

DIVIDEND NOTICE

New Dividend Scale effective July 1, 2018

What does it mean to be a participating whole life policyholder?

As a participating whole life policyholder, you can share in the earnings of the participating account. Premiums paid for participating whole life policies are deposited into the account and invested.

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. Your share of the earnings in the account is annually credited to your policy as a dividend payment. It's important to keep in mind that dividends are not guaranteed.

Every year, the dividend scale is reviewed to ensure that it is set at an appropriate level. Due to continuing low interest rates in the bond market, investment returns in the participating account are also lower. This is leading to a reduction in the dividend scale for 2018/2019.

Total dividend payments to policyholders are expected to increase due to the growing value of our whole life policies. Total dividend payments to policyholders will be approximately \$27.6 million compared with \$22.7 million in 2017/2018.

What change is Equitable Life® making to the dividend scale?

Equitable Life's Board of Directors has approved a change to the dividend scale effective July 1, 2018. The dividend scale interest rate will change from **6.5%** to **6.35%**. This change will affect each series of policies differently.

What does this change mean to you?

Future projected policy dividends will generally be lower than those projected when you purchased your policy.

If you selected a dividend option that uses dividends to pay premiums, you may be able to stop paying premiums for your policy at some point in the future. This is called the premium offset point. At that point, the projected dividends plus the non-guaranteed cash value within the policy may be sufficient to pay future premiums.

A decrease in the dividend scale may:

- delay the premium offset point, requiring you to pay premiums for longer than previously projected.
- require you to resume paying premiums if your policy has been on premium offset.

If you are on premium offset and this change will require you to resume paying premiums prior to insured age 100, Equitable Life will automatically provide you with new offset projections following your next policy anniversary. These new illustrations will provide you with updated projections of cash values and death benefits based on the new dividend scale.

Depending on how many years the policy is projected to qualify for offset, you may not need to resume paying premiums right away. Your new illustrations will indicate how long the policy is projected to qualify for offset and how many annual premiums would be required to once again qualify for full offset to insured age 100.

Base insurance coverages, guaranteed values, and previously credited dividends are not affected by this change. The guaranteed values within your policy will continue to grow as detailed in the 'Table of Guaranteed Values' pages in your policy contract. Equimax® participating whole life continues to deliver excellent value by providing you with lifetime protection and an opportunity for tax-advantaged growth.

Would you like more information?

Please contact your advisor or the Individual Contact Centre at 1.800.668.4095 for:

- Questions about the dividend scale
- An updated illustration showing the projected date when the new premium offset point is expected to occur based on the 2018/2019 dividend scale
- An illustration showing updated projections of cash values and death benefits for your policy based on the 2018/2019 dividend scale
- Clarification about whether your policy is impacted

For more information about Equitable Life's dividend policy, visit www.equitable.ca/go/dividend_policy.

We work for you

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.

Thank you for trusting Equitable Life to help you protect what matters most.

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