issue	
Investment Options Visit bmoinvestpro.ca for more information	• Daily Interest Account • 5 Year, 10 Year, 20 Year and 30 Year Guaranteed Interest Accounts – Managed Portfolio Indexed Accounts – linked to the net rate of return of fund portfolios from BMO Asset Management Inc., CI Investments Inc., Franklin Templeton Investments Corp. and SEI Investments Canada Company. – Market Indexed Accounts – linked to the net rate of return of specified market indices or exchange traded funds – Managed Indexed Accounts – linked to the net rate of return of designated funds from leading Canadian mutual fund companies – BMO Asset Management Inc., AGF Investments Inc., CI Investments Inc., Dynamic Mutual Funds, Fidelity Investments Canada ULC, Franklin Templeton Investments Corp., Invesco Canada Ltd., Mackenzie Financial Corporation, Northwest & Ethical Investments L.P., SEI Investments Canada Company and Trez Capital Fund Management L.P. – Money Manager Indexed Accounts – linked to the net rate of return of designated mutual funds from Canadian mutual fund companies	• Guaranteed Market Indexed Accounts • Enhanced Market Indexed Account • Indexed Interest Accounts
Side Account	Daily Interest Account 5 Year, 10 Year, 20 Year and 30 Year Guaranteed Interest Accounts (no minimum guarantee) Market Indexed Accounts Enhanced Market Indexed Account (no minimum guarantee)	
Cash Withdrawals	A Partial Withdrawal Redemption Charge as a percentage of the amount withdrawn will apply along with an administrative charge of $50.	
Cash Surrender Value	The Cash Surrender Value is equal to the Fund Value reduced by Surrender Charges, Market Value Adjustments, Early Redemption Fees and the outstanding balance of all policy loans.	
Surrender Charges	Surrender charges are equal to the Cash Factors times the Surrender Charge Target Premium.	

Refer to the contents of this guide for more details.

How a Universal Life (UL) Insurance Policy Works

Universal life insurance is an "unbundled" insurance policy which means that it includes permanent life insurance (i.e. insurance that's there for life) and an investment component. Plus, with these types of policies, policy owners are able to see what portion of their premiums are used to cover the cost for their insurance coverage and how much remains to be invested into a tax-deferred investment account that's included in the policy.

What's more, premiums are flexible: policy owners can pay as little or as much as they want as long as there's enough in the investment component of the policy to pay for their monthly insurance charges and their premiums don't exceed the maximum limits specified in the Income Tax Act (Canada).

If your clients are looking for just insurance protection, they need to be sure that they pay enough to cover the ongoing costs in their policy (based on conditions outlined in the policy). By increasing their premiums above the ongoing cost they can take advantage of the tax-deferred investment account within their policy.

Once a year...
The amount in the investment account is tested to determine whether the policy continues to be exempt from accrual taxation based on rules in the Tax Act. This is known as the "Tax Exempt Test". As part of the tax exempt test the insurer will make adjustments the policy to ensure that the policy retains its tax exempt status as long as the Tax Act allows the policy to remain exempt. See the Universal Life Insurance Taxation section for more details. If there's too much in the investment account, the excess amount will be transferred out of the policy and held in a taxable side account until such time that more premiums can be transferred back into the policy's tax-deferred account.

While coverage is in effect...
Withdrawals may be made from the cash value of the policy. The cash value of the policy will be different from the value of the investment account as it will also include any redemption/withdrawal fees that may be applicable. Policy owners can also take out a policy loan, using the cash value as collateral. Both cash withdrawals and policy loans reduce the amount of the death benefit payable.

When the death benefit is paid out...
The Sum Insured is paid to the beneficiary and, depending on the Death Benefit option, the value of the investment account may also be paid out as part of the overall tax-free benefit (see Death Benefit Options below).

Here's how universal life insurance works

The balance accumulates with interest based on the net rates of return of the interest account(s) selected.

Premiums
(less provincial premium tax)

Premium payments are made. Your clients have the flexibility to choose how much they wish to pay into their plan (subject to certain limits)

Premium tax is then deducted from each premium.

Interest Accounts Options

Net premiums are then allocated into your client's choice of interest accounts held as part of a tax-deferred investment account in the policy.

Monthly Deductions

Each month, insurance charges and a policy fee are deducted from the investment account to pay for the universal life insurance coverage and any additional coverages (known as "riders") that are on the policy.

Investment Account

Depending on the plan, an 'Investment Bonus' may be credited to the investment account of the policy.

If your clients decide to stop paying premiums, insurance charges continue to be deducted from the investment account.

If there isn't enough in the investment account to cover the insurance charges, additional premium payments are necessary. If premiums are not received in time, coverage will stop (based on conditions outlined in the policy).

Insurance Protection

Cost of Insurance (COI) Options

With universal life insurance, the cost for the insurance protection is calculated and deducted from the Fund Value of the policy every month. On Life Dimensions and Life Dimensions (Low Fees), there are three COI options to choose from:

- *Level Cost of Insurance (Level COI):* Under this option, the COI rate is guaranteed to stay level for the life of the contract. COI stops being charged on the policy anniversary when the attained insurance age of the UL coverage reaches 100.

! Level COI can be ideal for clients looking for a fixed cost on their universal life insurance plan.

- *Yearly Renewable Term Cost of Insurance (YRT COI):* The Yearly Renewable Term COI rates are guaranteed for the life of the contract and vary based on the attained age(s) of the Insured(s). COI stops being charged on the policy anniversary when the attained insurance age of the UL coverage reaches 100.

! In the first several policy years, YRT COI rates are typically less than Level COI so when combined with maximum premiums, this can help accelerate the growth of the Fund Value.

With a Sum Insured Death Benefit, this has the potential to lower the cost of insurance on the policy.

- *Yearly Renewable Term to Age 85 or 20 Years Cost of Insurance (YRT 85/20 COI):* Under this option, the COI rates are guaranteed for the life of the contract and vary based on the attained age(s) of the Insured(s). COI stops being charged on the later of:
  - the policy anniversary when the attained insurance age of the UL coverage reaches 85; or
  - the 20th policy anniversary, but in no case later than the policy anniversary when the attained insurance age of the coverage reaches 100.

! YRT 85/20 COI rates are similar in cost structure to YRT COI and can be a worthwhile option for clients looking to have their insurance charges end earlier than age 100.

- *Level Switch Cost of Insurance:* With this option, your client has the flexibility to switch from YRT or YRT 85/20 COI to Level COI on any policy anniversary after the first year, without any further evidence of insurability, provided that the insurance age on the coverage is less than 80 at the time of the switch. COI stops being charged on the policy anniversary when the attained insurance age of the UL coverage reaches 100.
- The Level COI rates are *guaranteed* and are based on the attained insurance age of the life insured including any applicable rating, using the Level Switch COI rates in the contract at time of issue.

When the policy is issued, if the policy owner indicates that he/she would like to switch to Level COI in the future, BMO Insurance will send a reminder to them before the planned switch date.

! With the Level Switch COI option, your clients can switch to a fixed (Level COI) cost at attained age rates which are guaranteed in their policy.

Underwriting

With Life Dimensions and Life Dimensions (Low Fees), clients can qualify for Smoker (see definition below) or Non-Smoker rates.

You can get a copy of our most recent Underwriting Guidelines (319E) on The Wave illustration software. More specific requirements can also be printed with each illustration for the coverage that is being proposed.

Also note that juvenile rates are used if the life insured is less than eighteen years old.

Smoker Definition

Applicants who have used any form of tobacco within the past 12 months, including cigarettes, cigarillos, cigars, pipe tobacco, chewing tobacco, snuff, marijuana*, hashish, nicotine replacement products and smoking cessation products will be assessed as a smoker.

An exemption is made for the occasional cigar smoker. An occasional cigar smoker is defined as an individual who does not smoke more than 12 cigars a year (or 1 a month). The urine test must be negative for nicotine. For the purpose of this definition, cigarillo smokers are not considered as cigar smokers. This exemption only applies to occasional cigar smokers. Applicants with any other occasional smoking habits will be assessed as a smoker.

**BMO Insurance will consider occasional marijuana smokers for non-smoker rates for life and critical illness insurance, subject to an underwriting review of the complete risk profile of the applicant. Occasional marijuana smoking is defined as up to two marijuana cigarettes per week for recreational purposes only (excludes medicinal marijuana users).*

Plan Types

Depending on the type of coverage that your clients are looking for, Life Dimensions and Life Dimensions (Low Fees) can be issued on any one of the following bases:

Single Life – coverage insuring one life with the death benefit being payable upon the death of the life insured.

Joint First-to-Die (JFTD) – the death benefit becomes payable upon the first death of the joint lives insured after which time the coverage terminates.

Joint First-to-Die insurance coverage is typically used as a way of replacing lost income or to repay debt that can result from premature death of a primary income earner in the family.

Joint Last-to-Die (JLTD) – the death benefit becomes payable upon the last death of the joint lives insured, after which time the coverage terminates.

Joint Last-to-Die insurance coverage is typically used for estate planning purposes to help offset taxes and other costs that come due upon the last death of two spouses.

Learn about how to use a BMO Insurance UL plan for estate planning purposes using the Estate Preserver Plan.

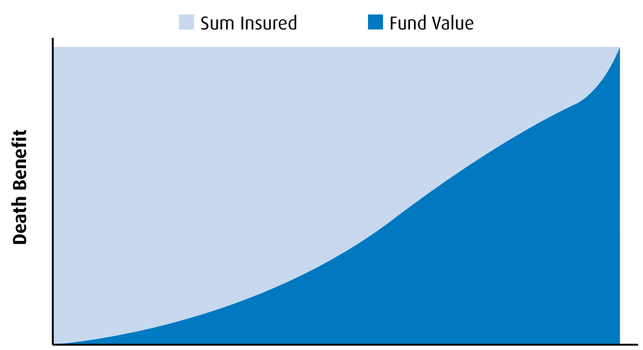
Death Benefit Options

The following death benefit options will allow you to tailor the insurance protection to your client's financial objectives.

How much life insurance do your clients need to replace lost income and repay debt in case of premature death? Use the Insurance Calculator (359E) to find out.

Sum Insured – The death benefit is equal to the greater of the Sum Insured or the Fund Value. The death benefit protection remains level unless changed due to increases in coverage due to the Tax Exempt Test.

