

Equimax Preserving a family legacy

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Sales Track: PRESERVING A FAMILY LEGACY With Equimax® participating whole life Wise thinking for your financial plans

Product	<ul style="list-style-type: none"> Equimax Estate Builder® participating whole life insurance
The need	Some clients have assets, such as a family cottage, that will result in a large capital gain at the time of death. Unless there is a plan in place to cover the tax liability, heirs may be forced to sell the asset.
The solution	Equimax Estate Builder participating whole life insurance can preserve a family legacy by ensuring a tax-efficient transfer of assets to heirs. It creates a permanent asset that, through the crediting of dividends ¹ , provides the opportunity to increase in value. The death benefit could be used to cover all or part of the potential tax liability associated with the capital gain on disposition of the asset.
Client profile	<ul style="list-style-type: none"> Have an asset that will result in a large capital gain on death, such as a family cottage. Have good cash flow with little or no debt other than their mortgage. Like guarantees. Have a lower risk tolerance and prefer a stable, hands-off investment option.
Advisor profile	<ul style="list-style-type: none"> Believes in whole life insurance. Sells Equitable Life's Equimax product. Has clients who own cottages or other assets that they'd like to see stay in the family. Prefers the more stable investment return participating whole life offers. Not comfortable recommending investments to clients especially in times of higher market volatility.
Client attention grabbers	<ol style="list-style-type: none"> Who's going to inherit your family cottage? Canadians face the prospect of sharing their legacies with the government. Let's look at a way to help you keep it in the family. If I could show you how life insurance can solve your capital gain concerns, would you be interested? Would you like to see a stable long-term investment option that avoids the volatile returns in the equity market?

¹ 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.

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Positioning the concept	<p>What do your clients enjoy most in life? Is it spending weekends at the family cottage or vacation condo? How important is it to them to see that cottage or condo stay in the family so that their children, grandchildren and great-grandchildren can continue to enjoy it?</p> <p>Assets like a cottage can result in a costly capital gain upon death. That capital gain could be so high that heirs will have no choice but to sell the family cottage to pay the tax. If your clients could prevent that from happening, would they? How good would they feel knowing that they have given their children and grandchildren the gift of a legacy....the opportunity to continue to enjoy everything your clients have worked so hard to provide for their family?</p> <p>Show your clients how they can preserve a family legacy and give a gift that will last for generations to come.</p>
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Key features and benefits (Equimax participating whole life)	Feature	Benefit
	Estate Builder Plan Type	Higher long-term value ideal for covering estate taxes and fees so assets pass intact to heirs.
	20 Pay Premium Payment Option	Base plan can be paid up in 20 years.
	Guaranteed Cash Value and Death Benefit	Peace of mind knowing the coverage and cash value are guaranteed.
	An asset that increases in value	<p>The longer your clients live, the greater the value of their cottage and therefore, the greater the capital gains. When it comes to putting a plan in place to keep the cottage in the family, Equimax Estate Builder is a perfect solution. It is a permanent asset that grows in value over time to help cover the potential tax liability.</p> <p>Value accumulates within the plan on a tax-advantaged basis. This may provide greater benefit to your clients when compared to traditional non-registered interest-bearing savings vehicles that are taxed annually.</p>



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Key features and benefits continued	Feature	Benefit
	Ability to access the cash value through a policy loan	<p>A policy loan allows your client to use the cash value in their Equimax policy as collateral to borrow money from Equitable Life. If the loan is granted, there will be outstanding debt against the policy.</p> <ul style="list-style-type: none"> • The minimum loan amount that your client can apply for is currently \$500. Equitable Life sets the minimum and it is subject to change. • The maximum loan amount that your client can apply for is currently limited to 90% of the available cash value less any amounts already owing on the policy (outstanding indebtedness). Equitable Life sets the maximum and it is subject to change, however, it will never be greater than 90% of the available cash value less any outstanding indebtedness. <p>If at any time the total indebtedness under the policy, including the accrued interest, exceeds the available cash value, the policy will lapse and the insurance coverage will terminate.</p>
	Returns that are guaranteed never to be negative	<p>Hands-off investment management. Never having to explain why your clients' investments lost money. Client satisfaction grows as they receive policy statements that never show a negative return. Satisfied clients are an excellent source of referrals.</p>
	Paid Up Additions (PUAs) Dividend Option plus Excelsior Deposit Option (EDO)	<p>PUAs can result in increases in both the death benefit and cash value over the life of the policy. Add to that additional deposits made through the Excelsior Deposit Option and clients can build a substantial value they can access for emergencies, to supplement retirement income or leave as a tax-free payment to their beneficiaries.</p> <p>The cash value of the policy can also become a potential source of tax-free income when the policy is used in a collateral loan arrangement.</p>

