

# EQUIMAX<sup>®</sup> PARTICIPATING WHOLE LIFE

ADVISOR GUIDE



equimax

# ABOUT EQUITABLE LIFE OF CANADA®



Equitable Life® is proud to be one of Canada's largest mutual life insurance companies. We are owned by our participating policyholders, not shareholders. This allows us to focus on management strategies that foster prudent long-term growth, continuity and stability.

We are dedicated to meeting our commitments to our customers – to provide good value and meet their needs for insurance protection and wealth accumulation – now and in the future. That's why Canadians have turned to Equitable Life since 1920 to protect what matters most.

Equitable Life is a focused, stable and strong company. We have sufficient earnings and capital to meet our future growth targets, and we continue to grow steadily. Our growth in sales has been driven by our ability to implement our strategic plan, placing a priority on products, service and execution. Our financial success reflects our continued commitment to profitable growth and our ability to navigate a changing regulatory and economic environment.

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 a detailed overview of Equimax participating whole life insurance, including product features and benefits, dividend options, and additional riders and benefits. The policy contract provides full product details. While Equitable Life has made every effort to ensure the accuracy of the information presented here; the policy contract governs in all cases. FOR ADVISOR USE ONLY.**

Questions? Equitable Life is committed to providing you with the service you need to support your business. If you have questions or require additional information, please contact your Equitable Life Regional Sales Manager.

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## ABOUT EQUIMAX

Equimax is participating whole life insurance available in two plan options:

Equimax Estate Builder®	Equimax Wealth Accumulator®
Offers higher long-term value. Ideal for covering any tax burden that occurs at death, so your clients' assets pass intact to their heirs.	Offers higher early cash values within the first 20 years. Ideal for building wealth to access for things like education expenses, business needs or to supplement retirement income.

As traditional whole life insurance, it provides your clients with permanent life insurance protection, while enabling them to accumulate cash value they can access and use to help:

- fund education,
- pay for a wedding or trip,
- start or expand a business,
- renovate their home or put a down payment on a new one,
- supplement their retirement income,
- etc.

While it provides flexibility and guaranteed premiums, cash values and death benefit similar to other whole life insurance plans on the market, as a participating plan from a mutual company, it offers something more. As one of Canada's largest mutual life insurance companies, we have no shareholders. Instead, our participating policyholders are our owners.

### Benefits of dealing with a mutual company

- Participating whole life policyholders are eligible to participate in the earnings in the participating account through dividend payments.<sup>1</sup> Dividends are undiluted by shareholder transfers.
- Participating policyholders elect our Board of Directors.
- As a mutual company, we are not driven by shareholder pressures for quarterly results. This allows us to focus on management strategies that foster prudent long-term growth, continuity and stability. We are dedicated to meeting our commitments to customers - now and in the future.
- We believe our mutual status allows us to provide better levels of service than a publicly traded company. In a 2019 survey of customers from 15 life insurance companies, Equitable Life ranked #1 on the Net Promoter Score, a measure used across industries to gauge the loyalty of a firm's customer relationships.\*

\*LIMRA CxP Customer Experience Benchmarking Program, Life Insurance In-Force Experience.

<sup>1</sup> 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, lapse, claims experience, taxes, and other experience of the participating block of policies.

## Target markets

With two plan types to choose from, your clients can select the plan type and features that best meet their needs and goals. **Equimax Estate Builder** may be ideal if your client is:

- Focused on higher long-term value for estate planning and covering any tax burden that occurs at death.
- Looking for a higher death benefit for estate preservation.
- Looking to provide a child/grandchild with permanent insurance at children's rates.
- Using life insurance to create a future charitable donation significantly larger than they might otherwise be able to give, without impacting their family's inheritance.

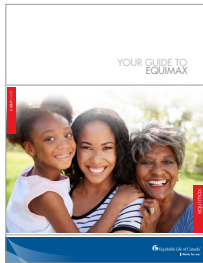
**Equimax Wealth Accumulator** may be ideal if your client is:

- Looking for higher early cash values they can access within the first 20 years.
- Near retirement and wanting to supplement their retirement income.
- A business owner wanting to protect their business while showing higher early cash values on their balance sheet.
- Looking to provide insurance coverage for their child/grandchild with a cash value they can access to help cover education expenses.
- Using life insurance to create a future charitable donation significantly larger than they might otherwise be able to give, without impacting their family's inheritance.

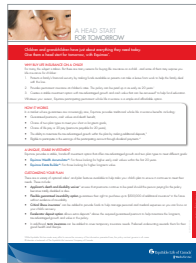
## Marketing materials

The following client brochures and guide are available to assist with your Equimax sales.

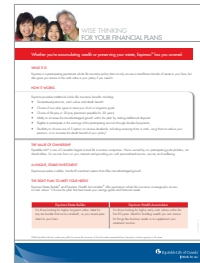
- They are all available in English, French and Chinese.



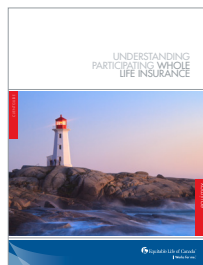
Client Guide to Equimax  
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Equimax for children  
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Equimax for financial plans  
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Understanding participating  
whole life insurance  
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Choice, flexibility, guarantees  
(Which plan type is right for you?)  
1291

## How to order

Complete the supply order form on EquiNet on the Whole Life Insurance Product page under the Marketing Materials tab. Please request marketing material from your MGA. Your MGA should complete the order form, scan it and email it to [supply@equitable.ca](mailto:supply@equitable.ca) or FAX it to 519-883-7424.

## FEATURES AT A GLANCE

<b>Plan types</b>	Equimax Estate Builder offers higher long-term value. Equimax Wealth Accumulator offers higher early cash values within the first 20 years.
<b>Payment options</b>	<p><b>Equimax life pay</b> provides your clients with guaranteed level premiums for the life of the policy. Equimax life pay provides your clients with guaranteed level premiums for the life of the policy. "Life of the policy" means:</p> <ul style="list-style-type: none"> <li>• to age 100 of the life insured for single life plans,</li> <li>• to Rated Age 100 for single life plans with a substandard rating,</li> <li>• to Joint Age 100 for joint plans.</li> </ul> <p><b>Equimax 20 pay</b> provides your clients with guaranteed level premiums payable for 20 years. This excludes premiums for additional riders and benefits that may extend beyond 20 years.</p>
<b>Issue ages</b>	Life pay: 0 - 85 20 pay: 0 - 80 Adult policies start at age 18.
<b>Coverage types</b>	Single life (children and adults) Joint first-to-die (2 lives, adults only) Joint last-to-die (2 lives, adults only)
<b>Minimum face amount</b>	Basic Equimax: \$10,000      Joint first-to-die: \$25,000 Equimax with enhancement: \$11,000      Joint last-to-die: \$25,000
<b>Maximum face amount</b>	\$20,000,000
<b>Policy fee</b>	\$50 annually, or \$4.50 pre-authorized debit plan
<b>Dividend options</b>	1. Paid in cash      4. Paid-up additions 2. Premium reduction      5. Enhanced protection 3. On deposit
<b>Additional deposits</b>	Excellerator deposit option (EDO) allows clients to make extra payments above the required guaranteed premium. It's available with paid-up additions and enhanced protection dividend options. EDO payments buy paid-up additional insurance (PUAs) to maximize tax-advantaged growth. An 8% premium load is applied to all EDO deposits to cover compensation, premium tax and administrative expenses. Equitable Life will not accept an EDO payment that will cause the policy to lose its tax-exempt status.
<b>Built-in features</b>	Disability benefit disbursement Bereavement counselling benefit Reduced paid-up insurance Survivor benefit (available on joint first-to-die plans only) Option to elect individual policies (joint first-to-die plans only) Living benefit (non-contractual)
<b>EZcomplete® online application</b>	<ul style="list-style-type: none"> <li>• Use it for in person or non-face-to-face meetings.</li> <li>• EZcomplete easily guides you through only the required sections of the application.</li> <li>• It includes functionality that allows your clients to sign the application using their own electronic device.</li> <li>• Login to EquiNet® and click on the EZcomplete icon on the menu bar.</li> </ul>