Sum Insured Death Benefit



With the Sum Insured Death Benefit, the monthly COI on the policy is based on the difference between the Death Benefit (i.e. Sum Insured) and the Fund Value. This is also known as the Net Amount at Risk (NAAR).

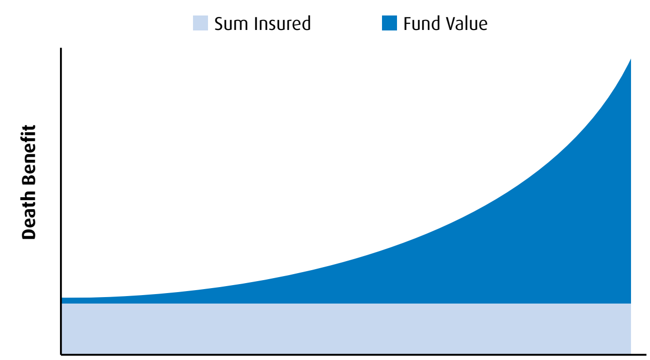
For example:

Death Benefit:	*$500,000*
Fund Value:	*$50,000*
Annual COI Rate per $1,000:	*$10.00*
Monthly deduction for COI:	*= (($500,000 - $50,000) × $10.00/1,000)/12*
	= $375.00

A Sum Insured Death Benefit may be ideal for clients who need a fixed amount of life insurance with the potential for reducing their insurance costs over the long term.

Sum Insured plus Fund Value – The death benefit is equal to the total of the Sum Insured plus the Allocated Fund Value at the time of death.

Sum Insured plus Fund Value Death Benefit



Similar to the Sum Insured Death Benefit, with the Sum Insured plus Fund Value Death Benefit, the monthly COI is also based on the NAAR. However, the NAAR in this case will be a level amount and equal to the Sum Insured and any Sum Insured Adjustments (referred to in the Universal Life Insurance Taxation section).

For example:

Death Benefit:	*$500,000 plus Fund Value*
Fund Value:	*$50,000*
Annual COI Rate per $1,000:	*$10.00*
Monthly deduction for COI:	*= ($500,000 × $10.00/1,000)/12*
	= $416.67

Monthly COI

$$= \frac{\text{Net Amount at Risk} \times \text{COI Rate per } \$1000/1{,}000}{12}$$

<u>For the Sum Insured Death Benefit:</u>

$$= \frac{((\text{Sum Insured} - \text{Fund Value}) \times \text{COI Rate per } \$1000)/1{,}000}{12}$$

<u>For the Sum Insured plus Fund Value Death Benefit:</u>

$$= \frac{(\text{Sum Insured} \times \text{COI Rate per } \$1000)/1{,}000}{12}$$

A Sum Insured plus Fund Value Death Benefit may be ideal for clients who need an increasing amount of insurance or who want to enhance the amount of wealth that they transfer to the next generation.

Multiple Coverage Policy

With Life Dimensions and Life Dimensions (Low Fees), your clients can select to have multiple universal life coverages on the same policy. With a multiple coverage policy:

- all coverages have the same Death Benefit type
- you can have different cost of insurance options (YRT, YRT 85/20 or Level) on each UL coverage on the same policy
- if the Sum Insured plus Fund Value Death Benefit option is selected, a portion of the total Fund Value (also called the "Allocated Fund Value") is paid to the beneficiary up to the maximum tax-free amount allowed under the Tax Act.

*Investor***Maximizer**

Offered on Life Dimensions (Low Fees) only

Policy owners looking to maximize the tax-deferred growth of the Fund Value in their policies may want to consider the *Investor***Maximizer**. With this option, when the Tax Exempt Test is done each year, BMO Insurance will automatically optimize (either decrease or increase) the Sum Insured, thereby reducing the insurance charges when possible, which helps accelerate the Fund Value growth in the policy.

With the *Investor***Maximizer**:

- policy owners must elect this option at issue
- only the YRT COI option is available
- Sum Insured decreases can start after the fifth policy year, but no sooner
- decreases can be limited to a minimum Sum Insured that the client determines
- in policy years 6 through 10, the decreases will be no greater than 8% of the previous year's total Sum Insured. After the 10th policy year, decreases may be greater than 8%.
- increases in the Sum Insured are limited to a maximum of 8% of the previous year's total Death Benefit
- only one UL coverage is allowed on the policy (i.e. the Multiple Coverage Policy option, see above, is not available)

! The *Investor***Maximizer** is an efficient way for your clients to take full advantage of the tax-deferred growth in a Life Dimensions (Low Fees) policy.

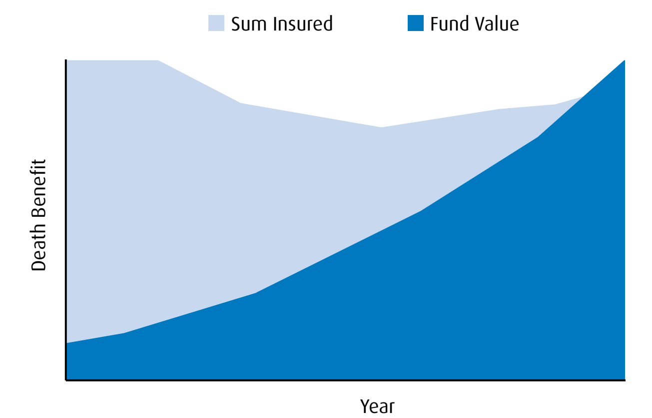
The *Investor***Maximizer** may be ideal for clients who:

- want to maximize the tax-deferred growth of the Fund Value in the policy
- need some permanent life insurance
- have the funds necessary to make significant premium payments into their policy
- do not need to access the Cash Value of their policy in the short term
- want to minimize the cost of their coverage

The *Investor***Maximizer** may ***not*** be suited to clients who:

- require a fixed amount of life insurance over the long term
- aren't comfortable with changes to their life insurance coverage that could result from fluctuating returns on the Fund Value of their policy
- would like to gain early access to the Cash Surrender Value of the policy

*Investor***Maximizer**



! With the *Investor***Maximizer**, the Sum Insured is automatically adjusted (decreased or increased) to the optimal amount to keep the Fund Value tax-exempt. This minimizes the insurance charges and maximizes the Fund Value growth on the policy.

Ask your BMO Insurance Business Development Manager to show you how you can compare the value of the *Investor***Maximizer** with an alternative taxable investment portfolio using The Wave illustration software.

Premiums

Premium Payments

A minimum monthly premium (for the base and rider coverages) must be paid before coverage becomes effective on any Life Dimensions or Life Dimensions (Low Fees) policy.

With a BMO Insurance universal life policy, your clients can choose to vary their premiums: pay more than the minimum premium and/or extend their payments for a specified number of years. While the policy is in force, premiums can be increased, decreased or stopped as long as the policy remains in good standing (see Lapse Conditions below).

Premiums can be paid annually, semi-annually or monthly. Additional (lump sum) premium payments can also be made at any time subject to the maximums allowed under the Income Tax Act (Canada).

Note: *payment of the minimum premium may not prevent the policy from terminating. Any changes made by the policy owner to his/her coverage, increases in renewal premiums on term and critical illness riders and fluctuations of returns on the Fund Value may require that additional premium payments be made.*

! Use The Wave illustration software to plan how much and for how long your clients wish to pay premiums for their BMO Insurance universal life policy.

Provincial Premium Tax

A provincial premium tax, based on the policy owner's province of residence, is deducted from all gross premiums made into the policy. This amount can be changed if the respective provincial premium tax rates change.

Premium tax is not applicable to deposits made to the Side Account attached to the policy or to transfers between interest accounts within the policy.

Monthly Administration Fee

A monthly administration fee of $12 is deducted every month and is guaranteed for the life of the contract. This fee is payable until the Policy Anniversary on which the attained insurance age of the last remaining UL coverage reaches 100.

Account Deductions

Insurance charges (COI, administration fee and rider charges) are deducted by first subtracting the maximum possible amount from the DIA, then proportionately from the Indexed Interest Accounts, then from the GIA, starting with the account closest to maturity, and then from the GMIA, starting with the GMIA Series closest to maturity, and proportionately if more than one GMIA Series on the Policy have the same Maturity Date.

Pre-Authorized Cheque Plan (PAC)

To have premiums paid by PAC:

- complete and sign a PAC authorization on the application.
- attach a specimen cheque marked "Void" for the account from which PAC payments will be made.
- for non-C.O.D. applications, obtain a cheque for 1 month's premium.
- the monthly PAC payment date will be the same date of the month as the policy date.

To calculate the monthly PAC withdrawal, divide the total annual premium, including policy fee and benefits, by 12. Please note that the minimum PAC withdrawal is $15.00 for a single policy or several policies combined. When a PAC deposit is returned NSF, the policy owner will be required to pay the premium that's due and all arrears before future PAC deposits are reinstated.

The initial premium can be collected by Pre-Authorized Cheque, if requested on the application.

Note: *The Temporary Insurance Agreement (TIA) is NOT available if PAC is chosen for the initial premium.*

Credit Card Payment

The first annual premium up to a maximum of $50,000 can be paid by Visa or MasterCard. Complete and sign the credit authorization form on the application. Renewal premiums cannot be paid by a credit card.

Maximum Premium

Policy owners can pay up to the maximum premium on their Life Dimensions or Life Dimensions (Low Fees) policy in order to maintain its tax-exempt status. The maximum premium is an estimated amount for the current policy year based on a projection of the policy values using an assumed interest rate.

Premiums paid in excess of the maximum premium are automatically deposited into a taxable Side Account (see below) until such time as they can be transferred into the tax-deferred Fund Value of the policy.

Lapse Conditions

If sufficient premiums are not received, after a 30 day grace period, the policy will lapse without value if any of the following conditions are met:

(a) the Fund Value is less than the Monthly Deduction at a Policy Monthly Anniversary date, or

(b) the Fund Value minus 50% of Surrender Charges is less than zero, and the total premiums paid minus any Cash Withdrawals are less than the Cumulative Total Annual Minimum Premium; or

(c) if there is a Policy Loan and the Net Cash Value is less than zero.

Investment Options

Life Dimensions and Life Dimensions (Low Fees) have the widest variety of universal life insurance investment options in Canada. Depending on your client's financial objectives and risk tolerance, they can choose between guaranteed (fixed interest) accounts or indexed accounts with performance linked to many of Canada's best known asset managers.

