

## Term Insurance For business

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### Sales Track: TERM INSURANCE FOR BUSINESS Taking care of business

<b>Products</b>	<ul style="list-style-type: none"> <li>• 10 and 20 Year Renewable and Convertible Term</li> <li>• Term 30 / 65 (convertible, non-renewable)</li> </ul>
<b>The need</b>	<p>Mitigating risks is an important part of any business strategy, regardless of whether the business is a sole proprietorship, partnership, or corporation. However, until the business gets established, which can take several years, cash flow can be tight. Low-cost life insurance is critical to cover business needs including buy sell agreements, key person insurance, capital gains tax and creditor protection.</p>
<b>The solution</b>	<p>Term life insurance can help your business clients:</p> <ul style="list-style-type: none"> <li>• Fund a buy sell agreement to ensure a smooth transition of the deceased owner's interest in the business to the surviving owners.</li> <li>• Fund key person insurance to cover the costs to replace and retrain a key employee and minimize the disruption to the business.</li> <li>• Pay off business loans and debts.</li> <li>• Provide working capital to keep the business running without having to use personal savings.</li> </ul>
<b>Client profile</b>	<ul style="list-style-type: none"> <li>• Sole proprietors, partners and corporate shareholders.</li> <li>• Small business owners with employees.</li> <li>• Executives and professionals age 50+ who may be looking to transition out of the corporate world and start their own business.</li> <li>• Business has been around for at least 5 years. (Only 51% of businesses survive for 5 years.<sup>1</sup>)</li> <li>• Interested in business succession.</li> <li>• Have sufficient cash flow or access to capital to cover business expenses.</li> </ul>
<b>Advisor profile</b>	<ul style="list-style-type: none"> <li>• Has a significant block of clients who are professionals, executives and small business owners.</li> <li>• Has group clients who may be downsizing. Displaced executives often start their own consulting businesses.</li> <li>• Has a good understanding of buy sell agreements and key person insurance.</li> <li>• Comfortable working with business owners.</li> <li>• Wants to grow the business by targeting small businesses.</li> <li>• Has a network of tax, legal and accounting experts who can consult on individual cases.</li> <li>• Active member of the local Chamber of Commerce or Business Association.</li> </ul>

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<b>Attention grabber</b>	<ol style="list-style-type: none"> <li>1. Approximately 15% of employed workers in Canada are self-employed.<sup>1</sup> How many are in your block? How many have you talked to about business insurance?</li> <li>2. How many of your clients who are currently in a partnership would welcome having their partner's spouse as their new partner?</li> <li>3. Do you have a funded buy sell agreement in place?</li> <li>4. Would you like to increase your daytime activity by working in the business market?</li> </ol>
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<b>Positioning the concept</b>	<p>We've all heard the saying "Never mix business with pleasure". Not so with life insurance. Because if you're a business owner, buying life insurance to protect your family but neglecting to buy it to protect your business interests is like thinking your house is secure because you locked the doors when in fact you left the windows wide open.</p> <p>Why? Well, think about what happens to a business when an owner dies.</p> <p>If you're a sole proprietor, your estate is responsible for all business debts, keeping those assets from going to your family. In a partnership, if your partner dies, you may need to dip into your family's savings to buy out their shares. Either way, what happens to the business can seriously impact your family's financial security.</p> <p>Let me show you how term insurance can protect your business and your family.</p>
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<b>Key features and benefits</b> (Term Insurance)	<b>Feature</b>	<b>Benefit</b>
	High coverage at a low cost.	For business owners, the amount of insurance required is usually high but their cash flow is low, especially when they are trying to get the business established. Term insurance offers affordable protection.
	Multiple term coverages in one policy (term 10, 20 and 30/65)	Save money by layering multiple term coverages in one plan to target specific short and longer term needs



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Key features and benefits continued	Feature	Benefit
	Disability Waiver of Premium Rider	If the insured person qualifies for the Disability Waiver benefit, Equitable Life® will pay for premiums for the duration of the disability.
	Guaranteed Insurability Rider	Ability to purchase additional insurance at specified dates in the future with no additional evidence required. Your clients' insurance protection can keep pace with their growing business.
	Bundling Term and Critical Illness insurance in a single policy	A properly funded buy sell agreement not only covers the owners in the event of death, but also in the event that they are diagnosed with a critical illness that keeps them from contributing to the business. They can save the policy fee by bundling the term and critical illness insurance policies.
	Critical Illness Insurance Special Offer	If your clients are 50 or under, and qualify for a preferred risk class on a Term coverage, they will automatically be underwritten for EquiLiving CI. If they qualify, they will have the opportunity to purchase Critical Illness insurance in an amount equal to 25% of the face amount of their life insurance coverage, to a maximum of \$250,000. <a href="#">See CI Special Offer Sales Tools.</a>
	Make a T10 last for 25 years with the Exchange Option	The Exchange Option gives your clients the flexibility to upgrade from short-term to longer-term coverage as the business gets established.  The client exchanges a 10 YRCT to a 20 year term at the 5th anniversary of the plan, or up to age 65, whichever comes first. The 20 year term becomes effective the date of the exchange, providing the client with another 20 years of coverage. Since no additional evidence of insurability is required to make the exchange, clients continue to receive their original risk classification regardless of their health at the time of exchange.  <a href="#">See Frequently Asked Questions on the Exchange Option.</a>

