










HARNESSING THE POWER OF WHOLE LIFE CASH VALUE

Dream vacation, weddings, retirement, emergencies. When life happens to you, having access to the cash value of your participating whole life insurance policy gives you the flexibility you want.

You may be able to access the cash value of a personally-owned¹ whole life insurance policy by:

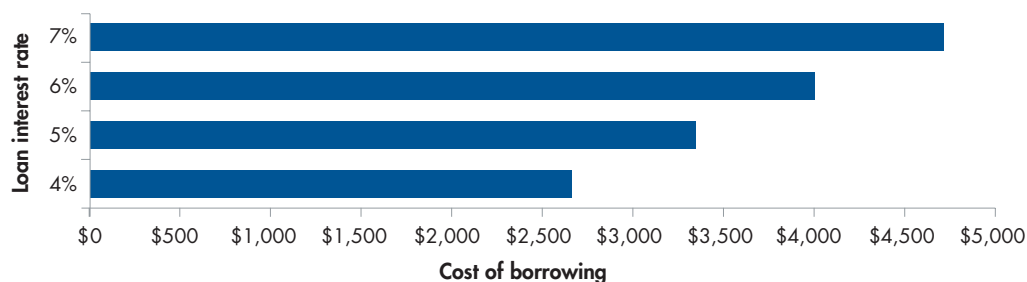
- taking a cash withdrawal directly from the policy²
- using the cash value as collateral to borrow money from Equitable Life® (called a policy loan)
- using the cash value as collateral for a loan from your financial institution³

FINDING THE OPTION THAT WORKS BEST FOR YOU

	Cash withdrawal	Policy loan	Collateral loan ⁴
Who is it for?	Policy owners who want: <ul style="list-style-type: none"> • a small amount of cash • do not intend to repay it • are uncomfortable with debt 	Policy owners who want: <ul style="list-style-type: none"> • a slightly larger amount of cash • intend to repay the loan • do not want to apply for a loan from a financial institution • may not qualify for a loan from a financial institution 	Policy owners who want: <ul style="list-style-type: none"> • a larger amount of cash • intend to have the life insurance proceeds pay off the loan at death • are comfortable with debt
How much money can you access?	 Limited to the available non-guaranteed cash value.	 May be able to borrow up to 90% of the available guaranteed and non-guaranteed cash value.	 May be able to borrow up to 100% of the available guaranteed and non-guaranteed cash value. Loan minimums vary by financial institution. ³
When do you plan to repay it?	 Never.	 Usually in the short term but can be at death.	 At death.
Will you be taxed on the money you receive? ⁵	 The adjusted cost basis (ACB) ⁶ allocated to the partial withdrawal is calculated on a pro-rata basis. The amount by which the cash withdrawal exceeds this pro-rata ACB at the time of the withdrawal may be considered taxable income.	 The amount by which the loan proceeds exceed the policy's ACB ⁶ at the time of the loan may be considered taxable income.	 The loan proceeds are received tax-free if the borrower is the owner of the policy.

THE IMPACT OF INTEREST RATES

You should compare interest rates. A small difference in loan interest rates can make a big difference in the overall cost of a loan.



This example assumes a loan amount of \$25,000 with interest accumulated over a 5 year period.

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WHAT YOU SHOULD KNOW ABOUT THE OPTIONS

