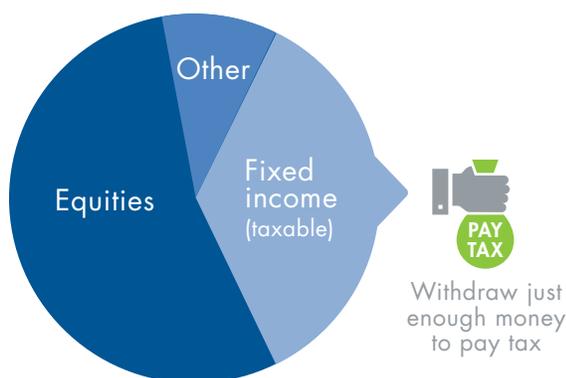


LEVELIZE THE TAX ON YOUR FIXED INCOME INVESTMENTS WITH PARTICIPATING WHOLE LIFE

Are you paying more tax than you need to on your fixed income investments? Each year, if the value of those investments increases, so does the tax you pay. By adding a whole life insurance policy to your financial plans, you could increase your wealth by recapturing some of the money you are currently paying in taxes.

WHAT DO A LOT OF PEOPLE DO WITH THEIR FIXED INCOME INVESTMENTS?

1. Each year they withdraw only the amount of interest income earned that is required to pay the tax for that year.
2. They keep the remaining balance of the interest income in their fixed income portfolio for reinvestment and growth.



Growing investment = more tax payable.

Fixed income investment				
Years	Opening balance	Interest income earned	Amount of interest income used to pay tax ¹	Closing balance ²
1	\$3,000,000	\$150,000	\$ 75,000	\$3,075,000
5	\$3,311,440	\$165,572	\$ 82,786	\$3,394,226
10	\$3,746,592	\$187,330	\$ 93,664	\$3,840,258
15	\$4,238,929	\$211,946	\$105,973	\$4,344,902
20	\$4,795,961	\$239,798	\$119,899	\$4,915,860
25	\$5,426,192	\$271,310	\$135,654	\$5,561,847
30	\$6,139,240	\$306,962	\$153,481	\$6,292,721
35	\$6,945,989	\$347,299	\$173,649	\$7,119,639
Cumulative tax paid by year 35			\$4,119,609	

Table indicates 5 year intervals only.

Result:

By year 35, reinvesting the interest income remaining after taxes are paid results in a cumulative tax bill of \$4,119,609 and fixed income investment valued at \$7,119,639.

Would you like to pay less tax³?

¹ Assumes an average annual rate of return of 5% and a marginal tax rate of 50%. ² Assumes no withdrawals from principal. ³ Depends on the nature of your taxable investment.

LEVELIZE THE TAX ON YOUR FIXED INCOME INVESTMENTS WITH PARTICIPATING WHOLE LIFE

HOW CAN YOU LEVELIZE AND PAY LESS TAX ON YOUR FIXED INCOME INVESTMENTS USING PARTICIPATING WHOLE LIFE INSURANCE?

1. Each year, you would withdraw the full amount of interest income earned, leaving only the principal.
2. You would use a portion of the interest income you withdrew to pay the tax for that year.
3. The remaining balance of the interest income would be used to pay the annual premiums on a tax-exempt whole life insurance policy.



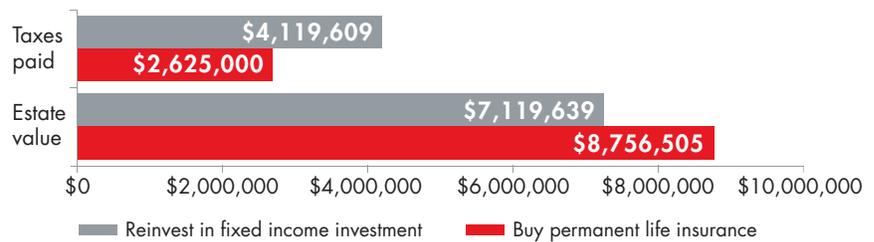
Since the investment principal and interest income earned remains level, so does the tax.

Years	Fixed income investment					Life insurance policy ⁴	
	Opening balance	Interest income earned	Amount of interest income used to pay tax ¹	Amount of interest income used to pay the life insurance premium	Closing balance ²	Total cash value ⁵ (year end)	Total death benefit ⁵ (year end)
1	\$3,000,000	\$150,000	\$75,000	\$75,000	\$3,000,000	\$ 55,449	\$1,010,602
5	\$3,000,000	\$150,000	\$75,000	\$75,000	\$3,000,000	\$ 363,989	\$1,434,733
10	\$3,000,000	\$150,000	\$75,000	\$75,000	\$3,000,000	\$ 840,942	\$2,001,059
15	\$3,000,000	\$150,000	\$75,000	\$75,000	\$3,000,000	\$1,423,688	\$2,600,467
20	\$3,000,000	\$150,000	\$75,000	\$75,000	\$3,000,000	\$2,108,589	\$3,265,380
25	\$3,000,000	\$150,000	\$75,000	\$75,000	\$3,000,000	\$2,972,416	\$4,003,138
30	\$3,000,000	\$150,000	\$75,000	\$75,000	\$3,000,000	\$3,963,662	\$4,820,877
35	\$3,000,000	\$150,000	\$75,000	\$75,000	\$3,000,000	\$5,050,079	\$5,756,505
Cumulative tax paid by year 35			\$2,625,000				

Table indicates 5 year intervals only.

Let's compare the results at year 35:

Buying a life insurance policy results in a cumulative tax bill that is \$1,494,609 (36%) lower than the reinvestment option; and an estate value⁶ that is \$1,636,866 (23%) higher.



Using the net after-tax interest earned on your fixed income investments to buy a permanent life insurance policy levels the tax payable and immediately increases the value of your estate. The life insurance policy also offers tax-advantaged growth so you accumulate greater wealth, faster.

Contact your financial advisor to find out more.

⁴ All calculations are based on an Equimax Wealth Accumulator® Life Pay, male, age 55, standard non-smoker rates as of July 1, 2019. Paid-up additions dividend option. Maximum EDO initial death benefit of \$913,134. ⁵ 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, lapse, claims experience, taxes and other experience of the participating block of policies. You should ask your advisor to present alternate dividend scale reports to reflect possible decreases. ⁶ The estate value only includes the value in the fixed income investments and the death benefit of the life insurance policy. The value of any other investments is excluded from this example.

The example used in this document assumes that registered investments have been maximized. The example is for illustration purposes only. Actual results will vary. Based on current tax legislation and may change. This information does not constitute legal, tax, investment or other professional advice. Please consult your tax, legal or financial planning professional for advice with respect to your personal circumstances. © denotes a trademark of The Equitable Life Insurance Company of Canada.