

YOUR GUIDE TO EQUATION GENERATION® IV

CLIENT GUIDE



equation gen IV

ABOUT EQUITABLE LIFE OF CANADA®



Equitable Life® is one of Canada's largest mutual life insurance companies. For generations we've provided policyholders with sound financial protection, and we look forward to continuing to deliver long-term financial value. We're focused on the needs of our clients and pride ourselves on the breadth and quality of our financial and insurance products and on our premier client service.

The mutual structure of our company means that our participating policyholders are owners with voting rights on company issues. With no shareholders imposing undue emphasis on short-term earnings, Equitable Life always operates in the best interest of our policyholders.

Equitable Life is a focused, stable and strong company.

Our mutual structure is a key element of our value proposition, along with our diversified product portfolio and superior service. As an organization we're progressive, competitive and firmly committed to serving the best interests of our policyholders, through longer-term strategies that foster ongoing stability, growth and profitability.

ABOUT THIS GUIDE

This guide provides an overview of Equation Generation IV universal life insurance. For complete contractual details, please refer to your policy contract. While Equitable Life has made every effort to ensure the accuracy of the information presented here, the policy contract governs in all cases.



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EQUATION GENERATION® IV...DESIGNED FOR YOUR LIFE®

Equation Generation IV is a participating* universal life insurance plan that combines cost-effective life insurance protection with competitive savings and investment opportunities in one convenient package.

Life Insurance Protection

Insurance forms the foundation of universal life. It's an integral part of your financial and estate plan, providing financial protection for your family or business against the loss of your greatest asset...you.

Savings and Investments

Whether you want to build a fund for your children's education or your retirement, access cash for an emergency or simply save for a rainy day, the tax-advantaged savings and investment component within Equation Generation IV can help make it happen.

Equation Generation IV offers you the flexibility to change your premiums, insurance coverage, and investment options to meet your changing needs.

For you and your family... Life events can impact your insurance and investment needs:

- starting a new career,
- having children,
- providing for your children's or grandchildren's education,
- retiring,
- suffering from an unexpected illness.

For you and your business... The right financial protection is critical to the success of a business:

- replacing a key person,
- funding a buy-sell agreement,
- planning for retirement and business succession,
- building a cash reserve for your business,
- funding retirement compensation packages,
- financing business opportunities,
- providing collateral.

Protecting your estate... Building an estate to leave to your heirs requires careful planning. Equation Generation IV can help make a tax-efficient transfer of your assets to future generations.

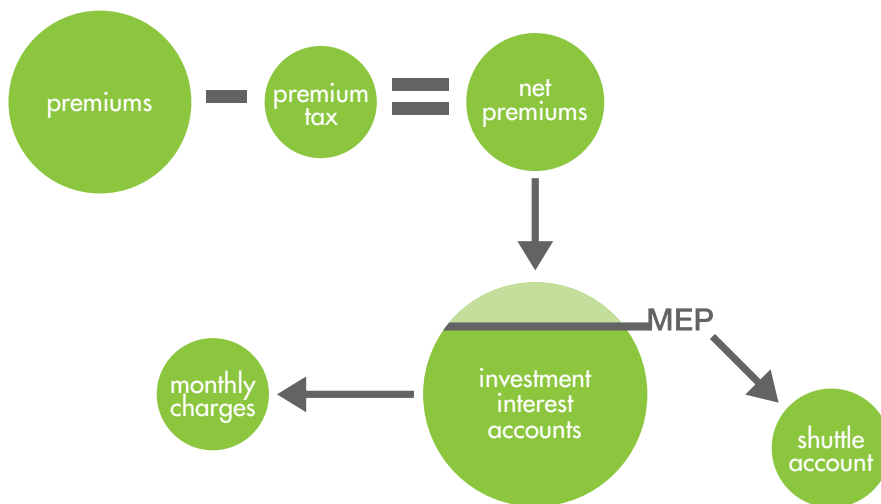
It's an insurance plan truly designed for your life.