## BENEFITS AT A GLANCE

<b>Guaranteed level premiums</b>	Your clients have the security of knowing that the premiums for the base Equimax plan are guaranteed for either life (Equimax life pay) or for 20 years (Equimax 20 pay).
<b>Guaranteed cash values</b>	Guaranteed cash values give your clients the ability to access cash via a full or partial surrender or a policy loan. May be subject to taxation.
<b>Guaranteed death benefit</b>	Guaranteed death benefit gives your clients the comfort of knowing that their loved ones will be taken care of. Death benefit amounts are subject to certain conditions as outlined in the policy contract, including payment of all contractually obligated premiums.
<b>Tax-advantaged growth</b>	In a low interest rate environment where guarantees are rare, Equimax provides a stable, hands-off investment option that offers tax-advantaged growth. Subject to limits as prescribed in the <i>Income Tax Act</i> (Canada).
<b>Excelsator deposit option (EDO)</b>	With the excelsator deposit option, your clients may achieve even more tax-advantaged growth by making additional deposits above the required guaranteed premium. Those deposits buy participating paid-up insurance which may immediately increase the total death benefit and total cash value of the policy. Subject to limits as prescribed in the <i>Income Tax Act</i> (Canada).
<b>Dividend payments</b>	As participating policyholders, your clients are eligible to participate in the earnings in the participating account through dividend payments. <sup>1</sup> Dividends from a mutual company are not diluted by shareholder transfers. Your clients can choose from five dividend options.
<b>Access to a cash reserve</b>	As your clients' circumstances change, they have the flexibility to access the cash value within the plan for any reason, including emergencies, vacations or to supplement retirement income. The tax-advantaged growth within the life insurance policy offers your clients a tax-efficient alternative to traditional non-registered interest-bearing savings vehicles that are taxed annually.
<b>Optional riders and benefits</b>	Optional riders and benefits are available to help your clients customize their Equimax plan to suit their individual needs. The following optional riders are available: <ul style="list-style-type: none"> <li>• Additional accidental death benefit</li> <li>• Applicant's death and disability waiver of premium rider</li> <li>• Children's protection rider</li> <li>• Disability waiver of premium provision</li> <li>• Equiliving critical illness insurance</li> <li>• Flexible guaranteed insurability option</li> <li>• Term life insurance on the life insured under a single life plan only (including preferred underwriting for face amounts greater than \$1,000,000)</li> </ul>
<b>Tax-exempt status</b>	Equimax is a tax-exempt life insurance policy under the <i>Income Tax Act</i> (Canada) provisions and regulations applicable as at the date this manual was printed. Equitable Life reserves the right to modify its practices to reflect any subsequent changes in the <i>Income Tax Act</i> (Canada) and regulations affecting these policies.
<b>Creditor protection</b>	With Equimax, your clients may be protected from creditor claims, subject to certain conditions. If on deposit is chosen as the dividend option, any dividends held on deposit are not creditor protected.

<sup>1</sup> 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, lapse, claims experience, taxes, and other experience of the participating block of policies.

## ABOUT PARTICIPATING POLICIES AND DIVIDENDS

Equitable Life is one of Canada's largest mutual life insurance companies.

Equimax is a participating policy. It is eligible to participate in the earnings of the participating account through dividend payments<sup>1</sup> which have the potential to increase the value of your policy above the guaranteed amount, depending on the dividend option selected.

### How the dividends are calculated

To calculate the dividend,<sup>1</sup> we look at several factors. The participating account is mainly impacted by returns earned on investments and by death benefits, but also other factors such as policy loans, terminated policies, taxes, and expenses. Improvements in some of the factors can help to offset declines in others. For example, improvements in mortality (death claims paid) can help offset the impact of declining interest rates on investment performance.

### Investment performance

Investment performance is based on the actual rate of return Equitable Life earns on the participating account. The rate of return goes up and down based on the economy.

### Mortality and lapse experience

Death claims as well as lapsed policies can impact dividends either positively or negatively depending on the actual experience versus the estimates used for product pricing.

Lapsed policies are those no longer in effect for any reason other than a death claim.

### Taxes and expenses

Dividend calculations also consider the difference between the estimated and actual taxes, and expenses required to administer the participating block of policies. Change in the taxes and expenses can have a positive or negative impact on dividends. Tax and expense experience are generally a small factor of the total dividend compared to the investment and mortality experience.

There is a contribution to surplus from the participating account. Income is reinvested to further growth and development. This approach ensures Equitable Life maintains a strong capital base, benefitting both the company and participating policyholders. Our current and estimated capital and surplus position is considered in the dividend scale setting process. To learn more about our dividend policy, please visit [www.equitable.ca/en/already-a-client/dividend-information/](http://www.equitable.ca/en/already-a-client/dividend-information/).

### Dividend experience

Dividend calculations consider the difference between the assumed and actual experience of the participating account. It's important to keep in mind that dividends and their future performance are not guaranteed.

The participating account is impacted by returns earned on investments and by death benefits, but also other factors such as policy loans, terminated policies, taxes and expenses. Dividends are sensitive to all these factors, but especially changes in investment returns.

We focus on long-term stability and growth. If low interest rates continue, investment returns in the participating account will be lower.

Dividend scale changes will affect the non-guaranteed values in the policy.

The illustration you provided to your client when they purchased their participating whole life policy was based on the dividend scale in effect at that time. It was neither a projection nor a prediction of future performance. The purpose of the illustration was to highlight that the performance of a policy is based on both guaranteed and non-guaranteed values and show how the policy would perform if the dividend scale illustrated remained unchanged for the life of the policy.

The illustration also includes sample alternate dividend scale scenarios to help highlight the potential impact a dividend scale interest rate change has on the non-guaranteed values in the policy. It was not a prediction of the largest dividend scale change that could occur over the life of the policy.

**We have credited dividends<sup>1</sup> every year since we first launched participating whole life in 1936.**

<sup>1</sup> 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, lapse, claims experience, taxes and other experience of the participating block of policies.

<sup>2</sup> A copy of Equitable Life's Dividend Policy and Participating Account Management Policy can be found on our website at [www.equitable.ca](http://www.equitable.ca).



## Dividend options available on Equimax

Equimax policyholders can select one of the following dividend options:

<b>Paid in cash</b>	Policyholders take the annual dividend as cash.
<b>Premium reduction</b>	The annual dividend is applied to the premium.
<b>On deposit</b>	Dividends are deposited with Equitable Life in a deposit account held outside the policy and earn a competitive interest rate.
<b>Paid-up additions</b>	Dividends are used to purchase participating paid-up additional insurance (PUAs).
<b>Enhanced protection</b>	The dividend paid is used to purchase a combination of one-year term insurance (Enhancement) and participating paid-up additional insurance (PUAs).