Visit bmoinvestpro.ca for a complete list of investment options on Life Dimensions and Life Dimensions (Low Fees).

Daily Interest Account (DIA)
This is a short term interest account with guaranteed rates of return linked to Government of Canada Treasury Bills.

Guaranteed Interest Accounts (GIAs)
GIAs are fixed term investment options with guaranteed rates of return. They may be more suited to clients who are risk averse and/or who want a more predictable rate of return.

Currently, BMO Insurance offers the following GIA options on Life Dimensions and Life Dimensions (Low Fees):

5 Year GIA: this is a fixed term interest account with a five year term and guaranteed rates of return linked to 5 year Government of Canada bonds.

10 Year GIA: this is a fixed term interest account with a ten year term and guaranteed rates of return linked to 10 year Government of Canada bonds.

20 Year GIA: this is a fixed term interest account with a twenty year term and guaranteed rates of return linked to 30 year Government of Canada bonds.

30 Year GIA: this is a fixed term interest account with a thirty year term and guaranteed rates of return linked to 30 year Government of Canada bonds.

Guarantees on Investment Accounts

Daily and Guaranteed Interest Accounts, Guaranteed and Enhanced Market Indexed Accounts

	Life Dimensions	Life Dimensions (Low Fees)
Daily Interest Account (DIA)	The annual rate will not be less than 90 percent of the annualized yield on 90-day Government of Canada Treasury Bills minus 2.20%, subject to a minimum of 0%.	The annual rate will not be less than 90 percent of the annualized yield on 90-day Government of Canada Treasury Bills minus 2.00%, subject to a minimum of 0%.
Guaranteed Interest Accounts (GIA)	For a 5 year GIA, the annual rate will not be less than 90% of the yield on 5 year Government of Canada Bonds minus 1.25%, subject to a minimum of 0.25%.	For a 5 year GIA, the annual rate will not be less than 90% of the yield on 5 year Government of Canada Bonds minus 0.75%, subject to a minimum of 0.75%.
	For a 10 year GIA, the annual rate will not be less than 90% of the yield on 10 year Government of Canada Bonds minus 1.25%, subject to a minimum of 1.00%.	For a 10 year GIA, the annual rate will not be less than 90% of the yield on 10 year Government of Canada Bonds minus 0.75%, subject to a minimum of 1.50%.
	For a 20-year term account, the rate will be 90% of the yield on 30-year Government of Canada Bonds, minus 1.25%, subject to a minimum of 0.00%.	For a 20-year term account, the rate will be 90% of the yield on 30-year Government of Canada Bonds, minus 0.75%, subject to a minimum of 0.00%.
	For a 30-year term account, the rate will be 90% of the yield on 30-year Government of Canada Bonds, minus 1.25%, subject to a minimum of 0.00%.	For a 30-year term account, the rate will be 90% of the yield on 30-year Government of Canada Bonds, minus 0.75%, subject to a minimum of 0.00%.
Guaranteed Market Indexed Account (GMIA)	GMIA is a fixed term investment account linked to the performance of a Reference Market Index. The net rate of return is **guaranteed never to be negative**.	
Enhanced Market Indexed Account (EMIA)	The performance is linked to one or more market indices or exchange traded funds. The credited rate is **guaranteed never to be negative** and uses a smoothing formula to provide a more stable rate of return.	

The minimum guaranteed rate on the is 1.50% on the 10 year GIA, 0.75% on the 5 year GIA, and 0.00% on the 20 year and 30 year GIA, including the Guaranteed Investment Bonus.Minimum guaranteed rates for the GIA and EMIA are not applicable when they are held in the Side Account.

Enhanced Market Indexed Account (EMIA)
An Enhanced Market Indexed Account is an interest account that uses a portfolio of enhanced equity investments. The performance of the EMIA is linked to one or more market indices or exchange trade funds. Interest** is credited daily using an interest rate that's set on the last day of each quarter for the following quarter. This rate may reflect a smoothing formula that's used to generate more stable long-term returns.

The interest rate is guaranteed to never be negative. This guarantee is not applicable when funds are held in the Side Account.

There is currently one EMIA option:

North American Equity EMIA: linked to the performance of the S&P/TSX Composite Low Volatility Index (TXLV) and the S&P500 Low Volatility Index (SP5LVI).

Visit bmoinvestpro.ca to find out the current interest rate for the EMIA. Depending on the reference Market Index of the EMIA, the Credited Interest Rate may need to be converted to Canadian dollars.

Guaranteed Market Interest Accounts (GMIAs)
A GMIA is a fixed term interest account with rates of return linked to the performance of a specified market index. Interest is calculated and credited on specified dates (typically once a year) during the investment term and is guaranteed never to be negative.

There are currently two GMIA options on Wealth Dimensions:

Canadian Equity GMIA: linked to the performance of the S&P/TSX 60

American Equity GMIA: linked to the performance of the S&P 500 (converted to Canadian dollars)

! Use the GMIA Illustrator on bmoinvestpro.ca to see how the GMIA compares against a Market Indexed Account or a fixed interest account.

How Interest is Calculated on a GMIA
Interest on a GMIA Series is the net rate of return calculated and credited to the GMIA Account Value on specified crediting dates (typically once a year). The return, converted to Canadian dollars (if applicable), is subject to a minimum for the term which is guaranteed never to be negative.

At the start of each year, BMO Insurance establishes the following "Interest Crediting Factors" that it uses to calculate the interest rate that will be payable on each GMIA Series at the end of the year:

- the actual one year return of a selected market index (eg. S&P 500 or S&P/TSX 60) which BMO Insurance will not know until the end of the year
- "Hurdle Rate": the minimum rate of return that the selected market index must meet before BMO Insurance will pay any interest
- "Participation Rate": the proportion of the positive return of the selected market index that BMO Insurance will pass on to the client
- "Cap Rate": the maximum interest rate that BMO Insurance will use to calculate the actual amount of interest payable
- "Minimum Rate of Return": the least amount of interest that a client will receive

This rate setting process is used to calculate the rate of return for each year during the investment term.

! Take a look at the GMIA Fact Sheets on bmoinvestpro.ca for the interest rate crediting factors on any GMIA Series.

Calculating the Interest Earned on a GMIA
Example:
If a GMIA Series has the following interest crediting rate factors:

***Index Cap Rate:** 15%;*
***Hurdle Rate:** 3%;*
***Participation Rate:** 50%*
***Minimum Rate of Return:** 0% and the change in the value of the index on the valuation day is 12%, the Credited Interest Rate will be the lesser of:*

***1)** (12% - 3%) × 50% or;*
***2)** (15% - 3%) × 50%*

*which equals 4.5%**.*

The Credited Interest Rate is multiplied by the GMIA Series Account Value on the specified Interest Crediting Date to determine the actual amount to be credited. In this case, BMO Insurance would credit a 4.5% rate of return to the GMIA fund value of the client's policy.

On the other hand, if the change in value of the index was 20%, then rate of return would be capped at 6.0% ((15% -3%) × 50%).

Furthermore, if the index had a negative return (e.g. -20%), the credited rate would be 0% since that was the minimum guaranteed rate of return set at the start of the year.

Note: *A GMIA is not a short term investment. While funds can be withdrawn or transferred out of a GMIA at any time before the maturity date, any withdrawals are subject to certain restrictions and fees (see "Early Redemption Fee (ERF) on a GMIA" below). On interest crediting dates, however, you have the added flexibility of switching to any other GMIA available at that time or to a fixed interest option with no penalty. Refer to the GMIA fact sheet on bmoinvestpro.ca for more details.*

! To learn more about how a GMIA works, refer to the brochure "Guaranteed Market Indexed Accounts – A Behind the Scenes Look" (686E)

**Depending on the Reference Market Index of the GMIA, the Credited Interest Rate may be converted to Canadian dollars.
Certain minimum deposit requirements may apply for each premium allocated to a GMIA. Policy owners do not purchase units in any fund or a legal interest in any security. Past performance is no guarantee of future performance. A GMIA credits interest to the Fund Value of a universal life insurance policy on specified Interest Crediting Dates according to the terms and conditions for each Series being offered. Refer to the Fact Sheets found under each GMIA Series for more details.

Indexed Accounts

Indexed Accounts are notional accounts with performance linked to a designated fund or market index. Returns are calculated between consecutive valuation days and a daily BMO Life Assurance Company management fee will be subtracted each calendar day. Returns on these accounts are not guaranteed and can be either positive or negative.

Also, these investment options offer different levels of risk, liquidity and, unlike mutual funds, policy owners do not purchase any units in any fund or underlying security.

BMO Insurance categorizes these investment options as follows:

Managed Portfolio Indexed Accounts: these accounts credit interest mirroring the net rate of return of a designated fund portfolio less a fee.

Currently, we offer Managed Portfolios Indexed Accounts representing portfolios from:

- BMO Asset Management Inc.
- CI Investments Inc.
- Franklin Templeton Investments Corp.
- SEI Investments Canada Company

Market Indexed Accounts: these accounts credit interest based on the net returns of a specified market index or exchange traded fund (ETF) less a fee.

Managed Indexed Accounts: these accounts credit interest based on the net returns of designated fund(s) from some of Canada's best known fund managers less a fee.

Currently, we offer Managed Indexed Accounts reflecting the investment expertise of:

- BMO Asset Management Inc.
- AGF Investments Inc.
- CI Investments Inc.
- Dynamic Mutual Funds
- Fidelity Investments Canada ULC
- Franklin Templeton Investments Corp.
- Invesco Canada Ltd.
- Mackenzie Financial Corporation
- Northwest & Ethical Investments L.P.
- SEI Investments Canada Company
- Trez Capital Fund Management L.P.

Money Manager Indexed Accounts: these accounts credit interest based on the net returns of designated funds less a fee. These accounts may include certain limitations regarding minimum deposits and the timing of processing transactions such as withdrawals and transfers out of these accounts.