* Equation Generation IV universal life is a participating policy of the Company. While it is in force, your policy is eligible for ownership dividends. These dividends may be paid based on the overall earnings of the Company and when the Company has a strong capital position at the time and into the foreseeable future. Ownership dividends are paid at the discretion of the Board of Directors. Dividends are not guaranteed. Your policy is not eligible for experience dividends.

HOW EQUATION GENERATION IV UNIVERSAL LIFE WORKS

The following is a brief overview of how your Equation Generation IV universal life policy works. Please refer to your policy contract for details.

1. You pay the required **premium**.
2. Premium tax is deducted from your premium.
3. The net premium is deposited into the **investment interest accounts** of your choosing.
4. **Monthly charges** are deducted from the investment interest accounts.
5. Money over and above what is required to pay monthly charges remains in the Investment Interest Accounts and forms the **account value** of your policy.
6. The maximum exempt premium (MEP) is the maximum premium you can pay annually into your policy while maintaining its tax-exempt status. Any premiums paid that exceed the MEP will be deposited directly into the **shuttle account**. If exempt room becomes available in the future, money will be transferred from the shuttle account and paid as a premium into your policy. (see step # 1)



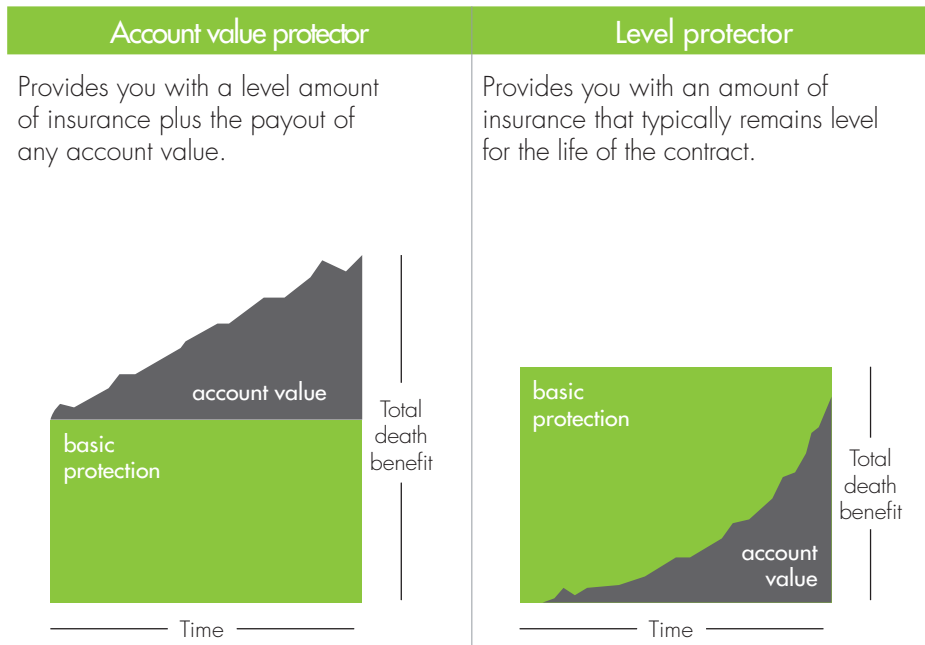
Premiums	Upon receipt of your annual or monthly payment, we deposit your premium, less any applicable premium taxes, to the investment interest accounts you selected on the application.
Investment interest account	There are a wide range of investment interest accounts to meet your risk profile and goals. Selecting more than one will help you diversify the savings within the policy.
Monthly charges	<p>The monthly charges are deducted from the investment interest accounts based on the method you elect on the application. You may elect a percentage of the total monthly charges to be deducted from specific accounts or pro rata from all accounts. The monthly charges consist of the:</p> <ol style="list-style-type: none"> 1. Cost of insurance charges, 2. Administration charges, 3. Linked interest option administration fees, 4. Charges for any optional riders or benefits you have selected.
Account value	If you have accumulated funds over and above what is required to pay the monthly charges, these funds will form your account value. Your account value will earn interest, which may be positive or negative, and may fluctuate depending on the investment interest accounts you select.
Shuttle account	<p>The shuttle account is a separate premiums on deposits account that is used to maintain the tax-exempt status of your policy. Money may be transferred to the shuttle account from your policy to maintain its tax-exempt status. This transfer may have tax consequences. Money in the shuttle account is subject to annual taxation.</p> <p>The maximum exempt premium (MEP) is the maximum premium you can pay annually into your policy while maintaining its tax-exempt status as per the <i>Income Tax Act</i> (Canada). If premiums over and above MEP are paid, the excess payment is not considered a premium payment and no premium tax is deducted. The excess payment is deposited into the shuttle account and subject to annual taxation. At each policy anniversary, if room becomes available in your policy, we will automatically transfer funds from the shuttle account to your policy to be paid as a premium. At that time, the applicable premium taxes will be deducted. The amount transferred will be limited to what is allowed in order to maintain your policy as tax-exempt.</p> <p>The shuttle account is paid out on death of the owner or on termination of the policy. Funds in the shuttle account are invested in the daily interest account (DIA). Interest will be credited or debited to the shuttle account in the same manner as the investment interest accounts for your policy. However, no bonuses apply to the shuttle account. (For more information, see the bonuses section of this guide).</p>