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	Mutual company	<p>Equitable Life is proud to be one of Canada's largest mutual life insurance companies. We are owned by our participating policyholders, not shareholders. Participating policyholders elect our Board of Directors. As a mutual company, we are not driven by shareholder pressures for quarterly results. This allows us to focus on management strategies that foster prudent long-term growth, continuity and stability.</p> <p>Participating whole life policyholders are eligible to participate in the earnings in the participating account through dividend payments. 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.</p>
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Frequently asked questions	Questions	Answers
	Why would I sell whole life when universal life offers more flexibility?	Equimax offers hands-off investment management in a diversified portfolio. It provides long-term growth and returns that will never be negative and once dividends are credited, they cannot be taken away. ¹ With Universal Life, clients could experience negative returns which can erode the value of the policy.
	Why would I sell whole life when universal life costs less?	Equimax also offers more contractual guarantees than universal life due to its built-in guaranteed cash value. Even when paying the required guaranteed premium, there is expected growth due to the payment of dividends. ¹ With the exception of advising clients on actions that may be required to their policy as a result of the impact of a decrease in the dividend scale, Equimax requires little or no management by an advisor.

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Frequently asked questions	Questions	Answers
continued	How do I know what initial face amount is required to provide a death benefit sufficient to cover the potential tax liability?	<ul style="list-style-type: none"> • You won't be able to determine the exact amount, as it will depend on future factors at the time of death, but you can estimate it based on current assumptions. • Select a date in the future and estimate the potential tax liability. For example, look at how the asset has increased in value in the past and assume similar appreciation into the future. • Determine the initial Face Amount by looking at the projected values of the Total Death Benefit at that date in the future. The amount needs to be at least enough to cover the estimated tax liability. • Since dividends are not guaranteed, Equitable Life recommends using a conservative estimate of projected values for illustration, such as "current dividend scale less 2%". <p>Preserving a Family Legacy Sales Solution illustrates how this works in a real life case study.</p>
	Are dividends guaranteed?	<ul style="list-style-type: none"> • 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. • Equitable Life has paid dividends every year since it started selling participating whole life insurance in 1936. As well, dividends will never be negative and once credited, cannot be taken away.

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Frequently asked questions continued	Questions	Answers
	Can clients make additional payments into a whole life policy above the required premium?	Yes, it's called Excelsior Deposit Option (EDO). The option allows clients to accelerate the tax-advantaged growth in their policy by making additional deposits above the required guaranteed premium. Those deposits buy paid-up insurance which may increase the total death benefit and total cash value of their policy. These deposits are optional and are not required to keep the policy in effect.
	Can Equitable Life guarantee that a policy will be paid up after a limited number of years?	Yes, by selecting the 20 Pay option, premiums for the base plan are guaranteed to be paid up in 20 years. Premiums for optional Riders and benefits may extend beyond 20 years.
	Why Equitable Life?	DBRS Morningstar upgraded the Financial Strength Rating and the Issuer Rating of Equitable Life to A (high) with Stable Trends. This upgrade to our rating is very positive and reflects our continued strong business performance as well as our strong LICAT ratio of 162% at the end of Q2 2020, which puts us in the top tier of Canadian life insurance companies. Also see 5 reasons for doing business with Equitable Life

