



EQUITABLE LIFE

The Four Pack

Presented by:
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EQUITABLE LIFE

- The Four Pack
 - Term layering
 - Double up for life
 - 20/20 bundle
 - Preferred Estate Transfer
- What's new at EL?

TERM LAYERING – COVERAGE FOR TODAY WITH OPTIONS FOR TOMORROW

The perfect balance
between need and affordability

TERM LAYERING CASE STUDY – THE SITUATION

- Jane, age 36, non-smoker, Office Manager
 - two children aged 5 and 3
- Income of \$65,000
- \$75,000 of short-term debt (car, line of credit)
- \$200,000 mortgage for 25 years
- Contributes to an education fund



TERM LAYERING CASE STUDY — THE NEED

Affordable insurance to cover:

- Short-term debt
- Mortgage
- Final expenses
- Children's education

TERM LAYERING CASE STUDY – THE SOLUTION

- A combination of term 10, term 20 and term 30/65
- All coverages can be combined under one policy with only one policy fee

Term 30/65

Long term

Term 20

Mid term

Term 10

Short term



TERM LAYERING CASE STUDY – THE SOLUTION

Need	Coverage	Initial monthly premium ¹
To cover short-term debt	\$75,000 of term 10	\$ 5.51
To provide education funds	\$200,000 of term 20	\$14.98
To cover mortgage and final expenses	\$250,000 of term 30/65	\$ 26.46
Policy fee (only one policy fee applies regardless of the number of coverages)		\$ 4.50
Total initial monthly premium		\$ 51.45

¹ Assumes standard non-smoker rates for a female, age 36. Policy fee is \$4.50 per month regardless of the number of coverages and continues for as long as the policy is in effect. Rates as of April 2018.

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CASE STUDY – FUTURE FLEXIBILITY

- All term plans can be switched to permanent coverage, with no evidence required
- A children's protection rider can be added to the policy



Conversion must occur prior to the age specified in the contract.

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WHOLE LIFE FOR A CHILD?



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WHOLE LIFE FOR A CHILD?

BENEFITS

- Easy to insure someone when they're young
- Lock in child rates
- A lifetime to build value
- Plan for their future
- Flexible options
- Access to cash value



THE NEED



EXAMPLE

- Parents have \$200 a month to spend on life insurance on their newborn son, Jacob.
- They want Jacob to be able to access the cash value throughout his life.

THE SOLUTION

Double up for life... with Equimax

Pay \$2,400 annually for 20 years

Wait 5 years

Withdraw up to \$4,800 annually for 75 years!

Sales solution #1698
(pdf format only)

Equimax Estate Builder 20 pay, \$199,474 face amount, with paid-up insurance dividend option. Monthly premium payment is \$200. Illustration shows premium rates as of April 2018 for a male, age 0 and is based on the 2017/2018 dividend scale. Dividends are not guaranteed. They are subject to change, and will vary based on the actual investment returns in the participating account as well as mortality, expenses, lapse, claims experiences, taxes and other experience of the participating block of policies. Only non-guaranteed cash value is accessible through withdrawals. Cash withdrawals may be subject to taxation and a tax reporting slip may be issued.

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THE SOLUTION “DOUBLE UP FOR LIFE”

PAY \$2,400 in premiums
each year for years **1 – 20**.

Clients may be able to use the Canada child benefit to pay premiums.

CREATE a stable investment with
tax-advantaged growth.

WITHDRAW up to **\$4,800** each
year for years **26 – 100!**



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DOUBLE UP FOR LIFE – HOW IT WORKS

What goes in ...		What can come out ...			
Annual premiums paid (\$200 per month)		Annual level withdrawals before tax ²			
		Years	Current Dividend Scale	Current -1%	Current -2%
Years 1 – 20	\$2,400¹	1 – 25	\$0	\$0	\$0
Years 21 – 100	\$0	26 – 100	\$4,800³	\$3,350	\$2,050
Lifetime payment:	\$48,000	Lifetime cash withdrawals:	\$360,000 ⁴	\$251,250	\$153,750

¹ Assumes premium rates as of April 2018 for a male, age 0.