LIFE INSURANCE PROTECTION

Equation Generation IV is flexible protection that can meet the changing needs of your family or business.

What death benefit options are available?

You have two death benefit options to choose from:



Please note that the sum insured is automatically increased as needed at the policy anniversary to assist in maintaining the exempt status of the policy. The increase is subject to the maximum percentage increase permitted under the tax legislation that applies. The death benefit will include those increases as well. Any funds held in the shuttle account are paid out upon the owner's death or on termination of the Equation Generation IV contract.

What cost of insurance options are available?

Cost of insurance options	
Yearly renewable term for life (YRT)	The rates used to calculate the cost of insurance charges will increase each year for the life of the policy, reflecting the actual cost of insurance as you age. These rates are guaranteed for the life of your policy and are shown in your policy contract.
Level for life	The rates used to calculate the cost of insurance charges are guaranteed and shown in your policy contract. The rates can remain the same for the life of policy. This option offers you a cost of insurance structure that remains level for the life of the policy, subject to any automatic increases to the sum insured to assist in maintaining the exempt status of your policy, spreading the total cost of insurance evenly over the life of your policy.

The cost of insurance options available are dependent on your age at issue.

Cost of insurance type	Account value protector	Level protector
YRT (issue ages 0 – 80)	•	•
Level (issue ages 16 – 80)	•	•

Can I insure multiple lives under one policy?

You can insure up to two lives under one Equation Generation IV policy. The death benefit can be paid on either the first or last death of the individuals insured under the plan.

Do I have the flexibility to change my insurance coverage?

You have the flexibility to change your insurance coverage as your circumstances and needs change over time. Changes include:

- increasing or decreasing the death benefit,
- adding or canceling a rider.
- changing your premiums,

Changes may require evidence of continued insurability and are subject to Equitable Life's then current administrative rules.

PREMIUMS

What payment options are available?

You can pay annually or monthly. Payments are made in Canadian funds, and can be mailed, delivered or automatically withdrawn from your chequing account using our pre-authorized payment method.

Can I make additional payments for tax-advantaged investment growth?

You can make additional payments provided you do not exceed the maximum exempt premium (MEP) allowed by government guidelines to maintain the tax-exempt status of the policy. If your additional payment is greater than what is allowed, the portion that exceeds the MEP will be deposited to the shuttle account. Any amounts deposited to the shuttle account will not have premium taxes applied but interest growth attributed to the funds will be subject to annual taxation.

At each policy anniversary, if room becomes available in your policy, we will automatically transfer funds from the shuttle account to your policy. At that time, the applicable premium taxes will be deducted.

Can I ever skip a payment?