BMO Life Assurance Company Management Fees on Indexed Accounts

	Life Dimensions			Life Dimensions (Low Fees)		
	Guaranteed maximum daily fee	Approximate maximum annual fee	Current range of fees	Guaranteed maximum daily fee	Approximate maximum annual fee	Current range of fees
Managed Portfolio Indexed Accounts	0.0068%	2.50%	1.75% to 2.50%	0.0034%	1.25%	0.50% to 1.25%
Market Indexed Accounts	0.0089%	3.25%	3.00%	0.0062%	2.25%	1.75%
Managed Indexed Accounts	0.0068%	2.50%	1.25% to 2.50%	0.0034%	1.25%	0.00% to 1.25%
Money Manager Indexed Accounts	n/a	n/a	3.00%	n/a	n/a	1.75%

Due to the potential for gains or losses with Indexed Accounts, clients who choose to pay the minimum premium (or an amount that just covers the insurance charges) should be cautioned against selecting these types of accounts. It is possible that, despite having paid their planned premiums, their Fund Value may decrease during times of adverse market conditions requiring them to make additional premium payments to prevent their policy from lapsing.

! We may introduce new interest accounts or discontinue any interest accounts we offer. However, BMO Insurance guarantees to have at least the DIA, at least one GIA and at least four Market Indexed Accounts on a Life Dimensions or Life Dimensions (Low Fees) policy.

The daily BMO Life Assur ance Company management fees stated above, which include provision for Investment Income Tax (IIT), are guaranteed as long as the policy remains in force unless there is an increase in taxes that apply to funds BMO Insurance holds to fulfill policy obligations.

Changing Investment Options

4 free transfers every policy year

You can, at any time, change investment options or transfer funds between Interest Accounts, subject to a minimum transfer amount of $500 or the full amount of the Interest Account. The first four (4) changes in premium allocation and transfers between Interest Accounts during a policy year are free; thereafter, a $30 fee will apply.

A Market Value Adjustment (MVA on a GIA or EMIA) or Early Redemption Fee (ERF on a GMIA) may also apply if funds are transferred to other options.

! Have your clients complete the Investor Profile Questionnaire (358E) to gauge their tolerance to investment risk and help them pick investment options that are appropriate for their financial objectives.

Investment Bonuses

Your clients can qualify for an extra credit to the Interest Accounts of their Life Dimensions or Life Dimensions (Low Fees) policy, subject to certain qualifying conditions.

Guaranteed Investment Bonus

A Guaranteed Investment Bonus is payable as follows:

Guaranteed Investment Bonus (Available on Life Dimensions only)		
Life Dimensions		
All Indexed Accounts	Year 6+	1.5% × (average account value during the policy year)
Guaranteed Interest Accounts	Year 1+	0.5% × (average account value during the policy year)
Daily Interest Account	Year 1+	Lesser of: 1% × (average account value during the policy year); and (15% of earned rate) × (average account value during the policy year)
Life Dimensions (Low Fees)		
Not available		

Note: *the Account Value in the EMIA, GMIA and Side Account are not eligible for the Guaranteed Investment Bonus.*

Cumulative Fund Bonus

(Available on both Life Dimensions and Life Dimensions (Low Fees))

A Cumulative Fund Bonus of 0.25% is payable on all Indexed and Guaranteed Interest Accounts starting at the end of the fifth Policy Year, provided the total sum in those accounts is:

d) $25,000; and
e) at least 200% of Cumulative Annual Minimum Premium at the end of that policy year

Once qualified at a given Policy Monthly Anniversary, the CFB will continue to be credited at rate of 0.25% as long as the Total Indexed plus Guaranteed Interest Account Value is greater than or equal to $25,000 (i.e. the cumulative minimum premium test will no longer be required).

	Guaranteed Investment Bonus	Cumulative Fund Bonus
Life Dimensions	✓	✓
Life Dimensions (Low Fees)	Not Available	✓

Note: *the Account Value in the DIA, EMIA, GMIA and Side Account are not eligible for the Cumulative Fund Bonus.*

Side Account

The Side Account is a taxable account that is used to temporarily hold premiums that exceed the maximum premium during the policy year or to transfer any portion of the Fund Value that's above the maximum allowed under the Tax Exempt Test at the policy anniversary, in order to maintain the policy's tax exempt status. At the beginning of every year, amounts up to the maximum annual premium are transferred from the Side Account into the Interest Accounts.

The Side Account does not form part of the policy and it has no creditor protection. Any amount in the Side Account is paid to the policy owner or his/her estate when the policy terminates.

Since this is a taxable account, the interest earned in the Side Account will be reported each year to the policy owner for inclusion as income for income tax purposes.

Investment Options Available on the Side Account

The following investment options are available on the Side Account:

- DIA
- GIA
- EMIA
- Market Indexed Accounts

If an investment option is not selected, then funds in the Side Account will automatically be deposited into the DIA.

Minimum guaranteed interest rates are not applicable to amounts held in GIAs and EMIA accounts in the Side Account.

Amounts held in the Side Account are not entitled to the Guaranteed Investment Bonus or to the Cumulative Fund Bonus.

Cash Withdrawals and Transfers from the Side Account

Cash Withdrawals may be made from the Side Account. A MVA may apply to such cash withdrawals from a GIA or EMIA. A MVA will apply to transfers from a GIA to any Interest Account other than a GIA of the same remaining term. A MVA will also apply to transfers from EMIA in the Side Account to any Interest Account of the policy other than the EMIA.

Any transfer from the Side Account into the Interest Accounts of the policy is treated as a premium and will therefore incur the applicable provincial premium tax. Investment Option transfer fees (described under Changing Investment Options) will not apply to funds transferred to or from the Side Account due to the Tax Exempt Test.

Insurance charges are not deducted from the Side Account unless it appears that a policy may lapse at which time a transfer of funds will be made.

Accessing the Cash Value of the Policy

Premium payments net of provincial premium tax and insurance charges accumulate with interest on a tax-deferred basis within a Life Dimensions or Life Dimensions (Low Fees) policy. This is known as the Fund Value of the policy. The Cash Surrender Value is the net amount that clients can access and is determined as follows:

Cash Surrender Value =
Fund Value
minus a Surrender Charge (see below)
minus any outstanding balance on Policy loans
minus Market Value Adjustment (MVA) in a GIA and in an EMIA
minus Early Redemption Fee (ERF) in a GMIA

The Cash Surrender Value can be accessed either through cash withdrawals or policy loans.

Surrender Charge Cash Factors on Life Dimensions and Life Dimensions (Low Fees)
The following factors are used to determine a surrender charge on UL coverages in a policy and apply when the policy is cashed for its Cash Surrender Value (see above) or when the Sum Insured on a policy is reduced during the early years of a policy (see Changes to Insurance Coverage below under the Policy Administration section):

Policy Year	YRT and YRT 85/20 COI Cash Factor	Level COI Cash Factor	*Investor* Maximizer Cash Factor
1	300%	150%	300%
2	300%	150%	370%
3	300%	150%	370%
4	250%	100%	370%
5	250%	50%	370%
6	250%	0%	320%
7	200%	0%	270%
8	150%	0%	220%
9	100%	0%	200%
10	0%	0%	0%
11+	0%	0%	0%

The Cash Factor is a percentage of a Surrender Charge Target Premium.

Cash Withdrawals
Cash withdrawals allow your clients to take out amounts directly from the Cash Surrender Value of the policy, subject to the following:

- a minimum cash withdrawal of $500 applies and is subject to a $50 withdrawal fee.
- the minimum remaining Cash Surrender Value after the withdrawal is the greater of $500 or the Monthly Account Deduction.
- under the Sum Insured Death Benefit Option, we will not adjust the amount of coverage until the cumulative partial withdrawals reach $15,000. Thereafter, the amount of coverage will be adjusted by the full amount of cumulative partial withdrawals to date.

Cash Withdrawals will first be made from the Side Account. Then, policy owners must indicate the Interest Account(s) from which the remaining funds are to be withdrawn. Otherwise, withdrawals will be made in the same order as specified above under Account Deductions. Any amounts withdrawn will reduce the Fund Value of the policy.

A cash withdrawal redemption charge will be applied to the amount of the cash withdrawal as follows:

Policy Year	Cash Withdrawal Redemption Charge Factor
1 – 3	5%
4 – 6	4%
7	3%
8	2%
9	1%
10+	0%

A portion of a partial or complete withdrawal of the Cash Surrender Value is reported as income to the policy owner. Refer to the Universal Life Insurance Taxation section for more details.

Market Value Adjustment (MVA) on a GIA
A MVA may apply to any fund transfer, partial withdrawal or surrender from a GIA. A MVA applies in addition to any other fees or charges for the transaction.

A MVA will not be applied to monthly deductions, fund transfers due to exempt test or death benefit payout from a GIA.

For the five-year GIA, the MVA charged will be the greater of zero (0), and

the amount of the transaction × (the five-year Government of Canada Bond rate at the time of the transaction minus the five-year Government of Canada Bond rate at the time of deposit) × (the number of complete months to maturity, divided by 12).

For the ten-year GIA, the MVA charged will be the greater of zero (0), and

the amount of the transaction × (the ten-year Government of Canada Bond rate at the time of the transaction minus the ten-year Government of Canada Bond rate at the time of deposit) × (the number of complete months to maturity, divided by 12).

For the twenty-year GIA, the MVA charged will be the greater of zero (0), and

the amount of the transaction × (the thirty-year Government of Canada Bond rate at the time of the transaction minus the thirty-year Government of Canada Bond rate at the time of deposit) × (the number of complete months to maturity, divided by 12).

For the thirty-year GIA, the MVA charged will be the greater of zero (0), and

the amount of the transaction × (the thirty-year Government of Canada Bond rate at the time of the transaction minus the thirty-year Government of Canada Bond rate at the time of deposit) × (the number of complete months to maturity, divided by 12).

For example:

At the time of a premium payment to the 10 Year GIA, the Ten Year Government of Canada Bond rate was 2%.

A $10,000 withdrawal is made from the 10 Year GIA 72 months later at which time the Ten Year Government of Canada Bond rate increased to 3%. The MVA would be calculated as follows:

***MVA** = $10,000 × (3% - 2%) × (120-72)/12 = $400.00*

If, on the other hand, the Ten Year Government of Canada Bond rate decreased to 1% at the time of the withdrawal, then a MVA would not be charged.

Market Value Adjustment (MVA) on an EMIA

A MVA may apply to any withdrawal or surrender from an EMIA. A MVA applies in addition to any other fees or charges to the transaction.