² Only non-guaranteed cash value is accessible through withdrawals. Withdrawals will reduce the total death benefit however the guaranteed death benefit will never fall below the initial face amount.

³ Based on the 2017/2018 dividend scale. Actual values and duration may vary based on changes in the dividend scale. You should run alternate dividend scale reports to reflect possible decreases. Dividends are not guaranteed. They are subject to change, and will vary based on the actual investment returns in the participating account as well as mortality, expenses, lapse, claims experiences, taxes and other experience of the participating block of policies.

⁴ Assuming a 50% tax bracket, the total of the cash withdrawals after tax is \$196,160 using the current dividend scale. The Tax Report in the illustration shows the taxable portion of each withdrawal.

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NEW for Equimax[®] and term!

Get the complete package.



Life
insurance



Critical illness
insurance rider



THE ULTIMATE LIFE AND HEALTH BUNDLE

EquiLiving® critical illness (CI) insurance for children provides funds to help:

- cover expenses so a parent can take a leave from work to focus on a sick child's recovery.
- manage personal and medical expenses if, as an adult, the life insured is diagnosed with a critical illness.



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20/20 child bundle

Meet Michael: Male, age 1



- Parents want to establish a permanent protection plan for him
- Both life and critical illness coverage
- Want stable investments and tax-advantaged growth
- \$200 monthly budget
- Want to stop paying premiums after 20 years

The 20/20 bundle solution: WL + CI

- Equimax Estate Builder® 20 pay with paid-up additions (PUA) dividend option
 - Add a permanent CI rider

Coverage	Coverage Amount	Monthly Premium (year 1 to 20 = \$200)
Life insurance	\$147,870	\$152.75 for 20 years
CI insurance	\$100,000	\$47.25 to age 100

Based on rates as of March 1, 2018; male age 1. Premiums in the table above assume the insured child qualifies for non-smoker rates at age 18; otherwise premiums will increase.

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The 20/20 bundle – how it works

- Parents pay premiums for 20 years
 - After year 20 the Equimax coverage is paid-up
 - Premiums for the CI rider apply to age 100
- Stop paying CI premiums after year 20
 - Accumulated non-guaranteed cash value, and projected future annual dividends and non-guaranteed cash value from the Equimax plan could be sufficient to pay ongoing premiums for the CI rider to age 100

The 20/20 bundle – how it works

- Request premium offset status after year 20
 - If the policy qualifies, premiums for the CI rider are paid from the non-guaranteed cash value of the Equimax plan starting in year 21 to age 100

For a policy to qualify for premium offset status, the projected future dividends and the non-guaranteed cash value must be sufficient to cover all future policy premiums.

More about premium offset

- Must choose a dividend option that generates non-guaranteed cash value
 - Works best with PUAs
- Premium offset is not guaranteed
 - Depends on dividends that are not guaranteed
- Policy has to qualify each year to continue on premium offset
 - Equitable life runs a sufficiency test at the policy anniversary

Premium offset and dividends

- Qualifying for premium offset depends on projected future dividends; which will change
 - A reduction in the dividend scale means a policy will have lower projected future values
- Lower projected values means:
 - It can take longer than originally projected for the policy to qualify for premium offset
 - A policy that has qualified for premium offset may no longer continue to qualify; not enough value

Owner may need to pay premiums

If future dividends and the non-guaranteed cash value are not sufficient to pay all future premiums for the policy, the policy will not qualify, or continue to qualify, for premium offset status and the owner will have to resume premium payments to keep the coverage in effect.

Premium offset and policy values

The non-guaranteed cash value of the Equimax plan will be reduced and already accumulated paid-up additional insurance may need to be surrendered to pay required premiums.