You have the flexibility to skip a premium payment, provided there is enough value in the policy to cover the monthly charges which apply for the life of the policy. It is important to note that skipping a premium payment or changing your premium payments will affect the performance of your policy, and could impact your ability to achieve your long-term goals.

How are my premiums allocated to my policy?

Government premium tax is deducted from each premium paid to the policy. The premium you pay, less the applicable government premium tax, is equal to the net premium. The net premium is allocated to the investment interest accounts in the proportion you selected.

ACCESSING THE CASH WITHIN YOUR POLICY

Equation Generation IV gives you the flexibility to meet your future financial needs by giving you access to the cash surrender value of your policy at any time. The cash surrender value is equal to the sum of all the investment interest accounts*, less any existing indebtedness and surrender charges that may apply. Funds in the shuttle account do not form part of the cash surrender value of your policy, but are part of the policy surrender value. Funds in the shuttle account are paid to the policy owner if they request a cash withdrawal or surrender the policy.

Accessing the cash value from the plan may be subject to taxation.

Can I withdraw cash from my policy?

You can make withdrawals from the cash surrender value of your policy at any time, provided there is enough value in the policy.

- A pro rata surrender charge will apply to withdrawals made within the first 9 years.
- Simply specify the investment interest accounts from which the withdrawal is to be made.
- If you do not indicate a withdrawal order, the withdrawal will be made from the investment interest accounts in the same order used for the monthly charges.
- If there is any value in the shuttle account, all cash withdrawals will be made from this account first.



Note: in order to ensure that your policy remains in effect, you should leave enough money in your investment interest accounts to cover the monthly charges until your next premium payment. If for any reason, including the fluctuation of the account value due to the interest credited or debited, there are insufficient funds in your policy to cover the monthly charges, your policy will lapse and all liability of Equitable Life will cease. Equitable Life will provide you with a 31-day grace period to make the premium payment(s) required to keep your policy in effect.

Can I borrow money from my policy?

You can borrow up to the maximum loan value from the guaranteed deposit accounts or the daily interest account only. The maximum loan value is equal to 90% of the cash surrender value, excluding the cash surrender value of all linked interest options, reduced by one year's loan interest. The policy loan rate in effect at the time will be charged. The amount payable on death will be reduced by any existing indebtedness under the policy.

Would I receive money if I surrendered my policy?

If you elect to cancel your policy, you will receive the current policy surrender value. The policy surrender value at any given time is equal to the sum of the cash surrender value of all of the investment interest accounts* and the shuttle account. There are no surrender charges applicable if the plan has been in force for more than nine years.

(For details on surrender charges, please see the policy contract.)

* Market value adjustment (mva) may apply to funds invested in guaranteed deposit accounts. Ask your advisor for details.

SAVINGS AND INVESTMENTS

In addition to life insurance protection, Equation Generation IV also includes a tax-advantaged savings and investment component. There are 2 plan types to choose from that reward you in different ways.

- **Equation Generation IV with bonus** provides an incentive bonus* plus an investment bonus that is guaranteed regardless of market performance or rates of returns.
- **Equation Generation IV low fees** provides an incentive bonus* plus offers lower linked interest option administration fees on investment interest accounts that immediately enhance the return on your investment for maximum tax-advantaged** cash accumulation.

* Incentive bonus is not guaranteed. It is paid provided the account value of your policy meets a certain minimum level.

** Subject to government exempt testing guidelines.

INVESTMENT INTEREST ACCOUNTS

Equation Generation IV offers a wide range of investment options to meet the needs of the most conservative to the most aggressive investors, giving you control over your investment choices. Selecting a variety of the investment interest accounts available will allow you to diversify your savings within your policy. Your investments can grow on a tax-advantaged basis while giving you the flexibility to change your investment options down the road as your needs change.

What investment interest accounts are available?

You can invest in any combination of the following...

Daily interest account

The daily interest account is similar to a typical savings account found at various financial institutions. The interest rate credited on premiums allocated to this investment interest account will be determined by Equitable Life from time to time, but is guaranteed never to be less than 90% of the yield on 91-day Government of Canada Treasury Bills less 2%, to a minimum of 0%. Interest credited will never be negative.

