

# THE COLLATERAL LOAN PROGRAM...

Put your whole life insurance policy to work for you!



**Equitable Life of Canada has joined with TD Canada Trust to offer our whole life insurance policyholders the opportunity to use the cash surrender value of their policies as collateral for loans with TD Canada Trust.**

## HOW DOES IT WORK?

- TD Canada Trust will loan 90% of the cash surrender value (CSV) of an Equitable Life of Canada whole life policy. Policies with an irrevocable beneficiary do not qualify.
- Loan rate is TD Prime + 1.25%
- Payments can be interest only or blended, amortized up to 30 years
- A minimum beacon score of 650 is required

## HOW CAN A COLLATERAL LOAN BENEFIT YOUR CLIENTS?

Clients can use collateral loans for additional cash to:

- Supplement their retirement income.
- Expand their business,
- Fund business continuation,
- Renovate their home,
- Pay for a wedding or trip,
- \_\_\_\_\_ (insert dream here!)

## IS A COLLATERAL LOAN RIGHT FOR YOUR CLIENTS?

A collateral loan is ideal for clients who:

- Need the protection offered from a permanent life insurance plan
- Maximize their contributions to registered retirement savings plans (RRSP) and registered pension plans
- Want additional funds to maintain or enhance their standard of living

## WHAT IS THE PROCESS?

1. Complete a TD loan application. (available on Equitable Life of Canada's advisor website – EquiNet)
2. Provide a copy or printout of the Equitable Life whole life insurance policy. The original policy is required in Quebec.
3. Submit a letter of direction with instructions for the funds once the loan is approved.

**See how Collateral Loans can play a critical role in your clients' retirement strategy...**

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equimax



## WHEN IT COMES TO RETIREMENT...DREAM BIG! A collateral loan can help

When we think about retirement, we all want to maintain or even surpass the standard of living we enjoy today. If retirement savings alone are not enough to make that happen, a collateral loan can help.

### Case Study: Equimax Whole Life Insurance with a Collateral Loan

THE SITUATION:	THE NEED:
<ul style="list-style-type: none"> <li>• Mike and Jennifer (age 40)</li> <li>• Combined annual income of \$200,000</li> <li>• Maximizing their registered retirement savings plans (RRSP) and registered pension plans</li> </ul>	<ul style="list-style-type: none"> <li>• Need permanent insurance</li> <li>• Plan to retire at age 65</li> <li>• Need to supplement their retirement income by \$20,000 a year to live the retirement of their dreams.</li> </ul>

### THE SOLUTION:

**\$500,000 Equimax whole life insurance, Joint First-to-Die, Premiums payable for 20 years, Paid-up Additions (PUA) dividend option<sup>1</sup>**

Mike and Jennifer's Retirement Plan:			
Annual Premium <sup>2</sup>	Potential Cash Value at age 65	Potential Death Benefit at age 65	Potential Collateral Loan <sup>3</sup> at age 65
\$16,150	\$631,835	\$1,043,003	\$568,651 <sup>4</sup>

The above values are for illustration purposes only. Actual values may vary

**Using a collateral loan to access the value in their life insurance policy, Mike and Jennifer can potentially supplement their retirement income by over \$500,000.**

### THE FUTURE:

#### For the next 25 years:

They have the insurance protection they need, plus the potential to build cash value they can access through a collateral loan during retirement.

#### At age 65:

While the Insurance protection remains in place, a collateral loan allows them to supplement their retirement income by approximately \$22,000 per year for the next 25 years, and the funds would not be taxable as income.<sup>5</sup>

#### At the first death:

Part of the death benefit is used to repay the collateral loan, ensuring that no outstanding debts are left to the remaining life insured.

**When you're ready to stop working, put your whole life insurance policy to work for you.**

Questions on Equimax or collateral loans? Contact your Regional Equitable Life Marketing Manager.

<sup>1</sup> Dividends are not guaranteed. They will vary with the performance of Equitable Life® and are subject to change. <sup>2</sup> Assumes standard non-smoker rates.

<sup>3</sup> Assumes regular lending requirements for loan approval have been met. <sup>4</sup> Maximum Collateral Loan available is 90% of the CSV.

<sup>5</sup> Currently, the Income Tax Act (Canada) does not consider such loan proceeds as taxable income. However, the tax laws of Canada are subject to change and can affect the benefits portrayed in this concept. Currently, collateral loans are offered by TD Canada Trust. This may be subject to change.