For complete details on the dividend options, refer to the "Choosing the dividend option" section of this guide.

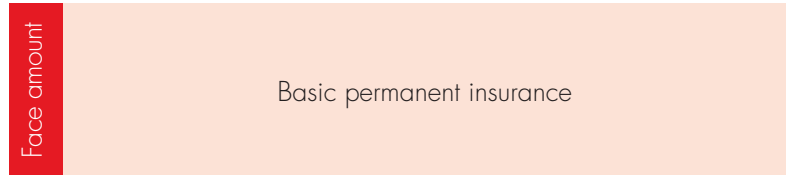
## ABOUT THE LIFE INSURANCE PROTECTION

### Basic permanent insurance

With Equimax, the basic permanent insurance portion of the policy is guaranteed,<sup>3</sup> provided premiums are paid as per the policy contract. By electing all basic permanent insurance protection, your clients are electing a death benefit structure that consists solely of ‘guaranteed’ permanent life insurance.

The basic permanent insurance makes up the total death benefit if your clients elected either of the following dividend options:

- Paid in cash,
- Premium reduction.



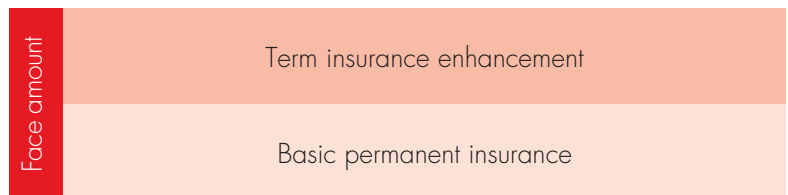
If your clients elected the following dividend options:

- On deposit: the total death benefit consists of the guaranteed basic permanent insurance plus the accumulation of dividends on deposit.
- Paid-up additions (PUAs): the total death benefit consists of the guaranteed basic permanent insurance plus any participating paid-up additional insurance purchased with their dividends.

### Basic permanent insurance plus one-year term insurance enhancement

(only available with enhanced protection dividend option)

If your clients elected the enhanced protection dividend option, the total death benefit consists of a mix of guaranteed basic permanent insurance and one-year term insurance enhancement.



In addition, your clients can elect an enhancement guarantee for either 10 years or life for the portion of one-year term insurance. The basic permanent insurance amount is guaranteed<sup>3</sup> provided premiums are paid as outlined in the contract.

## COVERAGE OPTIONS

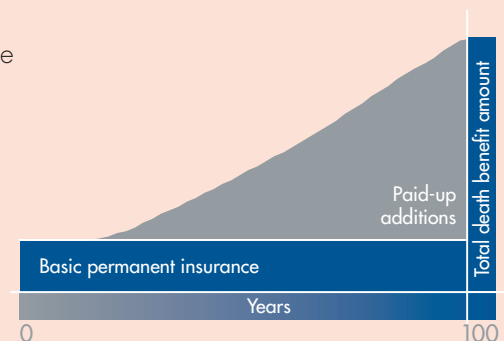
Single life	<ul style="list-style-type: none"> <li>• Provides a death benefit for one life insured.</li> </ul>
Joint first-to-die	<ul style="list-style-type: none"> <li>• Two adult lives may be insured under one Equimax joint first-to-die plan.</li> <li>• Provides a death benefit that is payable on the first death of the lives insured.</li> <li>• Automatically includes the survivor benefit. See “Built-in features” section of this guide for details.</li> </ul>
Joint last-to-die	<ul style="list-style-type: none"> <li>• Two adult lives may be insured under one Equimax joint last-to-die plan.</li> <li>• Provides a death benefit that is payable on the last death of the two adult lives insured.</li> </ul>

<sup>3</sup> If your client has an outstanding policy loan at the time of death, the guaranteed death benefit amount may be impacted.

## CHOOSING THE DIVIDEND OPTION

Equimax policyholders may choose from the five dividend options outlined in the following chart. The policyholder can change the dividend option anytime during the life of the policy, however changes to the enhanced protection dividend option are not permitted.

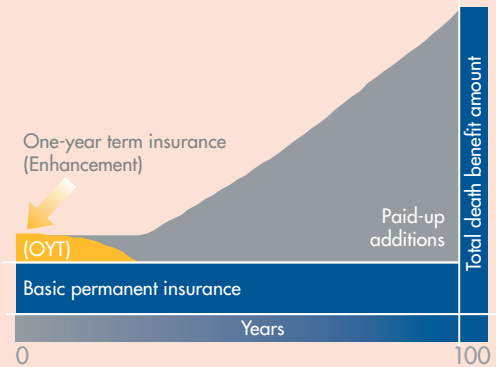
Dividend	Ideal for clients who want...	Annual cash flow	Investment accumulation	Increase life insurance protection	Annual tax reporting	Impact of dividend scale decrease
Paid in cash	Extra cash each year	Yes	No	No	Yes	Lower amount paid to policyholder
	<b>Description:</b> <ul style="list-style-type: none"> <li>Allows clients to receive annual dividends in cash. May be subject to taxation.</li> </ul>					
Premium reduction	Cost effective basic permanent insurance	Yes	No	No	Yes	Increase in the portion of the required guaranteed premium payable by the client
	<b>Description:</b> <ul style="list-style-type: none"> <li>Allows dividends earned to be used to reduce premiums.</li> <li>Excess over the amount of required premium is paid in cash and may be subject to taxation.</li> </ul>					
On deposit	Flexible access to cash	No	Yes	Yes, value of dividends on deposit	Yes	Lesser amount left on deposit
	<b>Description:</b> <ul style="list-style-type: none"> <li>Operates like a savings account.</li> <li>Dividends are automatically deposited with Equitable Life and earn a competitive interest rate, which is set at least annually with the dividend scale.</li> <li>Policyholders can make withdrawals at any time.</li> <li>Interest earned may be subject to taxation.</li> <li>On death, the accumulated dividends are paid, tax-free to the named beneficiary(ies), minus any unreported earnings between the policyholder's last tax filing and the date of death.</li> </ul>					
Paid-up additions (PUAs)	Permanent protection, an increasing death benefit, potential for additional tax-advantaged growth, plus guarantees	No	Yes	Yes	No	PUAs and cash values will be lower than illustrated; no change to the basic permanent insurance
	<b>Description:</b> <ul style="list-style-type: none"> <li>Uses dividends earned to purchase PUAs. This is added to the basic policy to create another "layer" of permanent participating whole life insurance, which is also eligible to earn dividends.</li> <li>Dividends earned on PUAs, combined with dividends earned on basic permanent coverage, can result in substantial increases in both the death benefit and cash value over the life of the policy. Cash value of PUAs grows on a tax-advantaged basis.</li> </ul>					



Dividend	Ideal for clients who want...	Annual cash flow	Investment accumulation	Increase life insurance protection	Annual tax reporting	Impact of dividend scale decrease
Enhanced protection	Clients who want the initial cost advantage of one-year term insurance, and the long-term security of basic permanent insurance	No	Yes	No, however may occur if dividend conversion point is reached	No	<p><b>Enhancement guarantee for 10 years:</b> After the 10 years has passed, additional premium payments may be required to maintain the same level of initial enhancement or the one-year term insurance coverage may be reduced.</p> <p><b>Enhancement guarantee for life:</b> Non-guaranteed cash values and non-guaranteed death benefit will be lower than illustrated; dividend conversion point will be delayed; no change to the basic permanent insurance.</p>

**Description:**

- Permanent insurance and yearly renewable one-year term insurance coverage (Enhancement).
- On each policy anniversary, dividends earned are used first to pay for the one-year term insurance. Any excess dividend is used to purchase PUAs. Each year, any new PUAs automatically replace part of the one-year term insurance.
- Once all the original one-year term insurance has been replaced by PUAs, the dividend conversion point is reached.
- At that point, all future dividends earned are used solely to purchase additional PUAs, which increase the amount of the death benefit.
- One-year term insurance is convertible to permanent coverage while there is still one-year term insurance in place.