Illustrating the 20/20 bundle

- Enter the illustration assumptions for the 20-pay Equimax Estate Builder and CI rider
 - Electing non-smoker assumes that Michael will qualify for non-smoker rates at age 18
- Choose Specified Offset for the Payment
 - Offset year=20

Dividend Option

Payment:	<input type="text" value="Specified Offset"/>	Offset:	<input type="text" value="Year"/>	<input type="text" value="20"/>
Dividend:	<input type="text" value="Paid Up Additions"/>			

The 20/20 bundle – WL + CI

\$147,870 20-pay Estate Builder; \$100,000 CI rider
Projected total cash values – male, age 1

Duration	Current dividend scale	Current scale less 1%	Current scale less 2%
Age 25	\$50,741	\$ 43,803	\$ 37,669
Age 40	\$115,060	\$ 86,025	\$ 63,445
Age 65	\$431,264	\$258,595	\$151,940
Age 85	\$1,069,842	\$537,840	\$266,412

Projected values above assume the life insured qualifies for non-smoker rates at age 18 and starting in year 21 an annual premium payment of \$525 for the CI rider is paid from the non-guaranteed portion of the total cash value until age 100. Based on rates as of March 1, 2018

The 20/20 child bundle

- After 20 years Michael's Equimax coverage, the more costly part of the bundle, is paid-up
 - Premiums for the CI rider continue to age 100
- The illustration projects values continue to be sufficient to cover the annual \$525 premium for the CI rider under all dividend scenarios
 - In the event values are not sufficient, Michael (or his parents) will need to resume premium payments to keep the CI coverage in effect

The 20/20 adult bundle

- The same concept can be used for an adult
- Purchase a 20-Pay Equimax policy with PUA dividend option; add a permanent CI rider
- Equimax is paid-up after 20 years
- Stop paying CI premiums after year 20
 - Accumulated non-guaranteed cash value, and projected future annual dividends and non-guaranteed cash value from the Equimax plan could be sufficient to pay ongoing premiums for the CI rider to age 100

The 20/20 bundle with whole life

An easy financial solution that's paid in 20 years* and provides a lifetime of coverage

* Provided accumulated non-guaranteed cash values and future projected dividends and non-guaranteed cash values from the Equimax plan are sufficient to cover the ongoing CI costs from year 21 to age 100. Dividends are not guaranteed. They are subject to change, and will vary based on the actual investment returns in the participating account as well as mortality, expense, lapse, claims experience, taxes and other experience of the participating block of policies.

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PREFERRED ESTATE TRANSFER

Making life insurance work
for your clients and their loved ones.

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WHY IS LIFE INSURANCE A PREFERRED SOLUTION?

- Provides significant tax advantages and a better option for building wealth than taxable investments
- Builds cash value that can be accessed during lifetime
- Meets financial obligations at death and creates a larger legacy

A SOLID AND ENDURING PREFERENCE



Life insurance is a recognized, fundamental financial planning tool.

Leave a legacy. Increase wealth. Save tax.

Tax-efficient alternatives for:

- Estate transfer,
- Retirement income.

The preferred choice for your clients!



CREATE AND PRESERVE AN INHERITANCE

- 73% worldwide want to leave a legacy
- Many have done little to address it
- Only 44% of Canadians have a will
- Only 43% of Canadians own individual life insurance
(A decrease of 16% since 1982)



