

## DIVIDEND NOTICE

# New Dividend Scale effective July 1, 2019

As a participating whole life policyholder, you have the opportunity to share in the earnings in the participating account. Every year, the dividend scale is reviewed to ensure that it is set at an appropriate level. We use the dividend scale to determine the dividend payment. If a dividend is declared, it is credited to your policy as a dividend payment. Dividends are sensitive to all the factors that affect the participating account, but especially changes in investment returns.

Equitable Life's Board of Directors has approved a change to the dividend scale effective July 1, 2019.

- The dividend scale interest rate will change to 6.2% (from 6.35%) as the sustained low interest rate environment has continued to put downward pressure on the experience in the participating account. If low interest rates continue, investment returns in the participating account will also be lower. We continue to monitor the impact of investment returns and may need to make further changes to the dividend scale in the future.
- The expense factors have been improved due to reduced operating costs.
- Other factors used to calculate the dividend scale have not changed

Total dividend payments to policyholders from July 1, 2019 to June 30, 2020 are expected to increase to approximately \$38.4 million compared to \$29.8 million for the same period in 2018/2019.

**Equimax® participating whole life continues to deliver excellent value by providing you with lifetime protection and an opportunity for tax-advantaged growth.**

## How are dividends calculated?

Premiums paid for participating whole life policies cover benefits and expenses, as well as a contribution to the company's surplus. The remainder flows into the participating account and is 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. Dividend calculations consider the difference between the assumed and actual experience of the participating account. That difference can have a positive or negative impact on the dividend paid.

It's important to keep in mind that dividends and their future performance are not guaranteed.

The illustration you received when you purchased your 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 that illustration was to highlight that performance is based on both guaranteed and non-guaranteed values. It shows 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 your policy.

## What does this change mean to you?

Previously credited dividends are fully vested and are not affected by this change. Guaranteed cash values and guaranteed death benefit are not affected by this change. These guaranteed values within your policy will continue to grow as detailed in the 'Table of Guaranteed Values' pages in your policy contract.

## Policy values

Future policy values on a current illustration will generally be lower than those shown in the illustration you received when you purchased your policy due to the impact of the dividend scale change on the non-guaranteed cash values.

## Would you like more information?

Please contact your advisor or Individual Customer Service at 1.800.668.4095 for:

- Questions about the 2019/2020 dividend scale.
- An illustration showing updated cash values and death benefits based on the 2019/2020 dividend scale remaining unchanged for the life of your policy.
- An updated illustration showing a new premium offset point based on the 2019/2020 dividend scale remaining unchanged for the life of your policy.
- Clarification about whether your policy is impacted.

For more information about Equitable Life's dividend policy, visit [www.equitable.ca/go/dividend\\_policy](http://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 independent financial advisors across Canada to offer individual insurance, and savings and retirement solutions to meet your needs. 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. The Company is owned by our participating policyholders, not shareholders, allowing us to focus on your needs and on providing you with personalized service, financial protection and peace of mind.

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

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