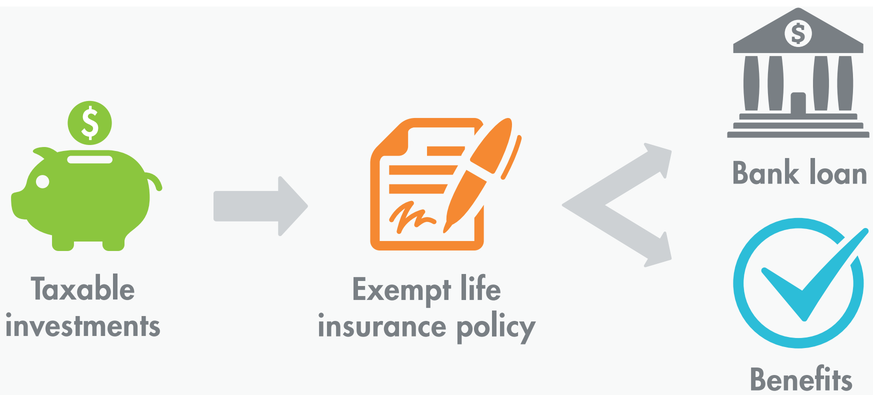
PREFERRED RETIREMENT SOLUTION®
USING UNIVERSAL LIFE

It's the kind of preferential treatment you want. Supplement your retirement income.

When it comes to retirement … we all want to dream big! If retirement savings alone aren't enough to make our retirement dreams a reality, the Preferred Retirement Solution can help.

Some life insurance policies have cash value you can access. Use it as collateral for a tax-free bank loan to supplement your retirement income. Unlike traditional loans, the debt is repaid using the proceeds from the life insurance policy.[1]

With the Preferred Retirement Solution, you redirect some of your money from taxable investments to pay the premiums for a permanent life insurance policy.



- Collateral loan to supplement income at retirement
- Tax savings
- Larger estate for your heirs

PUT THE PREFERRED RETIREMENT SOLUTION TO WORK FOR YOU

Save taxes and grow your assets

- By redirecting money from taxable investments into the life insurance policy, you pay less tax today[2] and in the future.
- The funds within the insurance policy grow on a tax-advantaged basis.
- Making additional payments can accelerate the growth of the value within the policy.[3]

Enjoy your retirement

- Once the cash surrender value of the policy is large enough to meet the bank's loan qualification requirements, you may apply for a bank loan using the policy as collateral.[4]
- A bank loan can supplement your retirement income with tax-free dollars.

At death, the life insurance proceeds pay off the loan with the balance paid to the beneficiary.

advanced insurance planning

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THE PREFERRED SOLUTION

An example: Meet Joseph

- Joseph is 45 years old and looking for a tax-efficient way to leave an inheritance to his heirs.
- He can set aside $25,000 each year for the next 20 years to accomplish this goal.
- Joseph also plans to retire at age 65. He has maximized his registered investments, including RRSPs and TFSAs. He is confident that his retirement plan will provide him with his desired income until age 85 but knows there is always the risk of outliving his retirement savings.
- How can Joseph create an inheritance for his family while at the same time, creating a safety net for his retirement income should he need it?

Joseph is considering two options:

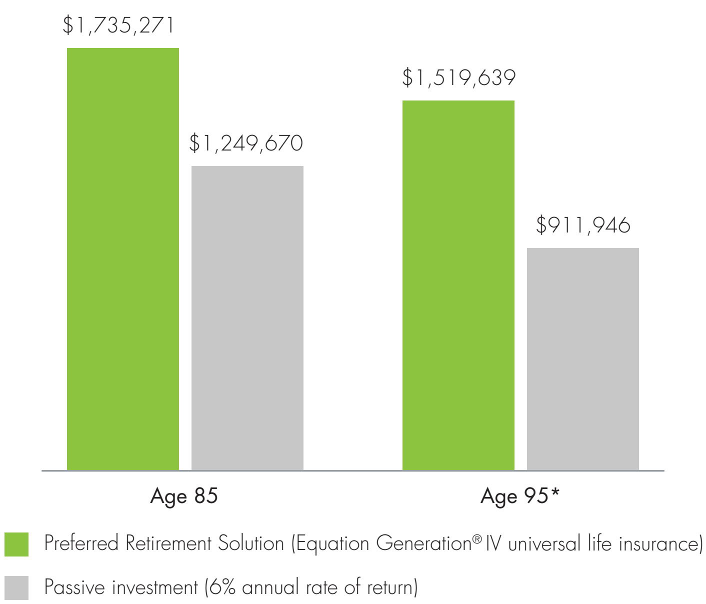
- Investing the $25,000 each year in passive investments,[5] or
- Using the $25,000 to pay for the annual charges for a $1,000,000 Equation Generation IV® universal life insurance policy[6] with a level protector death benefit and yearly renewable term insurance costs (Preferred Retirement Solution concept).

