



BUILDING A STRONGER INVESTMENT PORTFOLIO WITH EQUIMAX® WHOLE LIFE

Your financial advisor can help you put plans in place to meet your investment goals and risk tolerance. This includes selecting the right combination of guaranteed investments, fixed income, equities, and life insurance. **Life insurance?** That's right!

Adding a permanent participating life insurance policy to your financial plans can improve the rate of return and reduce the risk in the investment portfolio.

WHAT CAN LIFE INSURANCE BRING TO YOUR INVESTMENT PLAN?



Diversification

Part of the premium for participating whole life insurance flows into the company's participating account and is invested. You benefit from a diversified mix of investments including a significant fixed-income portfolio for stability; and a combination of non-fixed investments including equities for long-term growth. Your share of the earnings in the account is credited to your policy annually as a dividend payment.¹



Guarantees

Once a dividend is paid, it is 100% vested and can never be taken away. Plus, the cash value of the policy will never decrease, regardless of market conditions.²



Rate of return

Dividends that accumulate within the policy grow on a tax-advantaged basis. This offers the potential for a higher rate of return than non-registered savings vehicles that are taxed annually.



Liquidity

Access to the cash value³ without the time restrictions of locked-in investments or the market volatility of equities.



An instant legacy

Tax-free payment at death to your beneficiary(ies).

LIFE INSURANCE ALLOWS YOU TO SPEND YOUR MONEY

A life insurance policy not only helps you build wealth ... it gives you the freedom to spend your wealth by eliminating the need to ear-mark assets to leave to your heirs. Plus, it can provide a tax-efficient transfer of wealth from one generation to the next.

¹ Dividends are not guaranteed and may be subject to taxation. Dividends will vary based on the actual investment returns in the participating account as well as mortality, expenses, lapses, claims experience, taxes and other experience of the participating block of policies. ² Assuming no policy loans or automatic premium loans, which will reduce the cash value of the policy. ³ Policy loans from cash value may be subject to income tax and a tax reporting slip may be issued if the cash surrender value (CSV) exceeds the adjusted cost basis (ACB) at the time of the loan.

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advanced insurance planning

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CASE STUDY

Meet Bill and John

Bill and John are both 45 years old. They are looking for a tax-efficient way to leave an inheritance to their heirs and build wealth they can access to supplement their retirement income. They have maximized their registered investments and currently have \$750,000 in non-registered savings. They can afford to spend \$30,000 annually for the next 20 years and are considering their options.

Two solutions

- Bill buys a \$577,655 Equimax® participating whole life insurance⁴ policy, 20 pay, with a Term 20 rider for \$422,345 (for a total of \$1,000,000.) The term plan will not be renewed.
- John buys a \$1,000,000 Term 20 policy which will not be renewed.⁵

	Bill	John
Amount available to spend (annual)	\$30,000	\$30,000
Life insurance premium (annual)	\$18,810	\$1,720
Allocation to existing non-registered savings (annual)	\$11,190	\$28,280
Net estate value at age 65 (retirement)	\$2,945,760 ⁶ • Life insurance: \$1,464,105 ^{6,7} • Savings: \$1,481,655 ⁸	\$1,921,799 • Life insurance: \$0 • Savings: 1,921,799 ⁸
Net estate value at age 85 (death)	\$1,924,192 ⁶	\$1,921,881 ⁹

The results

- Both solutions provide Bill and John the opportunity to leave an inheritance for their families AND access money from their non-registered savings starting at age 66.
- Bill can withdraw almost twice as much money as John to supplement his retirement income.

Why the difference?

- Bill's life insurance policy provides a \$1,924,192 inheritance for his heirs, allowing him to withdraw all of his savings.
- John's withdrawals are limited to the interest earned on his savings, in order to keep the \$1,921,881 principal intact as an inheritance for his heirs.

Annual withdrawal from non-registered savings from age 66 to 85



WHO WOULD YOU RATHER BE?

Contact your financial advisor to find out more.

⁴ Equimax Estate Builder®, 20 pay. Male, age 45, standard non-smoker rates as of July 1, 2019. Paid-up additions dividend option. ⁵ Term 20 policy not renewed. Premiums paid for 20 years only. Male, age 45, standard non-smoker rates as of July 1, 2019. Exact premium is \$1,720.22. ⁶ Based on the 2019/2020 dividend scale remaining unchanged for the life of the policy. Dividends are not guaranteed and may be subject to taxation. Dividends will vary based on the actual investment returns in the participating account as well as mortality, expenses, lapses, claims experience, taxes and other experience of the participating block of policies. ⁷ At age 65, Bill's life insurance policy has \$564,624 in total cash value that he can use as collateral for a bank loan or to take policy loans if additional income is required. ⁸ Assumes an annual rate of return of 5%. Marginal tax rate of 53%. Assumes no withdrawals from the non-registered savings before age 65. ⁹ Assumes withdrawals taken from age 66 to 85 were only from interest earned, not principal. The case study in this document is for illustration purposes only. Actual results will vary. © Denotes a trademark of The Equitable Life Insurance Company of Canada.