**Enhanced protection**  
(continued)

- Your clients' selection of enhancement guarantee determines the minimum basic permanent insurance portion of the policy.
  - **Enhancement guarantee for 10 years** guarantees the initial amount of enhanced insurance coverage is maintained for 10 years, even if dividends earned on the policy are not enough to cover the cost of the one-year term insurance. This option has a smaller minimum basic permanent insurance requirement, resulting in a lower premium. After the first 10 years, if dividends are not sufficient to purchase the required amount of one-year term insurance:
    - PUAs will be surrendered to purchase additional one-year term insurance,
    - If that is still not enough, the one-year term insurance coverage will be reduced to an amount based on what the current dividend will purchase.

Policyholders may make additional premium payments to purchase the required amount of one-year term insurance to maintain the initial level of enhancement protection.
- **Enhancement guarantee for life** guarantees the initial enhanced insurance coverage amount for life even if dividends earned on the policy are not enough to cover the cost of the required one-year term insurance.
  - The enhancement guarantee will automatically terminate on surrender of any paid-up additional insurance, if the policy is converted to reduced paid-up insurance, or if premium offset is elected.
- The maximum amount of enhancement allowed depends on:
  - Policyholder's age at issue,
  - Sex,
  - Smoking status,
  - Enhanced protection guarantee period selected (10 years or life), and
  - Amount of basic permanent insurance protection in the policy.
- While selecting the maximum enhancement may appeal to clients who want to reduce their premiums, there are benefits to selecting a lower ratio of one-year term insurance (Enhancement) to basic permanent insurance. These include:
  - Building-up PUAs more quickly, accelerating the dividend conversion point.
  - Increasing cash values within the policy.
  - Accelerating the premium offset point (if this option is selected). Refer to the premium offset section of this guide for details.

## TAXATION OF DIVIDENDS

Equimax is a tax-exempt life insurance policy under the *Income Tax Act* (Canada). The cash value within the policy can grow on a tax-advantaged basis, within limits as prescribed under the *Income Tax Act* (Canada). The taxation of a life insurance policy's dividends depends, in part, on how these dividends are used.

- Dividends paid to policyholders (or otherwise accumulated outside of the policy) may generate a gain which is reported to policyholders at the time the dividend is paid.
- Dividends that are accumulated within the policy will not result in a gain until disposition of the policy occurs, and may be paid out, tax-free, to the policy's beneficiary(ies) in the event of the death of the life insured. Payment of a death benefit does not constitute a disposition of an interest in a life insurance policy.

The following describes the taxation of the various dividend options available with Equimax:

Dividend option	Taxation implications
Paid in cash	<ul style="list-style-type: none"> <li>• Policyholders take the annual dividend as cash.</li> <li>• There is no tax reported until the dividend paid exceeds the adjusted cost basis (ACB) of the policy.</li> <li>• If the policy ACB is less than the dividend paid, the amount of the dividend that exceeds the ACB is reported as taxable income.</li> </ul>
Premium reduction	<ul style="list-style-type: none"> <li>• The annual dividend is applied to the premium.</li> <li>• As this option is using dividends to pay premiums, the ACB is reduced by the amount of the dividend paid, but then is immediately increased by the same amount as it is deposited to the policy to pay premiums. Using dividends to pay premiums does not change the ACB of the policy until the dividend exceeds the premium.</li> <li>• Once the dividend paid exceeds the premium, the amount not used to pay premium is paid to the policy owner in cash, and if the ACB is less than the dividend amount paid out as cash, the amount of the dividend that exceeds the ACB is reported as taxable income.</li> </ul>
On deposit	<ul style="list-style-type: none"> <li>• Dividends are deposited with Equitable Life and earn a competitive interest rate.</li> <li>• Future dividends are taxed once the dividends exceed the ACB of the policy. Any interest earned on the accumulated dividend is reported to policyholders annually.</li> </ul>
Paid-up additions	<ul style="list-style-type: none"> <li>• Dividends are used to purchase participating paid-up additional insurance (PUAs).</li> <li>• The ACB of the policy is reduced by the amount of the dividend paid but is then immediately increased by the same amount as the dividend is redeposited to the policy in the form of a 'premium' for the PUAs.</li> <li>• No gain is reported to policyholders until a taxable disposition of the policy occurs.</li> </ul>
Enhanced protection	<ul style="list-style-type: none"> <li>• Dividends are used to purchase a combination of one-year term insurance (Enhancement) and PUAs.</li> <li>• As with PUAs, the dividends are subtracted from, and then added to, the ACB of the policy.</li> <li>• There is no tax reportable until a taxable disposition of the policy occurs.</li> </ul>

## EXCELERATOR DEPOSIT OPTION

When paid-up additions (PUAs) or enhanced protection is elected as the dividend option, policyholders can make occasional or scheduled extra deposits to their Equimax plan through the excelerator deposit option (EDO). These optional payments are in addition to the premium required for the policy. This option is available on both Equimax Estate Builder and Equimax Wealth Accumulator for all issue ages, including children.

By making EDO payments to their Equimax policy your clients can build the value in their policy more quickly, as each purchase of participating paid-up additions (PUAs) increases the total death benefit and cash value of the policy. This effect is compounded yearly since both the basic permanent coverage and the additional coverage purchased with the PUAs are eligible to receive dividends.<sup>1</sup>

Dividend option	Impact of extra deposits through the excelerator deposit option
Paid-up additions (PUAs)	Immediate increase in the total death benefit and total cash value of the policy, because the policy is made up of all basic permanent insurance.
Enhanced protection	PUAs purchased by the extra deposits are used to replace the one-year term insurance, enabling the policy to reach the dividend conversion point earlier than if dividends alone were being used to purchase PUAs. Total death benefit increases after the dividend conversion point is reached.

Use of the excelerator deposit option is subject to our administrative rules and guidelines, as well as eligibility requirements and limits to ensure the policy remains tax-exempt under the *Income Tax Act* (Canada).

A premium load and monthly modal factor will apply, but no explicit tax load will apply. The premium deposit load that applies to the EDO payment amount is 8%<sup>4</sup>; this covers commission, premium tax, and administrative expenses. Monthly PUA purchases using EDO payments will be determined using a 0.09 modal factor.

### EDO with substandard ratings

EDO may be available for clients who are a substandard risk:

- Multiple ratings on single life and joint plans of 300% or less
- Joint last-to-die with a declined life, provided the other life is rated 300% or less
- EDO is not available if the policy has a flat extra rating.

### Adding EDO at issue

If EDO is applied for at the same time the Equimax application was signed, underwriting will be based on the planned EDO payments included on the illustration submitted with the life insurance application.

### Adding EDO after issue

If EDO is applied for after the Equimax application was signed, additional evidence of insurability and underwriting approval will be required.

