

UNDERSTANDING DIVIDENDS

PRICING ASSUMPTIONS

Participating whole life insurance premiums and guaranteed values are primarily based on long-term assumptions for:

- Investment returns
- Expenses
- Mortality
- Lapses
- Other factors

DIVIDEND CALCULATIONS

Dividend calculations consider the difference between the assumed and actual experience for each component. That difference can have a positive or negative impact on the dividend paid.

The dividend scale is reviewed annually. Each component impacts the dividend payment differently. For example, expense experience is generally a small factor of the total dividend compared to the investment return and mortality experience.

Improvements in some components can help to offset declines in others. For example, improvements in expenses can help offset the impact of declining interest rates on investment performance.



2019/2020 DIVIDEND SCALE

Equitable Life's® Board of Directors approved a change to the dividend scale effective July 1, 2019. The new dividend scale includes:

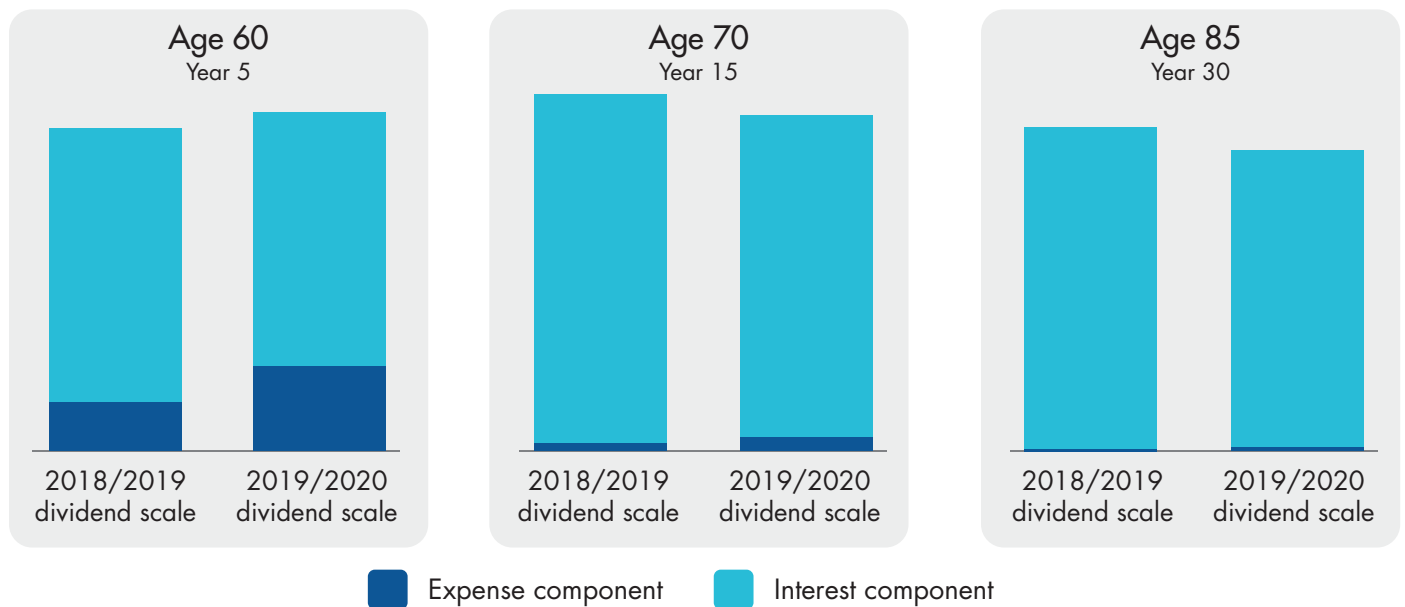
- A change to the dividend scale interest rate to 6.2% (from 6.35%). This reflects investment performance only and is used to determine the investment portion of the dividends.
- An improvement to the expense factors due to reduced operating costs. This improvement mitigates the impact of the decline in the dividend scale interest rate.
- Other factors, such as the mortality component, will remain unchanged.

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AN EXAMPLE OF THE IMPACT OF THE EXPENSE AND INTEREST COMPONENTS OVER THE LIFE OF THE POLICY

Typically, the expense component remains relatively flat whereas the interest component increases over time as the cash surrender value grows. These bar graphs show an example of the annual expense component and interest component of the dividend payment at select years.

- In the early years, when the cash surrender value is relatively small, improvement in the expense component more than offsets the decrease in the interest component and dividends paid will be higher under the 2019/2020 dividend scale than they would be under the 2018/2019 dividend scale.
- For later durations, as the cash surrender value grows, the impact of a decrease in the interest component will likely be greater than improvements in the expense component and dividends paid will be lower under the 2019/2020 dividend scale than they would be under the 2018/2019 dividend scale.



Based on Equimax Estate Builder®, Male Non-Smoker Age 55, 20 Pay. The units of measure are not consistent between bar graphs. For illustration purposes only; actual results will vary. 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.

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