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Key features and benefits	Feature	Benefit
continued	Convertibility	<p>Able to purchase permanent insurance in the future with no additional evidence of insurability. Clients can convert their term insurance to the following permanent policies to handle long-term business insurance needs or their own personal permanent insurance needs should they leave the business.</p> <ul style="list-style-type: none"> <li>• Participating whole life – Equimax. (See “Why Equitable?”)</li> <li>• Universal life with all of the similar features offered by our competitors.</li> </ul>
	Third-party ownership available on policies	<p>Should it be more advantageous to have the insurance owned corporately rather than personally, the corporation can be named as the owner of term policies on the life of each of the business owners. Tax considerations will need to be taken into account when making this decision.</p>

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Frequently asked questions	Questions	Answers
	How can I get started in the business market?	<p><u>Your existing block</u></p> <ul style="list-style-type: none"> <li>• There are over 2.67 million self-employed Canadians.* Chances are, some of them are in your block -- personal clients who also own a small business. Refer to the Client Profile of page 1 for potential business market clients.</li> </ul> <p><u>Expand your network</u></p> <ul style="list-style-type: none"> <li>• Network with other professionals – accountants, lawyers, centres of influence</li> <li>• Join the Chamber of Commerce</li> </ul> <p><u>Ask for referrals from other business clients</u></p> <ul style="list-style-type: none"> <li>• As with any market you're working with, ask for referrals. This will increase your credibility and reputation as a "specialist in the business market".</li> </ul> <p><u>Do some joint work with an advisor who is already in the business market</u></p> <ul style="list-style-type: none"> <li>• Many advisors have found success in the business market by working with another advisor who is very experienced in these types of cases. They know which approaches work best, what questions to ask and when to just let the client talk.</li> <li>• Expect to share commissions but remember 50% of something is better than not getting the case at all.</li> <li>• Learn everything you can about the market.</li> </ul> <p>* According to Industry Canada: Small Business Branch: Key Small Business Statistics published July 2012.</p>

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Frequently asked questions	Questions	Answers
continued	If the business is incorporated, should the insurance be owned by the corporation?	<p>Maybe, maybe not. There are a lot of misconceptions about corporately-owned insurance. For example, some people believe that the premium paid on corporately-owned life insurance can be deducted as an expense by the corporation. However in reality, the business can only deduct premiums if the policy is collaterally assigned to a lending institution, is a charitable gift, an employee benefit or part of a Retirement Compensation Agreement.<sup>2</sup></p> <p>Your clients should seek professional tax and legal advice to determine whether corporately-owned business insurance is right for them.</p>
	Why Equitable Life?	<p>In an industry where larger is often assumed to be better, Equitable Life may not be the obvious choice. However as a successful mid-size company, we take the time to truly understand and respond to the needs of our customers and advisors.</p> <p>For business clients who need low-cost term insurance, we offer some of the best term rates in the market.<sup>3</sup></p> <p>And as their business grows, they can convert to permanent insurance. As a mutual life insurance company, we give clients the option to convert to a participating product that is eligible for dividends<sup>4</sup>, and also gives them an ownership interest in the company. As other insurance companies consolidate and restructure, our commitment to mutuality allows us to remain strong and stable and to focus on growing the Company and meeting the long-term interests of policyholders.</p> <p>See <a href="#">5 reasons for doing business with Equitable Life</a></p>

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Point of sale tools	Tools	Where to find it
(Equitable Life's advisor website - EquiNet® provides the tools and information you need to run your business.)	New business illustration	Desktop software. <a href="#">Go to EquiNet.</a>
	1301 – Taking Care of Business with Term	EquiNet / Insurance / Marketing Materials (Found under the Term tab) <a href="#">Download now</a>  (Also available in a <a href="#">printer-friendly pdf</a> format.)
	Advisor PowerPoint Presentation:  Taking Care of Business with Term  (For an advisor audience. This is not a client-facing presentation.)	Contact your Equitable Life Regional Sales Manager if you are interested in having them run this seminar for your office.

Review your clients' insurance needs to determine which product best meets their needs and whether the concept outlined in this sales track is appropriate for their situation. The information in this sales track is not a substitute for tax or legal advice. Your clients should consult their tax or legal professional for independent advice with respect to their personal circumstances. While Equitable Life has made every effort to ensure the accuracy of the information presented here, the policy contract governs in all cases.

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<sup>1</sup> Industry Canada "Key Small Business Statistics" July 2012

<sup>2</sup> Current Canada Revenue Agency requirements, which are subject to change.

<sup>3</sup> When compared against these major competitors: Great-West / London / Canada Life, IA, Manulife, BMO, Sun Life, Empire Life, Desjardins, ivari,

<sup>4</sup> Dividends are not guaranteed. They are subject to change, and 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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