If approved, the EDO contract provisions that apply will be based on the effective date of the insurance policy, not the date EDO was added.

### Start making EDO payments

Even if your clients didn't start making EDO payments at issue, they have the flexibility to start within 60 months<sup>2</sup> of the date the EDO application was signed without providing additional evidence of insurability.

### Stop and restart EDO payments

Your clients may elect to stop the excelerator deposit option payments at any time. If they resume payments within 60 months of the date of the last EDO payment, no additional evidence of insurability is required. If your client does not make their initial planned EDO payment within one year of the application or they do not make any other planned EDO payment on or before the scheduled due date, the amount of EDO payments they can make may be limited in accordance with our administrative rules. If the request is received after 60 months, your clients must provide whatever evidence of insurability we require at that time. Reduced payment amounts cannot be carried forward and could impact maximum EDO payments permitted in future years.<sup>3</sup>

### Increase EDO payments after issue

Clients paying less than the maximum EDO payment in any policy year, can increase the payment up to the maximum permitted for the policy, subject to administrative rules, tax-exempt status, applicable tax legislation and underwriting approval.

### Decrease EDO payments after issue

A decrease in the excelerator deposit option payment can be made at any time provided that the new decreased amount still meets the EDO minimums of:

- \$100 annually or \$10 monthly for scheduled payments,
- \$100 per payment for single deposit.

If your clients opt to pay a decreased amount, they can increase it again without providing additional evidence of insurability, however the amount of the deposit will be limited to the lesser of the original amount they were approved for and the maximum amount paid in the preceding five years.

For example:

A client has been approved for an annual EDO deposit of \$5,000.

- In year 1, they deposit \$5,000.
- Year 2, they deposit \$2,000.
- Year 3, they deposit \$1,000.
- Year 4, they deposit \$0.

The maximum deposit they would be permitted to make in year 5 would be \$5,000. Any payment above \$5,000 would be subject to our approval and require whatever evidence of insurability the Company requires at that time.<sup>3</sup>

### For EDO payments of more than \$150,000 annually (\$12,500 monthly)

A contribution cap may apply if:

- The initial payment is deferred more than 12 months after the date the application to add EDO was signed, or
- A scheduled EDO payment is reduced, deferred, or skipped entirely.

### When excelerator deposit option payments will end

- If the dividend option is changed to something other than paid-up additions or enhanced protection.
- If premium offset is elected.
- Two years after the date scheduled payments were stopped.
- The date your clients request to have their scheduled payments cancelled.
- The date the Equimax base policy premiums are paid by automatic premium loan.
- The date the policy ends.
- When the insured person dies.
- If the base Equimax policy is changed to reduced paid-up insurance.

## NOTE

- All changes and additions to the excelerator deposit option payments must be requested to us in writing.

For more detailed information on Excelerator Deposit Option, refer to the [Q&A](#), [Highlights](#), and [Admin Guide](#) which can be found on the Whole Life Insurance page on EquiNet under Resources.

<sup>1</sup>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, lapse, claims experience, taxes, and other experience of the participating block of policies. <sup>2</sup>This applies only to policies with an effective date of March 23, 2020 or later. If the approved EDO payment is more than \$150,000 annually (\$12,500 monthly), your clients have up to 12 months from the date the EDO application was signed to make the first EDO payment before a contribution cap may apply. <sup>3</sup>The amount of the EDO payment allowed may be limited to the maximum EDO payment made in previous years depending on the policy year. A contribution cap may apply if the approved EDO payment was more than \$150,000 annually (\$12,500 monthly). <sup>4</sup>The premium load is not guaranteed and is subject to change.



## PREMIUM OFFSET

Some dividend options allow for future dividends and non-guaranteed cash value to be used to pay premiums. At some point in the future, your client may be able to stop paying premiums for their policy. This is called the premium offset point. To qualify for premium offset the future dividends, based on the current dividend scale, plus the non-guaranteed cash value of the policy must be sufficient to pay all future premiums due for the policy.

The total death benefit and cash value of the policy will not accumulate to the same extent under premium offset as they would if premiums continued to be paid.

A policy does not automatically qualify for premium offset. The owner must make a request in writing to Equitable Life. The policy must meet the qualifications at the time of the request.

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. A decrease in the dividend scale may:

- Delay the premium offset point and require your client to pay premiums for longer than previously illustrated.
- Require your client to resume paying premiums for a period of time if the policy is already on premium offset.

Other factors that may affect the premium offset point include:

For example:

- Withdrawals,
- Policy loans,
- A change in dividend option,
- The addition of policy riders and/or additional benefits.

Premium offset is only available with the following dividend options:

- On deposit,
- Paid-up additions,
- Enhanced protection (Clients who elected the maximum enhancement may experience more adverse effects because any of the above changes. The higher the ratio of basic permanent insurance to one-year term insurance, the sooner premium offset could potentially occur.) Electing premium offset during the enhancement guarantee period will void the enhancement guarantee as PUAs must be surrendered to support premium offset.

## CASH ACCESSIBILITY

Policyholders can access the cash value of their policies through their choice of cash withdrawals, policy loans or policy surrender. Having access to the accumulated cash value of their policies gives your clients the flexibility they may need to meet unexpected financial obligations.

### Cash withdrawals

Clients can access cash from their policy in different ways, depending upon the dividend option selected. If your client has elected a dividend option other than paid in cash or premium reduction, they can access the non-guaranteed cash value to take a cash withdrawal. Any guaranteed cash value in the policy is only available through a full or partial surrender of the policy. Cash withdrawals may be subject to taxation and a tax reporting slip may be issued. When your clients elect to take a cash withdrawal, a taxable disposition may occur. A cash withdrawal will decrease the total cash value and the total death benefit of the policy.

### Policy loans

Any time while an Equimax policy is in effect and has cash value, your clients can request a policy loan. The maximum amount they may borrow will be subject to our administrative rules in effect at the time the loan is requested, but the amount of the loan cannot be greater than 90% of the available cash value, which includes any guaranteed cash value, less any outstanding loans. Interest on the policy loan will accrue daily, and at each policy anniversary, if not paid, will be added to the outstanding loan balance. Policy loan repayments can be made at any time. Policy loans will not reduce the cash value or death benefit of the policy when they are taken; however, any unpaid policy loans will reduce the death benefit payable at time of death and reduce the payment if the policy is surrendered for its cash value. If the total policy loan exceeds the cash value, the policy will terminate. Policy loans (other than automatic premium loans) may be subject to taxation and a tax reporting slip may be issued. A detailed [Q&A](#) can be found on the Equimax product page on EquiNet under Resources.

Dividend option	How to access cash
Paid in cash	Cash withdrawals are not available. However, clients can access any guaranteed cash value within the policy, if available, through a policy loan or policy surrender.
Premium reduction	Cash withdrawals are not available. However, clients can access any guaranteed cash value within the policy, if available, through a policy loan or policy surrender.
On deposit	Cash withdrawals are made from the Equitable Life deposit account held outside the policy. All, or a portion of the dividends, and any accrued interest, can be withdrawn at any time.
Paid-up additions (PUAs)	<ul style="list-style-type: none"> <li>• Cash withdrawals are made by surrendering PUAs.</li> <li>• The total cash value of the policy is reduced by the amount of the withdrawal.</li> <li>• Upon the surrender of paid-up additions, the income reportable is based (pro rata) on the cash value of the paid-up additions surrendered in relation to the cash value of the policy as a whole (including paid-up additions).</li> </ul> <p><b>For Example:</b></p> <p>If the PUAs surrendered represent 10% of the value of the policy, 10% of the ACB of the policy will be allocated to the surrendered PUAs, with the excess of the proceeds over the prorated ACB reported as income to the policyholder.</p> <ul style="list-style-type: none"> <li>• When PUAs are surrendered to support a requested withdrawal, the death benefit will be reduced by more than the amount withdrawn because one dollar of PUA cash value represents more than one dollar of death benefit.</li> </ul>
Enhanced protection	Requests for cash withdrawals will be handled as outlined under the paid-up additions section above. Taking a cash withdrawal during the enhancement guarantee period will void the guarantee.