	Cash withdrawal	Policy loan	Collateral loan ⁴
Are there limits that apply?	<ul style="list-style-type: none"> • Minimum: \$500⁷ • Maximum: Limited to the available non-guaranteed cash value only⁸ 	<ul style="list-style-type: none"> • Minimum loan: \$500⁷ • Maximum loan: 90% of the available cash value^{8,9} 	<ul style="list-style-type: none"> • Minimum loan: May be as high as \$250,000. (varies by financial institution)³ • Maximum loan: up to 100% of the available cash value^{8,9}
What is the process?	<ul style="list-style-type: none"> • Easy to apply for • Complete, sign and submit one form directly to Equitable Life 	<ul style="list-style-type: none"> • Easy to apply for • Complete, sign and submit one form directly to Equitable Life • No need to qualify • Available for all dividend options 	<ul style="list-style-type: none"> • May need to provide multiple documents to your financial institution • Financial institution may require an application and supporting documents which may include a debt service ratio¹⁰, credit history, income statement, etc.
Is there a fee?	<ul style="list-style-type: none"> • There is no fee to process a cash withdrawal⁷ 	<ul style="list-style-type: none"> • There is no fee to process a policy loan⁷ 	<ul style="list-style-type: none"> • There may be fees and costs to arrange the collateral loan depending on the financial institution
Do you need to make regular repayments?	<ul style="list-style-type: none"> • No repayments are required 	<ul style="list-style-type: none"> • Repayments are at your discretion and can be made at any time • Loan repayments are first applied to the principal and then towards any accrued interest for that policy year¹¹ 	<ul style="list-style-type: none"> • The terms of the loan agreement may require regular or periodic loan repayments; interest only payments; or additional collateral to back the loan if the loan exceeds the lending limit • Ideally the loan is structured so it is only repaid at death of the life insured
Does it impact what you can do with the policy?	<ul style="list-style-type: none"> • No. You still own and control the policy • May negatively affect the premium offset option • Will void the Enhancement Guarantee under the Enhanced Protection dividend option 	<ul style="list-style-type: none"> • No. You still own and control the policy • Any outstanding loans and accrued interest must be paid in full prior to requesting premium offset 	<ul style="list-style-type: none"> • Yes. The policy is assigned to the lender • There may be restrictions on certain policy owner rights including surrendering the policy, making withdrawals or policy loans from the cash value, changing coverage amounts, etc. • Note: You should consult with an independent tax, accounting, or legal professional for advice
How does it impact the death benefit?	<ul style="list-style-type: none"> • Immediately decreases the policy's cash value and death benefit 	<ul style="list-style-type: none"> • At time of payment, the death benefit will be decreased by any outstanding policy loan and accrued interest amount 	<ul style="list-style-type: none"> • At time of payment, the death benefit will be decreased by the collateral loan and unpaid interest amount

Talk to your advisor about the option that might be right for you.

¹ For information on collateral loans using corporately-owned policies, ask your advisor about the *Corporate Preferred Retirement Solutions*[®]. ² Cash withdrawals are not available with paid in cash and premium reduction dividend options. ³ With a collateral bank loan, the lender will be a third-party lending institution. Availability of a loan from the third-party lending institution is not guaranteed by Equitable Life and is not part of the life insurance contract. The borrower must apply for and meet the third-party lending institution's loan qualification requirements. The borrower may be able to borrow from a third-party lending institution an amount up to 100% of the policy's cash value. Loan minimums vary by financial institution. Some financial institutions require a minimum collateral loan of \$250,000. The ability to obtain a loan and the terms of a loan are subject to the financial underwriting policies at the third-party lending institution at the time of loan and are subject to change at any time. There may be conditions, fees and costs associated with arranging the collateral bank loan. ⁴ Assumes the collateral loan is repaid at death and the loan is not called by the financial institution for immediate payment. If the loan is called you are responsible for providing the funds to repay the loan, which means you may need to surrender your policy for its cash value and provide additional collateral to cover any shortfall. ⁵ Based on tax legislation as of September 26, 2018 and may change. ⁶ ACB is the premiums paid less the net cost of pure insurance calculated in accordance with the *Regulations under the Income Tax Act*. ⁷ Amounts are subject to our administrative rules and guidelines in effect at the time of the request. The administrative rules and guidelines are set by Equitable Life, are reviewed from time to time, and are subject to change. ⁸ If you select on deposit, paid-up additions or enhanced protection as your dividend option, your policy will accumulate non-guaranteed cash value. Dividends are not guaranteed and are paid at the sole discretion of the Board of Directors. Dividends 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. ⁹ Includes both guaranteed and non-guaranteed cash value less any outstanding loans. ¹⁰ Debt service ratio measures the proportion of household disposable income required to meet debt obligations. ¹¹ Interest accrues daily, and at each policy anniversary is added to the outstanding loan balance (capitalised). Interest is charged on the entire amount owing.

This information does not constitute legal, tax, investment, or other professional advice. ® denotes a trademark of The Equitable Life Insurance Company of Canada.