Guaranteed deposit accounts

Guaranteed deposit accounts (GDA) are available with terms* of 1, 5, and 10 years. Premiums allocated to these accounts provide you with a guaranteed rate of interest for the term specified and require a minimum deposit of \$500. Minimum interest rate guarantees also apply and vary depending on the plan type you select (bonus or low fees) and the term of the GDA. Interest credited will never be negative.

* We reserve the right to change or discontinue guaranteed deposit account terms available to you at any time.

Linked interest options

Linked interest options give you the opportunity to have non-registered accounts that enjoy tax-advantaged earnings with performance that reflects domestic, global equity, or bond markets.

There are three types of linked interest options available:

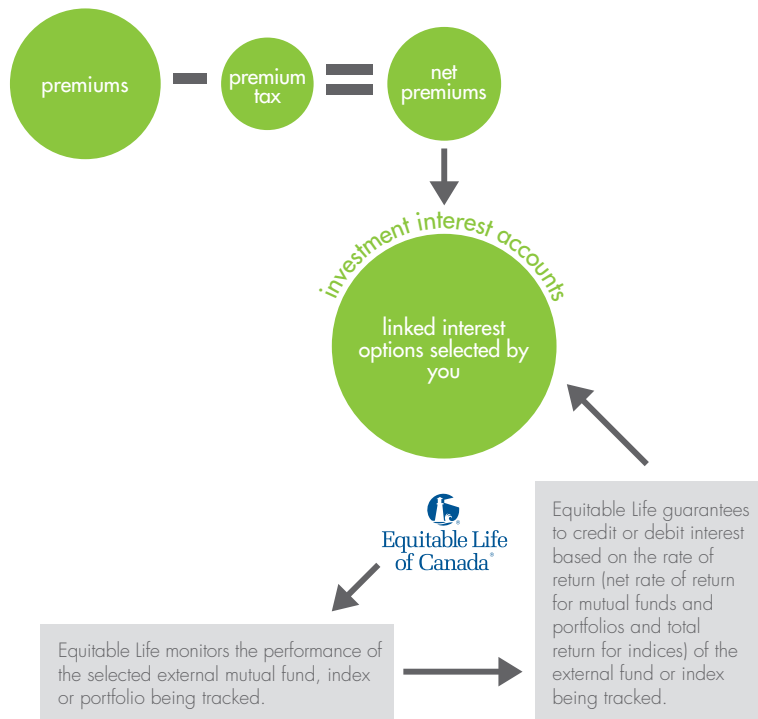
- **Index interest options**
Interest based on the movement of widely recognized market indices.
- **Performance fund interest options**
Interest mirrors the performance of mutual funds managed by some of the world's best professional money managers.
- **Portfolio interest options**
Interest based on the performance of the Franklin Quotential Portfolios.

Ask your advisor for a copy of **Universal Life Savings & Investment Opportunities, 1193**, for a full description of available funds.

How do the linked interest options work?

Linked interest options provide the opportunity to benefit from tax-advantaged earnings within non-registered assets. Those earnings reflect the performance of domestic, U.S. and global equities as well as fixed-income funds markets.

You are not investing in or buying units in the index, performance or portfolio fund being tracked. Instead, net premiums allocated to the linked interest options are invested in an interest bearing account on deposit with The Equitable Life Insurance Company of Canada. The interest credited or debited to your account is guaranteed to be based on the performance of the relevant index, performance or portfolio fund the linked interest option is tracking less the linked interest option administration fee that applies.



Will market fluctuations affect the value of my linked interest options?

Due to the variable nature of the market-based investments being tracked, the value of the linked interest options will fluctuate positively or negatively in any given period, depending on market conditions. The performance you experience will depend on the timing and amount of premiums relative to the funds being tracked by your linked interest option(s). Equitable Life guarantees to credit or debit interest with an interest rate equal to:

- not less than 100% of the net rate of return of the performance or portfolio funds being tracked, including the reinvestment of dividends, and
- not less than 100% of the comparative increase or decrease of the total return of the Index being tracked, including the reinvestment of dividends.