The above provisions reflect the *Income Tax Act* (Canada) provisions and regulations applicable as at the date this manual was printed. Equitable Life reserves the right to modify its practices to reflect any subsequent changes to the *Income Tax Act* (Canada) and regulations affecting these policies.

### Partial policy surrender

If policyholders wish to access a portion of the guaranteed cash value in their Equimax policy, a portion of the policy can be surrendered, and a portion of the guaranteed cash surrender value will be given to them. The death benefit will be reduced in proportion to the guaranteed cash value that has been surrendered. Non-guaranteed cash value may also need to be paid out with a partial surrender to maintain the exempt status of the policy. May be subject to taxation and a tax reporting slip may be issued.

**Note:** If your clients request a partial surrender prior to the availability of guaranteed cash values, there will be no payment made unless the partial surrender results in the policy becoming non-exempt.

### Policy surrender

If policyholders wish to access all the accumulated value in their Equimax policy, the policy can be surrendered, and the full cash surrender value will be given to them. The insurance coverage will end on the date that the surrender request is received at head office. May be subject to taxation and a tax reporting slip may be issued.

**Note:** If your clients request to surrender their policy prior to the availability of guaranteed cash values, there will be no payment made unless there is non-guaranteed cash value in the policy at the time of surrender.

## BUILT-IN FEATURES

<p><b>Disability benefit disbursement</b></p>	<ul style="list-style-type: none"> <li>• If a life insured becomes disabled from a severe mental or physical impairment as defined in the policy contract, the owner may apply for a tax-free, 1 lump sum payment of up to 100% of the policy's cash value by providing Equitable Life with satisfactory evidence of disability.</li> <li>• If a life insured has a substandard rating of more than 300%; if a flat extra rating applies; or if the policy is a joint last-to-die policy with a declined life, the policy is not eligible for a disability benefit disbursement.</li> <li>• If approved, the minimum or maximum payment will be subject to our administrative rules and guidelines in effect at the time of the disbursement. The cash value of the policy will be reduced by the amount of the disability benefit disbursement. The death benefit will also be reduced. A request for payment of 100% of the cash value will cause the policy to terminate. Only one disability benefit disbursement will be permitted in any policy year. Exclusions may apply. Refer to the policy contract for more information.</li> </ul> <p><small><sup>1</sup>Tax laws are subject to change. The payment of the disability benefit disbursement may affect the adjusted cost basis (ACB) of the policy as it is considered payment of a capital benefit. Changes in ACB can affect the future taxation of the policy.</small></p>
<p><b>Bereavement counselling benefit</b></p>	<p>Upon the death of a life insured covered under the Equimax policy, and payment of the death benefit, we will provide a bereavement counselling benefit.* The benefit provides a reimbursement of up to a total of \$500 towards the cost of counselling expenses, shared among all beneficiaries, provided that:</p> <ul style="list-style-type: none"> <li>• The beneficiary(ies) submits receipts within 12 months of the date of death of the life insured to Equitable Life; and</li> <li>• The counsellor has professional accreditation or certification as determined appropriate by Equitable Life at the time of receipt.</li> </ul> <p>The bereavement counselling benefit amount is a total of \$500 regardless of the number of beneficiaries.</p> <p><small>*subject to requirements as set out in the policy contract.</small></p>
<p><b>Reduced paid-up insurance</b></p>	<p>If reduced paid-up values are available, under this option your clients can maintain some of the insurance coverage without having to continue to pay premiums. Guaranteed reduced paid-up values are provided in their policy contract. There may be tax consequences associated with electing this option.</p>
<p><b>Survivor benefit</b> (available on joint first-to-die plans only)</p>	<p>Automatically included on joint first-to-die plans</p> <ul style="list-style-type: none"> <li>• The joint first-to-die plan will end on the date of the first death of the lives insured. Within 60 days of the first death, the surviving life insured will have the option to purchase, without evidence of insurability, a new single life permanent plan for an amount up to a maximum of the total insurance amount in effect at the date of the first death. The new coverage must meet our minimum and maximum requirements then required for insurance coverage, premiums and age for the new plan selected. Premiums for the new policy will be based on the attained age of the surviving life insured for a similar class of risk at then current rates for the applicable plan.</li> <li>• If, within 60 days of the first death of the lives insured, the surviving life insured dies, we will pay the beneficiary an additional death benefit equal to the insurance amount in effect at the date of the first death.</li> </ul>
<p><b>Option to elect individual policies</b> (available on joint first-to-die plans only)</p>	<p>Automatically included on joint first-to-die policies:</p> <ul style="list-style-type: none"> <li>• Prior to age 75 of the oldest life insured, if there has been a material change in the relationship of the lives insured under the plan, the policy can be surrendered for two single life permanent policies without evidence of insurability.</li> <li>• The new single life permanent policies would be issued at attained age and then current rates for a similar class of risk. It must meet minimums and maximums required by us at the time for insurance coverage, premiums and age for the new plan selected. The amount of single life coverage cannot exceed the amount of Equimax coverage in effect under the joint plan at the time the request for single life coverages is made.</li> </ul>
<p><b>Living benefit</b></p>	<ul style="list-style-type: none"> <li>• If the life insured is diagnosed with a disease or injury which is expected to cause death within 24 months (supported by Doctor's documentation/reports), they may qualify for a living benefit payment.</li> <li>• A non-contractual provision, the living benefit payment is an advance death benefit payment and will be an amount equal to the lesser of \$100,000 or 50% of the face amount of the policy, less any existing policy loans.</li> <li>• Our determination of the releasing of funds is not dependent on the use of funds by the individual who will be receiving them.</li> <li>• This benefit is not taxable.</li> <li>• The policy must be in effect for the benefit to be paid.</li> </ul> <p><small>This is a non-contractual benefit.</small></p>