THE RESULTS

By choosing the Preferred Retirement Solution, Joseph could have:

- A larger net estate value to leave to his heirs if he dies at age 85. Joseph will use his planned retirement savings to provide an income from age 66 to 85.
- A source of tax-free dollars to supplement his income should he outlive his retirement plan. At age 85, the cash value of the universal life insurance policy is $1,524,891 which Joseph can use as collateral for a bank loan to provide an income from age 86 to 95.[7]
- A larger net estate value to leave to his heirs if he dies at age 95, even after repaying the loan.

Net value of Joseph's estate



* Assumes estate value after loan repayment.

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Equation Generation IV universal life insurance provides Joseph the opportunity to create an estate for his heirs and build value he can use as collateral for a tax-free bank loan, creating a safety net to supplement his retirement income should he outlive his retirement plan.

	Taxable investment* (6% annual rate of return)	Preferred Retirement Solution** (Equation Generation IV universal life insurance)
Estate value at age 95	$911,946	$2,427,796
Minus loan balance	$0	$908,157
Net estate value at age 95	$911,946	$1,519,639

*Annual withdrawal of $65,000 from age 86 to 95.
** Account value of the policy is used to secure a collateral loan of $65,000 annually from age 86 to 95.

IT COULD BE THE RIGHT SOLUTION FOR YOU IF...

- ☑ You have taxable investments.
- ☑ You want to reduce the taxes you pay.
- ☑ You want to supplement your retirement income.
- ☑ You want to leave money to your loved ones or charity.
- ☑ You have an up-to-date will.

Your advisor can show you how the Preferred Retirement Solution can work for you.

You should review the Preferred Retirement Solution checklist for details and consult with your financial, legal, and tax advisors about the risks and benefits of this concept.

The Preferred Retirement Solution is a concept. It is not a product or contract. It is based on current tax legislation which may change. This information does not constitute legal, tax, investment, or other professional advice.

[1] Depending on the terms of the loan agreement, the lending institution may require regular or periodic loan payments. [2] Depends on the nature of your taxable investment. [3] The extra payment is limited to the amount required to maintain the tax-exempt status of the policy. The policy may be credited positive or negative returns depending on the investment accounts selected. Review the product illustration for full details. [4] With a collateral bank loan, the lender will be a third party lending institution. Availability of a loan from the third party lending institution is not guaranteed by Equitable Life and is not part of the life insurance contract. The borrower must apply for and meet the third party lending institution's loan qualification requirements. The borrower may be able to borrow from a third party lending institution an amount up to 50% of the policy's cash value. Loan minimums vary by financial institution. Some financial institutions require a minimum collateral loan of $250,000. The ability to obtain a loan and the terms of a loan are subject to the financial underwriting policies at the third party lending institution at the time of loan and are subject to change at any time. There may be conditions, fees and costs associated with arranging the collateral bank loan. [5] Passive investment annual rate of return of 6%. Investment portfolio 100% interest. Marginal tax rate of 50%. Withdrawals of $65,000 each year from age 86 to 95. [6] Equation Generation IV – Bonus universal life insurance policy, yearly renewal term (YRT) cost of insurance, level protector death benefit option. Male, age 45, standard non-smoker rates. Premium and cost of insurance rates as of June 2019. Initial death benefit $1,000,000. The sum insured is automatically increased as needed at the policy anniversary, subject to the maximum percentage increase permitted under the tax legislation that applies, to assist in maintaining the exempt status of the policy. Policy illustration interest rate (assumed rate of return) of 3.5% (excluding any bonuses that may apply). Shuttle account interest rate of 0%. After 20 years no further payments are made. The illustrated account value and interest earned are not guaranteed. If starting in policy year 21 or at any time after policy year 21 the account value is not sufficient to cover the monthly charges for the universal life insurance coverage, the policy owner will need to continue or resume premium payments in order to keep the coverage in effect. Illustrated values are not guarantees of future performance. The rate of return can be either positive or negative depending on the movement of the applicable investment selections. A negative rate of return will result in a negative interest rate (debit) whereas a positive rate of return will result in a positive interest rate (credit).[7] Collateral loan rate of 6% with assumed age of death at 100. Maximum loan to CSV ratio of 50% and shows interest being capitalized. Depending on the terms of the loan agreement, the lending institution may require regular or periodic loan payments.

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