An MVA will not be applied to monthly deductions, exempt test surrenders or death benefit payout from an EMIA.

The MVA Rate is calculated from time to time and is the greater of:

(a) zero (0), and

(b) the result of the following formula:

a. 10 × the difference between (i) the 10-year Government of Canada Bond rate; and (ii) the 10-year average of the 10-year Government of Canada Bond at the time of the transaction,

plus

b. the difference between (i) the current EMIA interest rate; and (ii) the two-year annualized rate of return of the market index(es) or exchange trade fund(s) that EMIA interest rate is linked to.‡

The MVA will be determined separately for each amount being withdrawn or transferred.

For example:

Current 10-year Government of Canada Bond Rate: 2.5%

10-year average of 10-year Government of Canada Bond Rate: 2.25%

Current EMIA Credited Rate: 4%

2-year annualized equity returns‡: 3.5%

MVA Rate = 10 × (2.5% - 2.25%) + 4% - 3.5% = 3%

MVA = $10,000 × (3%) = $300

‡ Equity returns are determined based on the equity allocation of the EMIA investment option and their actual returns.

Early Redemption Fee (ERF) on a GMIA

An ERF may be calculated and deducted from the Fund Value on a cash withdrawal or transfer out of a GMIA as follows:

The Early Redemption Fee, as a percentage of the requested amount to be transferred or withdrawn, is deducted from the amount of the cash withdrawal or transfer. The Early Redemption Fee is in addition to any other fees or charges for the transaction.

If funds are withdrawn or transferred from a GMIA:	Early Redemption Fee
• on any Interest Crediting Date and the funds are withdrawn or transferred to an Interest Account other than another GMIA	The greater of: zero, and (M multiplied by N)
• on any day that is not an Interest Crediting Date, and the funds are transferred to another GMIA Note: *Funds transferred to another GMIA on a non-Interest Crediting Date will create a new GMIA Series*	The greater of: zero, and 5% plus (M multiplied by N)
• at any other time that funds are transferred or withdrawn	The greater of: zero, and 5% plus (M multiplied by N)

M: Ten year Government of Canada Bond rate at the time of the transaction minus the ten year Government of Canada Bond rate at the Series Investment Date

N: Number of years remaining to the Maturity Date, rounded up to the next higher whole number of years. For example, if 4 years and 1 month are left to maturity, the number of years will be rounded to 5.

For example:

(1) *A deposit is made into a GMIA with a 10 year term and the Ten Year Government of Canada Bond rate on Series Investment Date is 2%.*

A $10,000 cash withdrawal is made from the GMIA 6 years after deposit (i.e. 4 years to maturity and on an Interest Crediting Date). Also, the Ten Year Government of Canada Bond rate at that time increased to 3%.

ERF

= $10,000 × (3% - 2%) × 4
= $400.00

If, on the other hand, the Ten Year Government of Canada Bond rate decreased to 1% at the time of the withdrawal, then an ERF would not be charged.

(2) *If, the withdrawal was made 6.5 years after the deposit (on a non-Interest Crediting Date), then:*

Years to maturity = 10 - 6.5 = 3. 5 which is 4 years when rounded up to the next whole number of years

ERF

= $10,000 × greater of [0% and (5% + (3% - 2%) × 4)]
= $10,000 × greater of (0% and 9%)
= $10,000 × 9%
= $900.00

When an ERF is not charged:

We will not charge an ERF for withdrawals or transfers from the GMIA that result from:

- Monthly Deductions,
- the Exempt Test
- payment of a Death Benefit or Disability Benefit.

We will also not charge an ERF if we receive a written request, at least four (4) business days prior to an Interest Crediting Date or Maturity Date, to transfer:

- from one GMIA to another GMIA with the same Series Maturity Date, with the transfer to take effect on the Interest Crediting Date, or
- from the GMIA Series to another Interest Account, with the transfer to take effect on the Maturity Date.

Policy Loans

Policy loans allow your clients to borrow funds using the Account Value of the DIA, GIAs, GMIAs or EMIA as collateral security. The following limitations apply:

- The minimum loan amount at any time is $500 and the minimum remaining Net Cash Value must be the greater of $500 or the Monthly Account Deduction.
- The maximum policy loan is 90% of the portion of the Cash Value that is attributable to the DIA, GIA, GMIA, and EMIA less the total of any MVA, ERF, 3 Monthly Account Deductions and any outstanding balance on policy loans.
- The interest rate charged on policy loans will be determined by BMO Insurance and may change from time to time.
- The outstanding balance on policy loans will reduce any proceeds on death or termination. A policy loan repayment may take place at any time.

A portion or the full amount of a policy loan may be reported as taxable income to the policy owner. Refer to the Universal Life Insurance Taxation for more details.

Additional Benefits and Features

To complement their basic coverage, clients have access to a variety of additional benefits and features that can enhance the value of their basic insurance protection of their Life Dimensions or Life Dimensions (Low Fees) policy.

BMO Insurance Health Advocate™ Plan
Included at no extra charge

Every Life Dimensions and Life Dimensions (Low Fees) policy includes – at no additional cost – the BMO Insurance Health Advocate Plan. This program includes access to medical information and services as well as personal assistance programs.

Medical Information and Services
This component of the BMO Insurance Health Advocate Plan offers your clients unlimited access to medical information and services from Teladoc Medical Experts®† – a leader when it comes to delivering world class medical advice and support. These services include:

Expert Medical Opinion: Teladoc Medical Experts will conduct an in-depth analysis of medical records and re-test pathology to establish or confirm a diagnosis and treatment plan. They will receive a comprehensive medical summary from Teladoc Medical Experts with a recommendation(s) that your client can share with their doctor.

Find a Doctor: Teladoc Medical Experts will conduct a customized search guided by your criteria and geographic preference and recommend top-rated Canadian physicians that specialize in a medical condition.[1]

Care Finder: Should your client need treatment outside of Canada, Teladoc Medical Experts will locate specialists or facilities outside of Canada for their treatment/condition-specific needs.[1]

Personal Health Navigator: Teladoc Medical Experts will help your clients navigate the Canadian health care system by providing them with medical information and resources, one-on-one support, and customized health coaching for a wide range of health related concerns – not only for a serious illness or condition. One simple phone call connects your client to a Member Advocate, who can provide them with the information they need to make informed healthcare decisions.

Personal Assistance Services
This component of the BMO Insurance Health Advocate Plan offers your clients personal assistance services provided by TELUS Health, one of Canada's leading providers of these programs and includes:

Health Coaching: Health Coaches are Registered and Occupational Health Nurses who offer practical and personalized support for a variety of health conditions and health risks. Health coaches can assist your clients by answering questions, work with them to create a risk reduction action plan and to motivate them to reach their goals.

Dependent Care Consultation Services: Dependent Care Consultants provide personalized, caring advice as well as resources and community referrals for questions and concerns related to childcare, elder care and family related issues. From prenatal care, parenting advice, and assistance with securing daycare to gathering information related to home care services, seniors' accommodations, caregiver support groups and palliative care options, a Dependent Care Consultant partners with your clients to find answers to their unique needs.

Nutritional Support: Diet can strongly affect mood, energy levels and overall health. Your clients can connect with a registered dietician to assist them with establishing and maintaining a healthy, well-balanced diet, to focus on disease prevention and disease management, and get support with weight management and to support them with achieving their nutrition related goals.

Professional Counselling Support Services: Caring professional counsellors are dedicated to supporting your clients through the issues that may be impacting their lives. 24/7 access to confidential, short-term clinical support is available, at no cost to them.[2] This virtual counselling service can support your clients and their immediate dependents with concerns related to mental health, grief and loss, addictions, relationships and life changing events.

Online Health and Wellness Resources: Your clients can find answers fast, with the online wellbeing resources library including hundreds of articles, toolkits, audio recordings, wellness assessments, behavioral change programs and more. They can navigate wellbeing content, produced by industry experts, on topics related to family, health, life, money and work.

! Your clients and their immediate family members, including their spouse and children, have access to these services any time. In addition, once every three years their extended family members, including their parents, their siblings and their spouse's parents and siblings, get to access these services for FREE, without compromising your access.

®† Teladoc Medical Experts is a registered trademark of Teladoc Health, Inc.

[1] Expenses associated with medical treatment, travel and lodging relating to these services are the responsibility of the member.

[2] BMO Insurance offers the services on a referral basis only and will not charge you for the services provided. TELUS Health (Canada), Ltd. and Teladoc Health, Inc. will not charge you for the services they provide. You may, however, incur additional costs for services or for providers that may be referred to you by TELUS Health or Teladoc Medical Experts. These additional charges are incurred at your sole discretion and BMO Insurance will not be liable for their payment.

BMO Insurance reserves the right to change the service provider, the nature of services or cancel access to these services at any time without notice, unless otherwise stated.

Disability Benefit
Included at no extra charge

On all Life Dimensions and Life Dimensions (Low Fees) policies, a lump sum Disability Benefit for an amount up to the Cash Surrender Value minus 12 times the Monthly Deduction can be paid upon receipt of acceptable evidence of an impairment that arises from certain conditions specified in the policy. The minimum Disability Benefit Payout will be the lesser of the Cash Surrender Value or $500 at the time of the request.

Under current tax laws as of the effective date of this guide, the payment of this benefit is not considered a disposition and does not generate any taxable income. However, BMO Insurance does not guarantee, and is not responsible for, the tax treatment applicable to this feature.

! With the Disability Benefit, your clients have a built-in DI coverage on their Life Dimensions policy!

Joint Last-to-Die (JLTD) Conversion Option
Included at no extra charge

This no cost benefit can provide your clients with the flexibility to convert a single life or JFTD coverage to JLTD coverage without further evidence of insurability at the time of the switch. The option is available only when both lives are underwritten at time of application for the policy.

Exercising the conversion to JLTD can be made any time after 5 years from the issue date of the coverage. The COI for the new coverage will be based on the joint insurance age calculation, calculated using initial issue ages, and COI rates in effect at the time of the switch of the coverage.

The conversion to JLTD must be made before the oldest life insured on the single or JFTD coverage reaches attained insurance age 70.