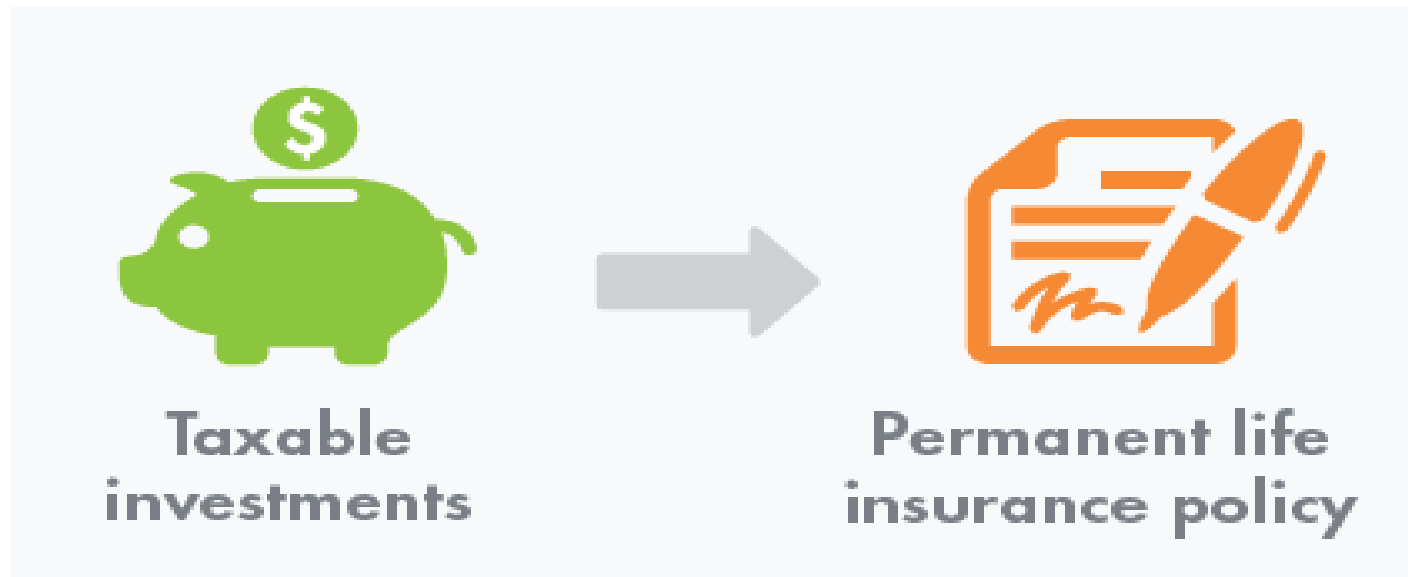
**How can you show clients
an effective way to address this need?**

The Future of Retirement, published in 2015 by HSBC Holdings plc. And (LawPro Survey: More than half of Canadians do not have a signed will. www.lawpro.ca. May 7, 2012).

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PREFERRED ESTATE TRANSFER™



- Create a larger estate by redirecting taxable assets into a tax-advantaged life insurance policy
- Whole life and universal life
- Could be no out-of-pocket expense

LEAVE MORE MONEY TO LOVED ONES

- Estate value is immediately increased
- Potential for higher Internal Rate of Return (IRR) than taxable investments
- Cover potential capital gains tax liabilities on assets like the family cottage
- Avoid legal, probate and executor fees
- Liquidity and potential for creditor protection

TAX ADVANTAGES

- The tax-advantaged treatment of permanent life insurance means:
 - Your clients pay less tax today and in the future
 - Payments above the required minimum accelerate the growth of the cash surrender value
 - Life insurance proceeds are paid tax-free to the beneficiary

TAX RATE COMPARISON

Interest	50% tax rate
Dividends	35% tax rate
Capital gains	25% tax rate
Deferred capital gains	25% tax rate
Life insurance death benefit proceeds	0% tax rate

PREFERRED ESTATE TRANSFER — TARGET MARKETS

- Have taxable investments and want to pay less tax now and in the future
- Want to leave money to their loved ones or a favourite charity (focus on estate planning)
- Have paid off their mortgage and debts and taken care of their retirement plan
- Generally age 45+ and in reasonable health (can qualify for life insurance)



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CASE STUDY — PETER

Meet Peter: Male, age 51, NS.



- Wants to build value in his estate and increase the legacy he leaves for loved ones
- Affordability: \$25,000 per year for 10 years

PETER'S CHOICES



**Permanent life
insurance policy**

\$600,000 Par whole life

(Equimax Estate Builder, 20 pay,
paid-up additions dividend option,
premium offset at year 10)