## OPTIONAL RIDERS AND BENEFITS

<b>Disability waiver of premium provision</b>	<p>This rider can be purchased on the life insured and/or payor/applicant of the policy. It provides for the payment of all premiums applicable to the plan while the person(s) for whom the rider was purchased is totally disabled by sickness or accident. If the total disability occurs prior to their 60<sup>th</sup> birthday and lasts for six consecutive months, Equitable Life will refund any premiums paid during this six-month period and waive any premiums that come due during the continuation of the total disability.</p>
<b>Additional accidental death benefit</b>	<p>In the event of an accidental death where the death occurs within 90 days of the accident, this benefit provides for the payment of an additional death benefit. The maximum amount of coverage available for this benefit is limited to the lesser of the amount of Equimax coverage and \$500,000.</p>
<b>Children's protection rider</b>	<p>This rider provides term insurance protection for all the client's children, age 15 days to 18 years, under one convenient plan. Children born or adopted after the policy is issued are automatically included after 15 days. The protection continues to a child's age 25. This coverage may be converted to any permanent plan or term plan for up to 5 times the original coverage amount, when the child is between the ages of 21 and 25, without providing evidence of insurability. Minimums and maximums for face amount, premiums and issue ages that apply to the new plan must be met. Premiums for this rider are payable for only 20 years, even if children are still covered by the rider. The rider expires on the child's 25<sup>th</sup> birthday.</p>
<b>Term life insurance</b>	<p>Term life insurance riders provide clients with cost-effective, temporary additional coverage to enhance their Equimax plans. Riders are available for the life insured under a single life policy only. Three options are available:</p> <ul style="list-style-type: none"> <li>• Term 10 - premiums renew every 10 years to age 85,</li> <li>• Term 20 - premiums renew every 20 years to age 85, and</li> <li>• Term 30/65 - premiums are payable for the later of 30 years and age 65 with no increases.</li> </ul> <p><b>Issue ages:</b></p> <ul style="list-style-type: none"> <li>• 10 year renewable and convertible term (YRCT): ages 18 to 75</li> <li>• 20 year renewable and convertible term (YRCT): ages 18 to 65</li> <li>• Term 30/65: ages 18 to 55</li> </ul> <p><b>Expiry age:</b></p> <ul style="list-style-type: none"> <li>• 10 YRCT and 20 YRCT: age 85</li> <li>• Term 30/65: the later of year 30 of the term rider coverage and age 65 of the life insured under the rider</li> </ul> <p><b>Minimum face amount:</b></p> <ul style="list-style-type: none"> <li>• \$50,000</li> <li>• Minimum to be considered for a preferred risk class: \$1,000,001</li> </ul> <p><b>Availability:</b></p> <ul style="list-style-type: none"> <li>• Single life term riders can be added to any single life Equimax policy. (Subject to satisfactory Evidence of Insurability and underwriting.)</li> <li>• The riders can be included at issue or added to a policy after issue, giving your clients the opportunity to add term insurance when it is needed!</li> </ul>

## OPTIONAL RIDERS AND BENEFITS (Continued)

### Term life insurance (continued)

#### Risk classes

Five risk classes are available on term riders. Preferred underwriting is available for face amounts greater than \$1,000,000.

Class 1 Preferred plus non-smoker	The life insured is a very healthy non-smoker (no smoking or cessation aids within the past 24 months) with an excellent family medical history.
Class 2 Preferred non-smoker	The life insured is in good health, a non-smoker (no smoking or cessation aids within the past 12 months) with a good family medical history.
Class 3 Non-smoker	The life insured is a healthy non-smoker (no smoking or cessation aids within the past 12 months. Up to one cigar/cigarillo per month is permitted, subject to a negative cotinine test. Clients who use marijuana, whether inhaled or ingested, may qualify for non-smoker rates.
Class 4 Preferred smoker	The life insured is in good health and smokes cigarettes or uses nicotine-based products. Evaluated with similar health criteria as Class 2 preferred non-smoker.
Class 5 Smoker	The life insured is healthy and smokes cigarettes or uses nicotine-based products.

#### Exchange option

- A 10 year term rider can be exchanged to a 20 year term rider any time after the first coverage anniversary and by the 5<sup>th</sup> policy anniversary or before the insured person's 65<sup>th</sup> birthday, whichever comes first.
- If the person qualified for preferred rates on the 10 year term they will carry that preferred class over to the new 20 year term upon exchange provided it meets our administrative and underwriting rules in effect at that time.
- Exchange of a Term 30/65 is not available.

#### Conversion

- For 10 year and 20 year term: Until age 71 of the insured, 10 and 20 year term riders can convert to any permanent insurance plan available for sale at the time, then current administrative rules apply.
- For Term 30/65: Any time prior to the anniversary nearest the life insured's 60<sup>th</sup> birthday, the term rider can be converted to any permanent insurance plan available for sale at the time, then current administrative rules apply.
- If the original insurance plan has preferred risk classes, and the conversion is done within the first 10 years of coverage, the insured will maintain its preferred risk class on the converted plan provided it meets our administrative and underwriting rules in effect at that time.
- Partial conversions are permitted. However, if the original term plan qualified for preferred rates and the amount remaining is equal or less than \$1,000,000, the risk class will be adjusted on the original term coverage.

#### Separate term life insurance policy option

- At any time while in effect, a term rider can be exchanged for a separate term life Insurance policy on the life insured by the rider, without evidence of insurability. The separate term life Insurance policy provides the same benefits and is in the same form as the rider. It will have an amount of insurance not less than the minimum required by Equitable Life, but not more than the amount provided by the rider.

## OPTIONAL RIDERS AND BENEFITS (Continued)

### EquiLiving critical illness insurance

An Equimax plan coupled with an EquiLiving critical illness insurance rider can provide your clients with well-rounded protection. EquiLiving critical illness insurance riders provide the person insured under the rider (or a beneficiary named under the Rider), with a lump sum benefit in the event that the person insured is diagnosed with one of the covered critical conditions (and/or one of the additional childhood conditions available on children's policies) as defined in the rider contract\* and survives the survival period applicable to the particular condition. The lump sum benefit is paid to the person insured, not to the person insured's heirs. EquiLiving critical illness insurance riders are available at or after issue.

#### EquiLiving critical illness insurance rider — 10 year renewable to age 75

- Issue ages: Children's plans: 30 days to 17 years; Adult plans: 18 to 65 years
- Minimum benefit amount: \$25,000
- Maximum benefit amount: \$2,000,000 (\$250,000 for children's policies)
- Provides a level amount of coverage
- Guaranteed premiums renew (increase) every 10 years
- Rider automatically terminates at age 75
- Change privilege
  - Flexibility to change to a level premium to age 75 rider or a level premium to age 100 rider covering the same conditions as covered by the original rider, provided one is then available.
  - The change privilege may be elected at any policy anniversary up to and including the policy anniversary nearest the person insured's attained age 60. No evidence of insurability is required for the change privilege if there is no increase in the benefit amount. To take advantage of the change privilege, your clients simply make a written request to Equitable Life's head office in Waterloo, Ontario at least 30 days prior to their 60<sup>th</sup> birthday.
  - Premiums will be based on the then current rates for the level premium to age 75 or the level premium to age 100 rider at your clients' attained age at the date of the change for the same class of risk and smoking status.

#### EquiLiving critical illness insurance rider — Level to age 75

- Issue ages: Children's plans: 30 days to 17 years; Adult plans: 18 to 64 years
- Minimum benefit amount: \$25,000
- Maximum benefit amount: \$2,000,000 (\$250,000 for children's policies)
- Provides a level amount of coverage
- Premiums are guaranteed level
- Rider automatically terminates at age 75

#### EquiLiving critical illness insurance rider — Level to age 100

- Issue ages: Children's plans: 30 days to 17 years; Adult plans: 18 to 65 years
- Minimum benefit amount: \$25,000
- Maximum benefit amount: \$2,000,000 (\$250,000 for children's policies)
- Provides a level amount of coverage
- Premiums are guaranteed level
- Rider is paid-up at age 100

#### \*Covered conditions for adults and additional covered conditions for children

For full details of the covered conditions, refer to the Sample Policy Pages (Optional Riders) available on EquiNet on the [Whole Life Insurance Product page](#) under the Resources tab.

Any illness, disorder, or condition not specifically defined as a covered condition in the contract is not insured and no benefit payout will apply.