For example:

Today*... Jane and John purchase a Life Dimensions policy on a JFTD basis to help cover their lost income and payoff the balance of their outstanding mortgage in case that either of them dies prematurely.*

Years down the road*... Jane and John's debt has been paid off and they start thinking of the estate that they want to leave to their children... like their family cottage and other taxable assets. With the Joint Last-to-Die Conversion Option, they can automatically switch their Life Dimensions coverage from JFTD to JLTD without any further evidence of insurability.*

! The Joint Last-to-Die Conversion Option allows your clients to change the focus of their Life Dimensions coverage from income replacement to estate protection without having to purchase a new policy.

Additional Options Under Joint First-to-Die Plan Types
The following options are available at no additional cost on JFTD Plan Types:

Policy Exchange Option
The policy may be divided into single life policies without evidence of insurability during the lifetime of the joint lives insured but before the 81st birthday of the oldest insured. The new policies will be based on the attained ages and rates in effect at the time of the change. The old policy will then be cancelled for its Cash Surrender Value. Please note that there may be tax payable on a portion of the Cash Surrender Value when it is withdrawn from the original policy (see Cash Withdrawals above).

Survivor Option
Within 90 days of the first death of the lives insured, the surviving lives insured may purchase additional permanent coverage without evidence of insurability, providing the oldest surviving life insured is under the age of 80.

Double Benefit
If a second joint life insured dies within 90 days of the death of the first joint life insured, a second death benefit equal to the sum insured will be payable (provided that the surviving insured has not already elected the Survivor Option).

Riders

To complement their basic coverage, clients can add supplemental coverages with a variety of riders for more complete protection on their Life Dimensions and Life Dimensions (Low Fees) policy.

Term Life Insurance Riders

Term life insurance riders are available under a Single Life or Joint Last-to-Die coverage option.

Term 10 Rider: This rider provides 10 year term coverage, renewable to age 85 and convertible to permanent insurance up to age 71.

Issue ages:	18 – 75
Sum insured:	\$100,000 – \$10,000,000
Rate bands:	\$100,000 – \$249,999
	\$250,000 – \$499,999
	\$500,000 – \$999,999
	\$1,000,000 – \$2,499,999
	\$2,500,000+

Term 15 Rider: This rider provides 15 year term coverage, renewable to age 85 and convertible to permanent insurance up to age 71.

Issue ages:	18 – 70
Sum insured:	\$100,000 – \$10,000,000
Rate bands:	\$100,000 – \$249,999
	\$250,000 – \$499,999
	\$500,000 – \$999,999
	\$1,000,000 – \$2,499,999
	\$2,500,000+

Term 20 Rider: This rider provides 20 year term coverage, renewable to age 85 and convertible to permanent insurance up to age 71.

Issue ages:	18 – 65
Sum insured:	\$100,000 – \$10,000,000
Rate bands:	\$100,000 – \$249,999
	\$250,000 – \$499,999
	\$500,000 – \$999,999
	\$1,000,000 – \$2,499,999
	\$2,500,000+

Term 25 Rider: This rider provides 25 year term coverage renewable to age 85 and convertible to permanent insurance up to age 71.

Issue ages:	18 – 60
Sum insured:	\$100,000 – \$10,000,000
Rate bands:	\$100,000 – \$249,999
	\$250,000 – \$499,999
	\$500,000 – \$999,999
	\$1,000,000 – \$2,499,999
	\$2,500,000+

Term 30 Rider: This rider provides 30 year term non-renewable coverage and is convertible to permanent insurance up to age 71.

Issue ages:	18 – 55
Sum insured:	\$100,000 – \$10,000,000
Rate bands:	\$100,000 – \$249,999
	\$250,000 – \$499,999
	\$500,000 – \$999,999
	\$1,000,000 – \$2,499,999
	\$2,500,000+

Third Party Term Insurance

Your clients have the option to obtain a term rider for a third party (Single Life coverage) upon proof of insurable interest. This rider may be converted to a new policy without evidence of insurability up to age 71. If the death benefit of the policy is paid while the rider is still in force, this rider may be continued as a separate policy, with an issue date and issue age the same as the rider.

!

Term Insurance riders are a great way for clients to add more low cost life insurance to complement their permanent coverage!

Conversion Option

Your clients may convert their Term 10, 15, 20, 25 and 30 coverages at any time prior to attained age 71 to any permanent plan regularly issued by BMO Life Assurance Company for conversion purposes, for up to the full face amount without evidence of insurability at their attained insurance age at rates in effect at the time of conversion, and with the original plan's underwriting risk profile. A Single Life term rider can be converted to a single life permanent plan, while a Joint Last-to-Die term rider can be converted to a Joint Last-to-Die permanent plan.

Term conversion with reset

Your clients may have the option to convert their Term rider coverage at any time prior to attained age 71 to eligible whole life or universal life plans. The permanent coverage must be at least 50% of the total sum insured converted. The remaining portion of the term rider can be added as a new term rider at attained age with a duration that either matches or is longer than the original term plan duration. No underwriting required. No face amount increase allowed.

The conversion with term reset can be exercised only once. This Term reset is not available on term (base or rider) coverages that originated from a term conversion with reset. Term reset is not available on policies that are on Waiver of Premium.

Term conversion with reset is available on term policies and riders issued with Wave 40.0 (July 2, 2019) or later.

Term Exchange Program

Your clients may exchange the full or partial amount of the Sum Insured of any eligible:

- Term 10 rider to a Term 15, 20, 25 or 30 policy;
- Term 15 rider to a Term 20, 25 or 30 policy.

Any partial exchange must meet the plan minimum for both the remaining term and the new Term Plan. The new plan will still maintain the conversion to a permanent plan privilege.

!

The Term Exchange Program can be beneficial for clients who want to:

- exchange their Term 10 or Term 15 coverage for another term without additional underwriting.
- lock in premium rates for a longer term without having to submit a new application.
- reduce the overall cost of their premiums over the long term.

!

The Term Exchange Program allows your clients to switch their Term 10 or Term 15 rider coverage to a new term policy without any further evidence of insurability!

Term Exchange Program	
Exchange Period	While the Term 10 or Term 15 rider is in force, the policy owner can apply for the exchange commencing: • on or after the 1st policy anniversary for a full exchange; or • on or after the policy anniversary for a partial exchange and ending prior to the earlier of: 1) the 5th policy anniversary; or 2) the Life Insured's Attained Insurance Age 70 if exchanged to a Term 15, Attained Insurance Age 65 if exchanged to a Term 20, Attained Insurance Age 60 if exchanged to a Term 25 or Attained Insurance Age 55 if exchanged to a Term 30
Eligible Exchange Plans	• Term 10 Exchange: Term 15, 20, 25 and 30 • Term 15 Exchange: Term 20, 25 and 30
Premiums	Premiums on the new plan will be based on: • The then current rates offered on eligible plans at the time of the exchange • The Life Insured's age on their birthday nearest the coverage date of the new plan coverage. • The insurance risk class applicable to the insured under the original term rider (including any ratings).
Limitations	A Term 10 or Term 15 rider cannot be exchanged (in full or in part) while premiums are being waived under a Waiver of Premium benefit rider. The availability period will not be extended while premiums are being waived.

Term 10 exchanges to Term 15 and Term 25 are only available on Wave 36.0 and later.

Other Term Life Insurance Riders

ART Rider: This rider allows the owner to obtain low cost, life insurance coverage on lives where an insurable interest is met. This rider is available under Single Life or Joint Last-to-Die coverage. Rider charges are guaranteed and increase each year until attained insurance age 100 of the life insured after which time they cease and the coverage continues for life.

• Issue ages:	18-75
• Sum insured:	$50,000 – $10,000,000

Children's Term Rider: This rider will allow your client to obtain inexpensive term insurance protection for children of the life insured, at least 15 days old and less than 18 years. This rider has a valuable conversion option for up to five times the rider's sum insured.

• Issue ages:	18-60
• Sum insured:	$5,000 – $30,000 (in increments of $5,000)
• Conversion Ages:	21st to 25th birthday of the Child
• Expiry Date	policy anniversary nearest the (adult) Insured's 65th birthday.

Critical Illness Insurance Riders

Living Benefit 10 Rider: This rider provides 10 year term critical illness insurance coverage renewable to age 75 and convertible to age 60. The Living Benefit 10 Rider pays a lump sum benefit if the Insured is first diagnosed with a covered condition prior to age 75.

• Issue ages:	18-65 (renewable to age 75)
• Sum Insured:	$25,000 – $2,000,000
• Rate Bands:	$25,000 – $99,999 $100,000 – $249,999 $250,000 – $499,999 $500,000 – $2,000,000
• Expiry Date	age 75

- Includes 25 Critical Illness covered conditions and 7 Early Discovery covered conditions.
- Convertible up to age 60 to a LB75, LB100 or 15LB100 plan with guaranteed rates. Rates will be those in effect on the Coverage Issue Date of the LB10 rider.

Living Benefit 20 Rider: This rider provides 20 year term critical illness insurance coverage renewable to age 75 and convertible to age 60. The Living Benefit 20 Rider pays a lump sum benefit if the Insured is first diagnosed with a covered condition prior to age 75.

• Issue ages:	18-55 (renewable to age 75)
• Sum Insured:	$25,000 – $2,000,000
• Rate Bands:	$25,000 – $99,999 $100,000 – $249,999 $250,000 – $499,999 $500,000 – $2,000,000
• Expiry Date	age 75

- Includes 25 Critical Illness covered conditions and 7 Early Discovery covered conditions.
- Convertible up to age 60 to a LB75, LB100 or 15LB100 plan with guaranteed rates. Rates will be those in effect on the Coverage Issue Date of the LB20 rider.

Living Benefit 75 Rider: This rider provides a level premium to age 75 critical illness insurance coverage. The Living Benefit 75 Rider pays a lump sum benefit if the Insured is first diagnosed with a covered condition prior to age 75.

• Issue ages:	18-65
• Sum Insured:	$25,000 – $2,000,000
• Rate Bands:	$25,000 – $99,999 $100,000 – $249,999 $250,000 – $499,999 $500,000 – $2,000,000
• Expiry Date	age 75

- Includes 25 Critical Illness covered conditions and 7 Early Discovery covered conditions.

Living Benefit 100 Rider: This is a level premium to age 100 critical illness rider. The Living Benefit 100 Rider pays a lump sum benefit if the Insured is first diagnosed with a covered condition prior to age 100. A maturity benefit equal to the Sum Insured less any amount paid as a result of a claim will be paid to the policy owner when the life insured reaches attained insurance age 100.