Policy must qualify for premium offset



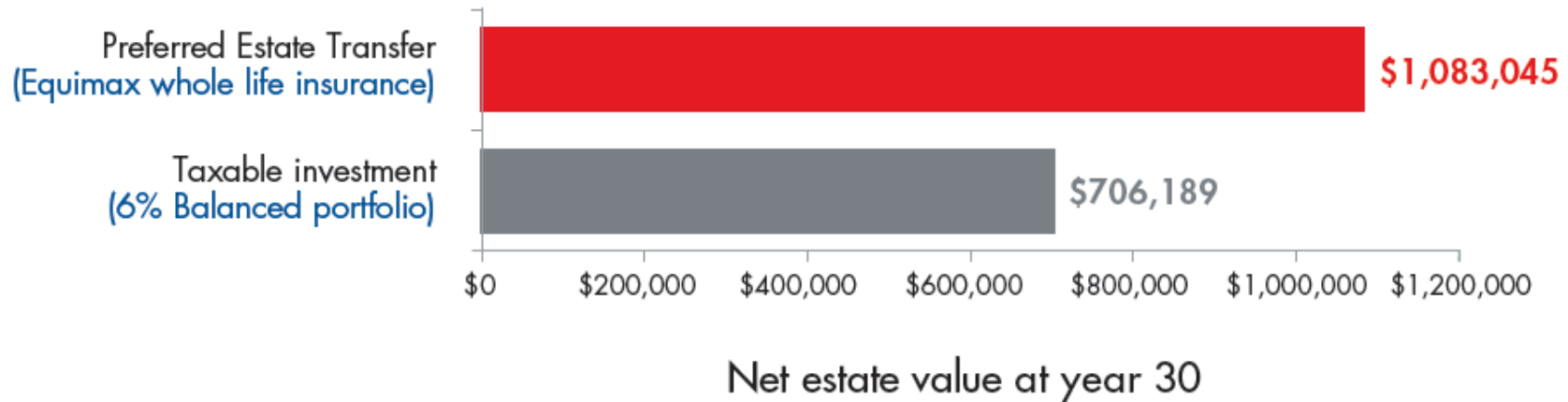
**Taxable
investments**

Alternative investment

(Balanced fund, average annual
rate of return of 6%)

THE RESULT

With **life insurance**, Peter can create an estate **53% greater** than with taxable investments.



If Peter already had \$250,000 accumulated in a taxable investment when he starting planning, it would grow to nearly \$850,000 in 30 years.

INTERNAL RATE OF RETURN (IRR)

Life Insurance	Alternative Investment
5.54%	4.16%

- IRR is used to evaluate the attractiveness of an investment
- It is the interest rate at which the Net Present Value of premiums paid equals the present value of benefits received
- The higher the IRR the better

ILLUSTRATION SUPPORT



Equitable Life of Canada - Equitable Sales Illustrations System

- Enter each concept through the selected product
 - Equimax or Generation IV universal life
- New tabs for concept specific information
- Marketing flyer and checklist – part of illustration
- Stand-alone reports – required and optional
- Alternative dividend scales and interest rates
- No riders, withdrawals or policy loans selected



MORE ILLUSTRATION SUPPORT



Equitable Life of Canada - Equitable Sales Illustrations System

- Client signature required on concept report and product illustration
- Life expectancy – selected, not calculated
- Option to illustrate policy withdrawals for Preferred Retirement Solution
- Solve for coverage or payment
- Solve for maximum loan
- Graphic capability
- Key terms

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| Works for me.®

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WHAT'S NEW AT EQUITABLE LIFE???

- Continued strong sales & financials
- Continued focus on service
- Maintain focus on mid market
- Expand capability in the large case market:
 - Tax & estate planning
 - Grow wholesaling team, large case underwriting
 - Increase max face amount (\$10M to \$20M)
 - Increase reinsurance partnerships
 - Concepts built into illustration system (except IFA)

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QUESTIONS



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Dividends are not guaranteed. They are subject to change and will vary based on the actual investment returns in the Participating Account as well as mortality, expense, lapse, claims experience, taxes and other experience of the participating block of policies. Decreases in the dividend scale do not affect the guaranteed premium, guaranteed cash values, or guaranteed death benefit amount. A copy of Equitable Life's Dividend Policy and Participating Account Management Policy can be found on our website at www.equitable.ca

Case studies reflect current tax legislation. The premium offset point is directly affected by dividends and is not guaranteed. Should the policy qualify for premium offset, continuation of premium offset is not guaranteed. If dividends decrease, the policy may not continue to qualify for premium offset and it will be necessary for the policy owner to resume payment of required premiums.

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