Building a stronger investment portfolio with Equimax® participating whole life

Your financial advisor can help you put plans in place to meet your investment goals and risk tolerance. This includes selecting the right combination of guaranteed investments, fixed income, equities, and life insurance. Life insurance? That's right!

Adding a permanent participating life insurance policy to your financial plans can improve the rate of return and reduce the risk in the investment portfolio.

What can life insurance bring to your investment plan?

Diversification	Part of the premium for participating whole life insurance flows into the company's participating account and is invested. You benefit from a diversified mix of investments including a significant fixed-income portfolio for stability; and a combination of non-fixed investments including equities for long-term growth. You are eligible to participate in the earning of the participating account through dividend payments.[1]
Guarantees	Once a dividend is paid, it is 100% vested and can never be taken away. Plus, the cash value of the policy will never decrease, regardless of market conditions.[2]
Rate of return	Dividends that accumulate within the policy grow on a tax-advantaged basis. This offers the potential for a higher rate of return than non-registered savings vehicles that are taxed annually.
Liquidity	Access to the cash value[3] without the time restrictions of locked-in investments or the market volatility of equities.
An instant legacy	Tax-free payment at death to your beneficiary(ies).

Life insurance allows you to spend your money

A life insurance policy not only helps you build wealth ... it gives you the freedom to spend your wealth by eliminating the need to ear-mark assets to leave to your heirs. Plus, it can provide a tax-efficient transfer of wealth from one generation to the next.

[1] Dividends are not guaranteed. They could change and be different based on how well the investments do, how many claims are made, and other factors. Dividends are paid at the sole discretion of the Board of Directors. [2] Assuming no policy loans or automatic premium loans, which will reduce the cash value of the policy. [3] Policy loans from cash value may be subject to income tax and a tax reporting slip may be issued if the cash surrender value (CSV) exceeds the adjusted cost basis (ACB) at the time of the loan.

Case study

Meet John and Bill

John and Bill are both 45 years old. They are looking for a tax-efficient way to leave an inheritance to their heirs and build wealth they can access to supplement their retirement income. They have maximized their registered investments and currently have $750,000 in non-registered savings. They can afford to spend $30,000 annually for the next 20 years and are considering their options.

Two solutions

- John buys a $1,000,000 Term 20 policy which will not be renewed.[5]
- Bill buys a $750,000 Equimax® participating whole life insurance policy, 20 pay, with a Term 20 rider for $250,000 (for a total of $1,000,000). The term rider will not be renewed.[4]

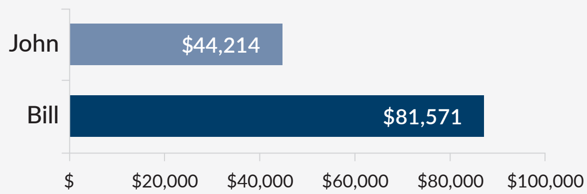
	John	Bill
Amount available to spend (annual)	$30,000	$30,000
Life insurance premium (annual)	$1,570	$25,082
Allocation to existing non-registered savings (annual)	$28,430	$4,918
Net estate value at age 65 (retirement)	$1,925,670 • Life insurance: $0 • Savings: $1,925,670[8]	$2,799,580 • Life insurance: $1,479,433[6,7] • Savings: $1,320,147[8]
Net estate value at age 85 (death)	$1,925,670[9]	$2,554,378[9]

The results

- Both solutions provide John and Bill the opportunity to leave an inheritance for their families AND access money from their non-registered savings.
- Bill can withdraw almost 85% more in annual income as John to supplement his retirement income.

Why the difference?

- John's withdrawals are limited to the interest earned on his savings, in order to keep the $1,925,670 principal intact as an inheritance for his heirs
- Bill's life insurance policy provides a $2,554,378 inheritance for his heirs, allowing him to withdraw all his savings.



Annual withdrawal from non-registered savings for 20 years starting at age 65

How changes in interest rates can affect the values

Values shown in this concept are based on assumptions that are not guaranteed. Dividend scales can change and so can returns in non-registered investments. The following table shows how a reduction of 1% in the dividend scale interest rate and the rate of return on the non-registered investment affects the net estate value and annual income provided under each solution.

	John	Bill
Net estate value at age 65 (retirement)	$1,783,943 • Life insurance: $0 • Savings: $1,783,943[12]	$2,546,372[10] • Life insurance: $1,337,545[10,11] • Savings: $1,208,827[12]
Net estate value at age 85 (death)	$1,783,943[9]	$1,889,028[10]
Annual withdrawal from non-registered savings for 20 years (starting at age 65)	$32,919	$71,726

Bill's solution still allows him to withdraw a higher annual amount to supplement his retirement income. Who would you rather be? Contact your financial advisor to find out more.

[4] Equimax Estate Builder®, 20 pay. Paid-up additions dividend option. Exact annual premium including the Term 20 rider is $25,081.95 based on male, age 45, standard non-smoker rates as of February 3, 2024. The term rider is not renewed and premiums are paid for 20 years only. [5] Term 20 policy not renewed. Premiums paid for 20 years only. Exact premium is $1,569.95 based on male, age 45, standard non-smoker rates as of February 3, 2024. [6] Illustrated values are based on the current dividend scale remaining unchanged for the life of the policy. Dividends are not guaranteed and are paid at the sole discretion of the Board of Directors. Dividends may be subject to taxation. Dividends will vary based on the actual investment returns in the participating account as well as mortality, expenses, lapses, claims experience, taxes, and other experience of the participating block of policies. [7] At age 65, Bill's life insurance policy under the current dividend scale assumption has $701,441 in total cash value that he can use as collateral for a bank loan or to take policy loans if additional income is required. [8] Assumes an annual rate of return of 5% in an interest only investment. Marginal tax rate of 53%. Assumes no withdrawals from the non-registered savings before age 65. [9] Assumes withdrawals taken for 20 years starting at age 65 were only from interest earned, not principal. [10] Illustrated values are based on the current dividend scale assuming a 1% reduction in the dividend scale interest rate and remaining unchanged for the life of the policy. [11] At age 65, Bill's life insurance policy under the current less 1% dividend scale assumption has a cash value of $621,700. [12] Assumes a reduction in the annual rate of return to 4% in an interest only investment. The case study in this document is for illustration purposes only. Actual results will vary. ® or ™ denotes a trademark of The Equitable Life Insurance Company of Canada.

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