## OPTIONAL RIDERS AND BENEFITS (Continued)

### EquiLiving critical illness insurance (continued)

#### Early detection benefit

This built-in feature provides your clients with a lump sum benefit if they are diagnosed with and survive the 30 day survival period applicable to one of the conditions defined in the Early Detection Benefit section of the contract

The early detection benefit will be the lesser of 15% of the then current EquiLiving benefit amount and \$50,000. This benefit can be paid twice while the rider is in effect, but only once for any one of the early detection benefit covered condition. Payment of the early detection benefit will not cause the rider to terminate, reduce the EquiLiving benefit, or the rider premiums. Note that unlike the survival period applicable to the covered critical conditions, during the early detection benefit survival period, premiums are still payable.

#### EquiLiving critical illness insurance rider benefit

Provided the Equimax policy and the EquiLiving critical illness insurance rider are in effect, Equitable Life will pay the EquiLiving critical illness insurance rider benefit amount to the person insured (or a beneficiary named under the Rider), in a lump sum following the diagnosis by a licensed physician (unless otherwise specified in the rider contract) in Canada, the US, or any other region as approved by Equitable Life of a covered critical condition as defined in the policy contract and satisfaction of the specified survival period. Any illness, disorder or conditions not specifically defined as a covered critical condition in the contract is not insured and no benefit will be payable.

#### Survival period

Survival period refers to the number of days your clients must survive starting on the date of diagnosis of, or surgery for, a critical condition before a benefit payout will be made. The survival period is generally 30 days unless otherwise specified in the rider contract. The person insured must be alive at the end of the survival period and must not have experienced irreversible cessation of all brain functions during the survival period. During the survival period for a covered critical condition, no premium payment is required.

#### Extension of expiry

If your clients have elected either a 10 year renewable to age 75 or level to age 75 EquiLiving critical illness insurance rider, the rider expires on the policy anniversary nearest their attained age 75. However, if that rider expires while the person insured is satisfying an applicable survival period for a covered condition, the extension of expiry applies, and your clients' EquiLiving rider will remain in effect until the earlier of the date of the person insured's death, or the date the person insured's EquiLiving benefit or early detection benefit becomes payable. The extension of expiry provides coverage only for the particular covered critical condition or early detection benefit covered condition that initiated the extension of expiry.

#### Automatic policy exchange

If the joint first-to-die Equimax policy to which an EquiLiving critical illness insurance rider is attached terminates due to payment of the death benefit, and the surviving life insured has an EquiLiving critical illness insurance rider in effect, we will automatically exchange the EquiLiving critical illness insurance rider for a separate EquiLiving policy. This means uninterrupted EquiLiving critical illness insurance coverage for the person insured!

The premiums for the separate EquiLiving critical illness insurance policy will be the same as for the rider, with the addition of a policy fee. The separate EquiLiving policy will have the same benefits and will be at the same class of risk and smoking status as the rider, without the requirement of Evidence of Insurability. Upon the automatic policy exchange of an EquiLiving critical illness insurance rider, any additional riders will not be included. The separate EquiLiving critical illness insurance policy can be cancelled at any time by providing written notice to Equitable Life's head office in Waterloo, Ontario.

## OPTIONAL RIDERS AND BENEFITS (Continued)

### EquiLiving critical illness insurance (continued)

#### Tax handling of the EquiLiving critical illness insurance rider

Presently, there are no tax laws specifically pertaining to critical illness insurance in particular. Equitable Life interprets current tax laws as follows:

- if premiums are paid by an individual, the benefit payout received is not taxable regardless of who owns the policy.
- if the policy is owned by an individual and premiums are paid by an employer and deducted as a business expense, either:
  1. the premium paid will be considered a taxable benefit to the owner of the policy (it is added to the income of the owner of the policy), or
  2. the benefit payout received will be taxable to the owner of the policy.

Note: This is general tax information only and should not be used as the basis for rider purchase decisions. Your clients should seek advice from their lawyer or tax advisor on the taxation of the EquiLiving critical illness insurance rider.

## ADDITIONAL RIDERS AVAILABLE ON CHILDREN'S PLANS

### Applicant's death and disability waiver of premium rider

Available on policies where the life insured is between the ages of 0 and 17 years, and the payor/applicant of the policy is between the ages of 18 and 55 years.

- If the payor/applicant is totally disabled by sickness or accident for at least six consecutive months, Equitable Life will refund any premiums paid during this six-month period and waive any premiums that come due during the continuation of the total disability until age 21 of the insured child.
- If the payor/applicant dies before the waiver expires, premiums will continue to be waived until age 21 of the insured child.
- The waiver expires at age 60 of the payor/applicant or age 21 of the insured child, whichever comes first. At age 21, the insured child will have the option to add disability waiver on their own life.

### Flexible guaranteed insurability option

Attractive feature for parents and grandparents who wish to protect a child's future insurability. This rider guarantees the child's right to purchase, without evidence of insurability, up to a total maximum of \$500,000 of additional insurance at specified dates in the future. The option amounts and dates are selected by your client at the time of issue of their Equimax policy.



## SUBMITTING THE APPLICATION

You can submit the application using:

- EZcomplete® online application - Use it for in person or non-face-to-face meetings.
- A paper application.

An illustration must accompany the application. Both the illustration and the application must show the same plan type, face amount, premium payment option, premium paying mode and dividend option. If applying for excelerator deposit option, the EDO payment must also be submitted along with the application. The illustration must be signed by both the client and the advisor. If you are submitting an online application, follow the instructions provided.

## GENERAL POLICY ADMINISTRATION

The most common administration rules are explained below. For more details on these and other set up and administration rules, please refer to the [Equimax Participating Whole Life Administration Rules and Guidelines](#). It can be found on EquiNet on the Whole Life Insurance Product page under the Resources tab.

### Policy lapse

Equimax provides a thirty-one day grace period for payment of renewal premiums. During this time, the client's Equimax policy will stay in effect. If Equitable Life does not receive the client's premium payment within the grace period, Equitable Life will use the net cash value (the cash value net of any outstanding loans and interest) to advance the required premium as a loan against the policy. This feature is known as automatic premium loan. The required premiums can be paid under this feature until the net cash value is no longer sufficient to cover the required premium. At that time, if the client has not paid a premium, the Equimax policy will terminate.

### Reinstatement

A client's Equimax policy may be reinstated within two years of its lapse, upon receipt of a written application. We require submission of evidence of insurability (according to then current underwriting guidelines) pertaining to the lives insured (based on their attained ages) that is satisfactory to Equitable Life, and repayment of all overdue premiums, interest, and any other indebtedness under the policy, subject to the contract provisions.

### Non-smoker definition (applies to adult plans only)

To be considered a non-smoker on the base policy, the insured must not have used any cigarettes, pipe or chewing tobacco, smoking cessation products, or tobacco substitutes within the past 12 months. Up to one cigar/cigarillo is permitted per month, subject to a negative cotinine level. Clients who use marijuana, whether inhaled or ingested, may qualify for non-smoker rates.

### Questions?

Equitable Life is committed to providing you with the service you need to support your business. If you have questions or require additional information, please contact your Equitable Life Regional Sales Manager.

## 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.

Equitable Life is 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, allowing us to focus on your needs and providing you with personalized service, financial protection and peace of mind.



 The Equitable Life Insurance Company of Canada  1.800.722.6615  [www.equitable.ca](http://www.equitable.ca)