What are the administration fees on the linked interest options?

Administration fees		
Linked interest options	Equation Generation IV with bonus	Equation Generation IV low fees
Index interest options	3.00% – 3.20%	1.75% – 1.95%
Performance fund interest options	1.75%	0.00% – 0.75%
Portfolio interest options	2.20%	0.45%

What impact do the returns in the investment interest accounts have on my account value?

At any given time, the account value of your Equation Generation IV policy is equal to the sum of all of the investment interest accounts.

- A positive rate of return will result in a credit and will increase your account value.
- A negative rate of return will result in a debit and will decrease your account value.

Example:

Starting account value	Rate of return of the linked interest option	Interest amount	Your new account value
\$2000	2%	$\$2000 \times 2\% = \40	\$2,040
\$2000	-3%	$\$2000 \times -3\% = -\60	\$1,940

While linked interest options may provide the potential for greater rates of return over the long term, there is an inherent risk in selecting them as investment options. Unlike investing in the daily interest account or the guaranteed deposit accounts that offer guarantees surrounding the credited interest rates and no risk of negative returns, investments in the linked interest options are not guaranteed and could fluctuate positively or negatively in any given period. It is important to consider these factors, and your risk tolerance, when making your selection of Equation Generation IV investment interest accounts.

How do I know which investment interest accounts are right for me?

Knowing your risk profile is the best place to start. Ask your advisor about the **Universal Life Investor Profiler Questionnaire, 1190**. Your results will help you select the right investment interest accounts for your risk profile.

BONUSES

What bonuses are available on Equation Generation IV?

The bonuses available depend on the plan type selected:

- **Equation Generation IV with bonus** provides an incentive bonus* plus a guaranteed investment bonus regardless of market performance or rates of returns.
- **Equation Generation IV low fees** provides an incentive bonus* only.

Talk to you advisor about which product option is right for you.

* May provide an incentive bonus based on the account value of your policy. Incentive bonus is not guaranteed. It is paid provided the account value of your policy meets a certain minimum level.



When is an incentive bonus payable?

The incentive bonus is available with both versions of Equation Generation IV although the low fees version of the product provides a lower bonus in exchange for lower administration fees on the linked interest options.

Provided the account value at the applicable policy anniversary is not less than two times the accumulated total of the minimum annual premiums since the effective date of the policy, the incentive bonus will be paid as follows:

Incentive bonus		
	Equation Generation IV with bonus	Equation Generation IV low fees
Policy anniversary	Annual bonus as a % of the account value	Annual bonus as a % of the account value
1 – 4	0%	0%
5 – 14	0.25%	0%
15+	0.50%	0.50%

When is an investment bonus payable?

The Equation Generation IV with bonus also earns a guaranteed investment bonus. Starting in the 2nd policy year, at each monthly anniversary a guaranteed investment bonus of 0.75% of the account value will be credited to the policy regardless of market performance or rates or returns. The monthly investment bonus amount is equal to 1/12th of the annual bonus percent.

Please refer to your policy contract for more information about these bonuses and how they are calculated.

TAXATION

Does Equation Generation IV universal life insurance provide more tax benefits than traditional investment products?

Equation Generation IV is designed to provide you with various tax advantages while conforming to the current provisions and regulations for exempt life insurance policies under the *Income Tax Act (Canada)*. These advantages include:

1. Tax-free life insurance proceeds payable to your beneficiary(ies) on death.
2. Tax-advantaged interest earnings on the premiums you pay to your policy (subject to government exempt testing guidelines).

What if my policy fails the tax-exempt status?

If at any policy anniversary the policy fails any of the applicable exemption tests, the sum insured will be automatically increased as needed to assist in maintaining the exempt status of the policy. The increase is subject to the maximum percentage increase permitted under the tax legislation that applies. If the increase in the sum insured is not sufficient to maintain the exempt status of the policy, a portion of the cash surrender value attributable to the daily interest account, guaranteed deposit accounts and/or the linked interest options will be transferred to the shuttle account in order to maintain the policy's exempt status. No evidence of insurability is required for the automatic increase in the sum insured.