• Issue ages:	18-65
• Sum Insured:	$25,000 – $2,000,000
• Rate Bands:	$25,000 – $99,999 $100,000 – $249,999 $250,000 – $499,999 $500,000 – $2,000,000
• Expiry Date	age 100 (includes Maturity Benefit)

- Includes 25 Critical Illness covered conditions and 7 Early Discovery covered conditions.

! By adding a CI rider to a Life Dimensions policy, your clients have a more complete insurance plan – without the extra cost of paying two separate policy fees!

Other Riders and Benefits

Disability Waiver of Premium Rider: This benefit will pay a pre-determined premium specified at issue, if the insured on the rider is totally disabled for more than six months, prior to the policy anniversary following age 60.

- Issue ages: 18-55
- Maximum Premium Insured: $50,000

Payor Waiver of Premium Rider: This benefit will pay a pre-determined premium specified at issue, if the owner is totally disabled for more than six months or if death occurs prior to the policy anniversary following age 60 or an elected expiry date whichever is earlier.

This Rider may be purchased as a Payor Waiver on Death only or a combination of Payor Waiver on Death and Total Disability.

- Issue ages: 18-55
- Maximum Premium Insured: $50,000

! With the Disability Waiver or Payor Waiver of Premium Riders, your clients specify the benefit amount, up to an ultimate maximum of $50,000 per year.

Accidental Death Benefit Rider: This benefit will pay an additional amount if the insured's death results from an accident, prior to the policy anniversary following age 65.

- Issue ages: 10-60
- Sum insured: $25,000 – $500,000

Business Guaranteed Insurability Option (BGIO): This rider allows a business owner the option to purchase additional insurance on the Life Insured over a 10 year period, without providing further medical evidence of insurability at the time that the increase in coverage is made. Financial justification of the increase in the Fair Market Value (FMV) of the business is required whenever the additional insurance option is elected.

- Issue ages: 18-65
- Business GIO Amount: $100,000 – $3,333,334 (based on the FMV at time of policy issue)
- Maximum Option Amount: 3 times Business GIO Amount, to a maximum of $10,000,000
- Option Dates: first 10 policy anniversary dates
- Expiry Date 10th policy anniversary

Special Death Benefit Rider:
No cost rider on joint Last-to-Die coverages

On Joint Last-to-Die coverages, this rider provides a benefit equal to a portion of the Fund Value on deaths prior to the last death.

The benefit is equal to the Allocated Fund Value, up to the maximum tax-free Fund Value permitted under the Income Tax Act, minus any Allocated Policy Loan (including interest) and minus 12 times the monthly deduction, calculated immediately prior to the receipt of the request. The policy owner may allocate a percentage of the benefit amount to be paid as a Special Death Benefit. This allocation can be changed by the policy owner at any time by providing us with a signed Request for Policy Change (165E) form.

This rider is available as long as none of the lives are uninsurable (i.e. all lives insured must be rated less than +600%).

If the Sum Insured Death Benefit Option is selected, the Sum Insured will be reduced by the amount of the payout.

This rider can only be selected at the time of issue of the coverage.

- Expiry Date: the date when only one life insured on the coverage remains

! With the Special Death Benefit Rider, a surviving spouse can use the tax-free payout of the Allocated Fund Value to cover any expenses that come due immediately following his/her spouse's death.

Universal Life Insurance Taxation

Universal life insurance is subject to rules in the Tax Act.

Exempt Status

The tax exempt status refers to whether a policy is exempt from accrual taxation, as described in the provisions of the Tax Act. All BMO Insurance universal life plans are exempt life insurance products.

At the end of each policy year, the policy undergoes a Tax Exempt Test to determine if it can remain exempt from accrual taxation. If the policy fails this test, an adjustment is made to maintain the tax exempt status and the following may apply:

- the Sum Insured may be increased by up to 8% of the Death Benefit at the end of the previous policy year. The amount of the additional coverage is known as the Additional Sum Insured (or `MTAR` increase or exempt test face increase) and does not require further evidence of insurability.
- the Sum Insured may decrease by up to the amount of any Additional Sum Insured.
- if the Fund Value of the policy exceeds the maximum tax-free amount permitted under the Tax Act, the excess amount may be transferred to the Side Account.

Sum Insured Adjustments

When a Life Dimensions or Life Dimensions (Low Fees) policy is set up, the policy owner may select one of the following three options to adjust the amount of life insurance coverage on the policy after the annual Tax Exempt Test is done on the policy:

- If "Increase and Reversals" is selected, the Sum Insured may be increased to keep the Fund Value of the policy tax-exempt. In subsequent years, this increase may then need to be reduced (or "reversed") to maintain the tax exempt status.
- If "Increase only" is selected, the Sum Insured may be increased to keep the Fund Value of the policy tax-exempt.
- If "No increase" is selected, the Sum Insured will not be adjusted.
- and In all cases, any excess Fund Value above the maximum allowed will be transferred to the Side Account after any such adjustments.

As described in the Side Account section, the Side Account is not a part of the policy and is subject to accrual taxation.

When Tax May be Payable

Any change to the policy, cash withdrawals, policy loans or transfers to the Side Account may be taxable and will need to be reported as income for income tax purposes.

How Cash Withdrawals Are Taxed

<u>If the full Cash Surrender Value is withdrawn:</u>

The taxable gain =

The Cash Surrender Value - the Adjusted Cost Basis (ACB)

<u>If a partial cash withdrawal is made:</u>

The taxable gain =

Amount of the cash withdrawal - ACB × (Amount of cash withdrawal/Cash Surrender Value)

For example:

For a full surrender:

Cash Surrender Value:	$100,000
Withdrawal:	$100,000
ACB (before withdrawal):	$50,000
Taxable gain:	$100,000 – $50,000 = $50,000

For a partial withdrawal:

Cash Surrender Value:	$100,000
Withdrawal:	$30,000
ACB (before withdrawal):	$50,000
Taxable gain:	$30,000 – $50,000 × ($30,000/$100,000) = $15,000
ACB (after withdrawal):	$50,000 - $50,000 × 30% = $35,000

How Policy Loans Are Taxed

Generally speaking, the taxable amount of a policy loan when it is taken out is:

Taxable portion of a policy loan = Amount of policy loan - Adjusted Cost Basis (ACB)

The ACB tends to be higher in the early years, but eventually erodes down to zero at later durations. Therefore, policy loans can provide more tax-free income in the early years of a policy when compared to cash withdrawals. After the loan is taken out, the ACB is then reduced by an equivalent amount.

For a projection of values for a given scenario, run an illustration on The Wave!

For example:

Cash Surrender Value:	$100,000
Policy loan:	$25,000
ACB (before loan):	$50,000
Taxable gain:	Policy loan minus ACB = $25,000 minus $50,000 = (NIL) i.e. there is no taxable gain
ACB (after loan):	ACB (before loan) minus the lesser of the ACB or policy loan = $50,000 minus $25,000 = $25,000

If, on the other hand, the ACB (before loan) was $20,000, then:

Taxable gain:	Policy loan – ACB = $25,000 minus $20,000 = $5,000
ACB (after loan):	ACB (before loan) minus the lesser of the ACB or policy loan = $20,000 minus $20,000 or $25,000 = $0

Change of Canadian Resident Status

After the policy is in effect, if your client becomes a resident of a country other than Canada, non-resident withholding tax rules will apply. They must notify us if they change their country of residence so that BMO Insurance can withhold and remit any tax resulting from changes to or withdrawals from their policy or on any interest earned in the Side Account.

Policy Administration

Applying for Coverage

BMO Insurance gives you the choice of applying for coverage in-person or non-face-to-face. Please use BMO Insurance's Application for Life Insurance and Critical Illness Insurance (126E) for in-person applications or SmartApp for both in-person and non-face-to-face applications.

Go to bmoinsurance.com/advisor to get a copy the 126E application under "Forms and Materials", or to bmoinsurance.com/smartapp to access SmartApp.

Policy Delivery

With SmartDelivery™, BMO Insurance's electronic policy delivery (eDelivery) solution, you control the delivery of the policy to your clients. Your clients also have the flexibility to electronically review, confirm acceptance and download a copy of their insurance policies at their convenience.

For more information, please visit bmoinsurance.com/smartdelivery

Changes to Insurance Coverage

Your client may request a decrease in the amount of their Life Dimensions or Life Dimensions (Low Fees) coverage to a minimum of $50,000. A partial surrender charge may apply calculated by multiplying the surrender charge for the policy year with the percentage reduction of the Sum Insured. We reserve the right to limit or refuse a reduction of coverage request if the Fund Value is insufficient to cover this partial surrender charge.

Note that with the *Investor***Maximizer** option, partial surrender charges are not assessed when the Sum Insured is decreased as a result of the automatic decreases that are made at the time of the Tax Exempt Test. Also, in this case, decreases below $50,000 are allowed.

When your clients' needs require an increased amount of insurance coverage, we will issue a new policy, using rates and plan in effect at the time, for the amount of the increase and subject to satisfactory evidence of insurability. The administration fee on the new policy will be waived as long as the original policy remains in force.

Substitution of a Life insured

Your client may request that a new life insured be substituted for an existing life insured on the policy. Satisfactory evidence of insurability of the new insured and payment of an administration fee will be required. We will adjust the monthly deduction to reflect the change in coverage. The COI rates applicable to the new insured will be those in effect on the date of substitution.

Addition of a Life Insured

In order to add coverage on a new life insured, we require satisfactory evidence of insurability on this new life. A separate policy will be issued for the amount of the additional coverage. The cost for the new policy will be based on the attained insurance age and category of risk of the new life insured, and the rates and policy provisions in effect at the time. As long as the original policy remains in force, the administration fee will be waived for the new policy.

Policy Statements

Your clients will receive a policy statement outlining the activity on their policy once a year. Policy statements will detail up-to-date policy information including investment performance and policy values. They can request to receive these statements on a quarterly basis, if they wish.

Copies of policy statements can be found by logging into advisorsupport.bmoinsurance.com.

Online Advisor Support

If you're looking for information about the status of your client's application or information on their policy, once it's in force, be sure to login to advisorsupport.bmoinsurance.com.