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Frequently asked questions continued	Questions	Answers
	<p>If I already sell a competitor's whole life product with similar price, cash value, death benefit and commission, why should I switch to Equitable Life's product?</p>	<p>Many advisors prefer to deal with a successful mid-size company like Equitable Life because we take the time to personally understand your business needs and help develop solutions. Equitable Life Regional Sales Managers, located coast to coast, provide personalized sales support. They can help you increase sales and build your business.</p> <p>Equitable Life is not your typical financial services company. We have the knowledge, experience and ability to find solutions that work for you and your clients. We're friendly, caring and interested in helping. And when it comes to service, we like to provide the personal touch! That isn't just a promise, it's a reality.</p> <p>Being recognized for our service culture across all lines of business is a point of pride for a company that includes 'customer focus' as one of its three corporate values.</p> <p>In a 2019 survey of customers from 15 life insurance companies,* Equitable Life ranked #1 on the Net Promoter Score, a measure used across industries to gauge the loyalty of a firm's customer relationships.</p> <p><small>* LIMRA CxP Customer Experience Benchmarking Program, Life Insurance In-Force Experience</small></p>



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Common obstacles from clients	Obstacles	Answers
	I already have life insurance.	<p>I'm glad to hear that. A lot of people haven't taken that step. Can I ask you a few questions about what you have? Is it through work or did you buy it yourself? How was the amount of insurance determined? What were you hoping that insurance would do? Pay off your mortgage? Leave money to your children? Was the potential capital gain on your cottage or asset taken into consideration when you decided how much insurance you needed? Will the value of your current insurance policy grow sufficiently over time to keep up with the tax liability that will continue to increase the longer you live?</p> <p>What if we took a second look at what you have in place, just to make sure it's sufficient to do everything you want it to do and that it will keep that cottage in the family?</p>
	Permanent insurance is too expensive.	<p>Show clients that with permanent insurance like Equimax, a portion of every dollar they pay in premiums is actually more like savings. They shouldn't think of permanent insurance like they would their hydro or phone bill. When they pay those bills, the money is gone. But with permanent insurance they are investing in something that grows in value. Run an illustration to show how the premiums they are paying are really becoming an investment.</p> <p>If they still feel that permanent insurance is too expensive and doesn't fit within their budget, ask them what monthly payment they can afford and look at a combination of term and permanent to manage the cost. In most cases, the amount of insurance a person needs is often higher today, to replace their income, than it will be after retirement for estate, final expenses and capital gains tax.</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.	New business illustration	Desktop software. Go to EquiNet.
	Sales Solution	EquiNet Home > Individual Insurance > Whole Life Insurance > Sales Strategies tab > Sales Solutions heading. Download now
	1153 – “Preserving a family legacy with Equimax” (For advisor use only. This case study provides an example of how to set up the plan.)	(Available in printer-friendly pdf only.)
	1130 – Wise thinking for your financial plans” (Introduces Equimax participating whole life insurance and why it is ideal for your clients financial planning needs.)	EquiNet Home > Individual Insurance > Marketing Materials Download now
	1038 – Understanding Participating Whole Life Insurance (This client guide provides information about Equimax participating whole life insurance, including some key financial facts about the management, performance and strength of Equitable Life's Participating Account, how dividends are calculated and how they impact the policy.)	EquiNet Home > Individual Insurance > Marketing Materials Download now
	1828 – Participating Account Executive Summary (Provides details on how the money in the Participating Account is invested.)	EquiNet Home > Individual Insurance > Marketing Materials Download now
	1360 - Participating Account Quarterly Update (This 2 page summary provides quarterly updates and commentary.)	EquiNet Home > Individual Insurance > Marketing Materials Download now

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Point of sale tools continued	1505 – Dividend scale interest rate – historical performance (This 1 page summary provides a historical look at Equitable Life’s dividend scale interest rate compared to other well-known economic indicators.)	EquiNet Home > Individual Insurance > Marketing Materials Download now
	Advisor PowerPoint Presentation Preserving a family legacy (For an advisor audience. This is not a client-facing presentation.)	Contact your Equitable Life Regional Sales Manager if you are interested in having this seminar run 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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