BUILT-IN BENEFITS

Bereavement counselling benefit

Upon the death of a life insured covered under the Equation Generation IV policy, and payment of the death benefit, we will provide a bereavement counselling benefit of up to a total of \$500 towards the cost of counselling, shared among all beneficiaries, subject to the requirements outlined in your contract.

Disability benefit disbursement

If the life insured becomes disabled from a mental or physical impairment as defined in the policy contract, you may be eligible for a lump sum payout for up to 100% of the policy's cash surrender value*. The disability benefit disbursement provides access to tax free** funds to be used however you choose.

*The maximum payment amount subject to our administrative rules and guidelines in effect at the time of the disbursement.

**Tax laws are subject to change.

Living benefit

If the life insured is diagnosed with an illness that will become terminal within 24 months, they may qualify for a living benefit* payment. The living benefit payment is a portion of the death benefit and will be the lesser of \$100,000 or 50% of the face amount of the policy, less any existing policy loans. The policy must be in effect for the benefit to be paid.

*This is a non-contractual benefit.

About Equation Generation IV

Life insurance protection

Savings and investments

Built-in benefits

Optional riders

Special options provision
(available on joint first-to-die policies only)

Available on joint first-to-die plans, this provision allows for the following flexibility:

- Insured lives can purchase individual policies in the future, if at any time, the joint first-to-die plan is no longer suitable due to a breakdown of the partnership that was originally insured.
- An additional death benefit will be paid if the surviving life insured under a joint first-to-die policy dies within 60 days of the first death.
- Within 60 days of the first death, the surviving life insured can purchase an individual policy at their current age without providing evidence of insurability.

Details described in your policy contract apply.

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OPTIONAL RIDERS AND BENEFITS

Waiver of monthly charges

In the event of a qualifying disability lasting six months or more, all of the monthly charges under your Equation Generation IV policy (including those for riders and benefits) will be waived.

Additional accidental death benefit

In the event of accidental death, this benefit provides for the payment of an additional death benefit equal to the original amount of insurance, subject to a maximum of \$500,000.

Children's protection rider

This rider provides term insurance protection for all of your children, ages 15 days to 18 years, under one plan. The protection continues to be in effect until the child turns age 25. From ages 21 to 25, the term insurance can be converted to their personally-owned policy for up to 5 times the original amount, with no evidence of insurability required.

Flexible guaranteed insurability option
(available on children's plans only, issue ages 0 - 15)

Available on children's policies, this rider guarantees their right to purchase additional insurance up to a total maximum of \$500,000 at specified dates in the future. No evidence of insurability is required. The dates and the amounts of additional coverage must be specified at time of issue.

Term riders
(available on the life insured under a single life plan only)

10 and 20 year renewable and convertible (YRCT) term riders are available on the life insured under a single life plan, giving you the opportunity to add term life insurance coverage when you need it. Preferred underwriting rewards good health with lower term insurance premiums.

EquiLiving critical illness insurance riders
(available on adult and children's plans)

This rider benefits you, not your heirs. It provides you with a lump sum benefit in the event you are diagnosed with one of the covered conditions as defined in the rider contract and survive the applicable survival period. You may use your benefit however you wish.

Works for me.®

Canadians have turned to Equitable Life since 1920 to protect what matters most. We work with your independent financial advisor to offer individual insurance and savings and retirement solutions that provide good value and meet your needs – now and in the future.

But we're not your typical financial services company. We have the knowledge, experience and ability to find solutions that work for you. We're friendly, caring and interested in helping. And we're owned by our participating policyholders, not shareholders. So we can focus on your interests and provide you with personalized service, security and wellbeing.



**Equitable Life
of Canada®**

One Westmount Road North,
Waterloo, Ontario N2J 4C7
Visit our website: www.equitable.ca

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