Marketing Support

Illustrations on The Wave

You can prepare personalized illustrations for your clients using The Wave illustration software. Learn more about how to use this easy-to-use illustration software and download the latest version by visiting the Resource Center at bmoinsurance.com/advisor.

Financial Concepts

Whether your clients are looking for income protection, asset accumulation or estate preservation, The Wave also includes a series of Financial Concepts that illustrate how BMO Insurance's universal life plans can be used as a cost effective solution to meet specific planning objectives. Don't forget to check out marketing material on The Wave for each of these concepts.

Take a look at the planning ideas on the following pages for ways to design a Life Dimensions or Life Dimensions (Low Fees) policy to accomplish these goals.

Investment Option Information

Get up-to-date information on your clients' universal life insurance investment options by visiting bmoinvestpro.ca. This site includes historical rates of returns and other fund fact sheets that may help with your proposals or keep your clients informed.

What's New at BMO Insurance?

Ask your BMO Insurance Business Development Manager to help you sign-up for our weekly emails. Also, be sure to "like" our LinkedIn page (BMO Insurance for Insurance Advisors) to learn more about our latest product changes, sales ideas and ways to build your practice.

Individual Insurance Solutions

Plan	Target Market	Objective	Approach	Typical Plan Design
The BMO Insurance Insured Retirement Plan	High income earners who have an adequate time horizon to plan and save for retirement and who have maximized their RRSP contribution limits	Create a source of supplemental retirement income that stretches beyond the limits of RRSPs and traditional pension plans	Maximum fund a UL policy with the least amount of insurance coverage. At retirement, assign the Cash Value of the policy as collateral for a series of bank loans that act as a source of tax-free income. At death, pay back the outstanding loan balance from the proceeds of the tax-free Death Benefit.	• Single Life (or Joint Last-to-Die) • Maximum premium • YRT COI • Sum Insured Death Benefit with *Investor***Maximizer** • Equity-style investment options are selected pre-retirement • GIAs may be used closer to or during the retirement period Loans are obtained from a third party lender, the terms of which are determined between the lender and policy owner***.
Personal Asset Transfer Plan	Individuals with sizeable taxable investments who are looking for a more tax effective vehicle to maximize their estate value	Reposition investments earmarked for the next generation by moving them from a taxable investment vehicle into a tax-exempt life insurance policy	Transfer sums from taxable investments into a UL policy to benefit from the tax-deferred growth	• Single life or Joint Last-to-Die, depending on insurance needs • Level of funding will depend on the financial objectives of the client • YRT COI • Death Benefit option will depend on the overall insurance requirements
Family Asset Transfer Plan	Older individuals with sizeable non-registered assets who are planning to transfer this wealth to their children or grandchildren	Transfer surplus non-registered taxable assets to the next generation without incurring costly taxes and estate charges	Parent (or grandparent) purchases insurance on an adult child (or grandchild) and transfers ownership of the policy during his/her lifetime (or at death)	• Single Life • Life insured is the adult child/grandchild to whom the assets are to be transferred • Maximum premium • YRT COI • Sum Insured Death Benefit with *Investor***Maximizer**
Personal Insured Annuity	Older individuals (or couples) in their retirement years who are looking to draw on supplemental retirement income from their non-registered investments	Enhance the after-tax return on income and preserve investment capital	Purchase a life insurance policy and a prescribed annuity that funds the insurance premiums and provides the income required	Prescribed life annuity combined with a Level COI UL policy
Estate Preserver Plan	Older individuals (or couples) with significant taxable assets such as non-registered mutual funds, stocks, real estate, RRSPs/RRIFs, etc.	Minimize the impact of taxes on the net value of an estate	Purchase insurance with a Sum Insured that is equivalent to the amount of projected taxes at death	• Single Life (or Joint Last-to-Die) • Minimum premium • Level COI • Sum Insured plus Fund Value Death Benefit

*** The availability of loans is subject to availability and is not guaranteed.

Business Insurance Solutions

Plan	Target Market	Objective	Approach	Typical Plan Design
The BMO Insurance Corporate Insured Retirement Plan	Corporations that require permanent life insurance as well as supplemental cash flow	Create a source of supplemental cash flow for a corporation that also requires insurance on a key employee	Fund a UL policy based on the insurance and investment objectives of the corporation; assign the cash value of the policy as collateral for bank loans, which can then be used for reinvestment (or payout) purposes. At death, repay the loan from the Death Benefit proceeds	• Single Life • Level of funding will depend on the financial objectives of the corporation • Death Benefit option will depend on the overall insurance requirements Loans are obtained from a third party lender, the terms of which are determined between the lender and policy owner***.
Corporate Asset Transfer Plan	Business owners looking for a tax effective way to pass on corporate assets to shareholder's heirs	Pass on the value of corporate assets to named beneficiaries in a tax effective manner	• Use accumulated surpluses to purchase a corporate owned universal life policy • Fund policy as quickly as possible to reduce current corporate taxation • The death benefit less the adjusted cost basis to the corporation flows through the capital dividend account to the shareholder's beneficiary tax-free	• Single Life • Level of funding will depend on the financial objectives of the corporation • Death Benefit option will depend on the overall insurance requirements
Corporate Insured Annuity	Business owners looking to maximize their income, while preserving their investment capital to make a gift when they die	Enhance the after-tax return on income and preserve investment capital in a holding company	Corporation purchases a life insurance policy and a non-prescribed annuity that funds the insurance premium and provides the income required to the business owner	Non-prescribed life annuity combined with a Level COI policy
Insured Corporate Financing Plan	Business owners looking to invest wisely, reduce their corporate tax bill, create a source of liquidity and secure the business with life insurance protection	Provide the business with security through life insurance protection and a source of cash for business opportunities, while reducing their corporate tax bill	• The corporation purchases a life insurance policy on the life of the owner or a key employee. • As soon as the policy is issued and premiums made into the policy, the Cash Value is used as collateral for a loan from a third party lender • Proceeds of the loan are then re-invested back into the business	• Single Life • YRT Cost of insurance • Level of funding will depend on the financial objectives of the corporation • Death benefit option will be determined by the overall insurance requirements. Loans are obtained from a third party lender, the terms of which are determined between the lender and policy owner***.

*** The availability of loans is subject to availability and is not guaranteed.

Glossary of Terms

The following is a list of some of the common terms used with universal life insurance. For a more complete understanding, refer to a sample policy contract which can be made available to you for your review.

Adjusted Cost Basis (ACB) – the amount used to calculate the taxable gain in a life insurance policy when certain transactions are made (e.g. policy loans or full and partial cash withdrawals). Generally speaking, the ACB is equal to the cumulative sum of premiums paid less the Net Cost of Pure Insurance.

Cash Surrender Value (CSV) – the Cash Value (or Fund Value less any Surrender Charges), and less any outstanding balance on policy loans, any Market Value Adjustment (MVA) on Guaranteed Interest Accounts and any Early Redemption Fees on Guaranteed Market Indexed Accounts.

Cash Value – is the Fund Value less any Surrender Charges.

Cost of Insurance (COI) – the total annualized amount charged for the universal life insurance coverage(s) on the policy. Deductions are made on a monthly basis from the Fund Value.

Fund Value – the total amount in the Interest Accounts selected (including interest) after premiums have been allocated and deduction of premium tax and insurance charges.

Early Redemption Fee (ERF) – is an amount that is calculated and deducted from the Fund Value on a cash withdrawal or transfer out of a GMIA.

Insurance Age – the age of the life insured used to determine the COI charges and the number of years premiums are payable. Factors including age, sex, smoking status along with other additional risk factors are taken into account to determine this age. In the case of Joint First-to-Die and Joint Last-to-Die, an equivalent single age is used that takes into account all of the lives insured under the coverage.

Interest Account – a notional account to which premiums are allocated, interest is credited and from which charges are deducted. Interest Accounts provide different levels of risk, liquidity and rates of return.

Market Value Adjustment (MVA) – is an amount that is calculated and deducted from the Fund Value on any transfer, partial withdrawal or surrender from a GIA or EMIA. A MVA will not be applied to monthly deductions from a GIA or EMIA.

Maximum Premium – is an estimate of the maximum amount that can be paid into the tax-deferred Fund Value of the policy. Any amount in excess of the maximum premium will be transferred into the taxable Side Account.

Maximum Tax Actuarial Reserve (MTAR) – the benchmark value that states the amount of Cash Value in a policy that can remain exempt from accrual taxation at the end of any given year, based on the Income Tax Act (Canada).

Minimum Premium – is the least amount that must be paid in order for the coverage to become effective in the first policy year.

Net Amount at Risk (NAAR) – (also called the Basic Amount at Risk) is the amount of insurance used to calculate the COI for the universal life coverages on the policy. It's essentially the difference between the Death Benefit of a coverage and its Allocated Fund Value. If the Death Benefit option is Sum Insured, the Net Amount at Risk decreases as the Allocated Fund Value increases. If the Death Benefit Option is Sum Insured Plus Fund Value, the Net Amount at Risk remains level. Riders are not included in Net Amount at Risk calculations.

Net Cost of Pure Insurance (NCPI) – the insurance 'cost' of the policy derived, in part, from a prescribed mortality table determined by the Canadian Institute of Actuaries. It's an important element of the ACB calculation but should not be confused with the COI which is the actual charge deducted by the insurance company for the coverage in place.

Planned Premium – the expected annual payment you choose to make on the policy. Each premium (net of premium tax) is allocated to the policy owner's choice of interest accounts which earn interest and from which insurance charges are deducted on a monthly basis.

Policy Loan – an amount that is borrowed directly from the insurance company from the policy's Cash Surrender Value. The amount borrowed automatically reduces the Death Benefit and Cash Surrender Value of the policy. Interest is charged on the loan at a rate declared by the insurance company.

Provincial Premium Tax – the amount deducted from each premium and paid to provincial governments in Canada.

Tax Exempt Test – an annual test that's done at the end of each policy year to determine whether the policy continues to be exempt from accrual taxation based on rules in the Tax Act.

Let's connect

To find out more about BMO Insurance products, please call your MGA, contact the BMO Insurance regional sales office in your area or call 1-877-742-5244.

BMO Life Assurance Company, 60 Yonge Street, Toronto, ON M5E 1H5

Ontario Region	Quebec – Atlantic Region	Western Region
1-800-608-7303	1-866-217-0514	1-877-877-1272

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