

# Dividend Scale Interest Rate and PAR Account Rate of Return

## 30-year historical performance

The following table shows Equitable Life's participating account rate of return and dividend scale interest rate over 30 years compared to other well-known economic indicators. The participating account returns are the returns earned on assets held in the account for the given calendar year; the returns are net of investment expenses and include returns from policy loans. The dividend scale interest rate is smoothed and does not include policy loans.

Year	Equitable Life Par Account Return	Equitable Life Dividend Scale Interest Rate	S&P/TSX Total Return Index	Government of Canada 5 to 10 Year Bonds	5 Year GIC	Consumer Price Index
1993	9.55%	10.70%	32.55%	7.24%	6.40%	1.70%
1994	9.63%	10.20%	-0.18%	8.26%	7.40%	0.20%
1995	9.43%	10.20%	14.53%	7.93%	7.10%	1.80%
1996	9.14%	9.60%	28.35%	6.86%	5.60%	2.20%
1997	8.54%	10.00%	14.98%	5.87%	4.70%	0.80%
1998	8.32%	9.10%	-1.58%	5.26%	4.40%	1.00%
1999	8.23%	8.80%	31.71%	5.56%	4.80%	2.60%
2000	8.23%	8.80%	7.41%	5.96%	5.30%	3.20%
2001	7.74%	8.80%	-12.57%	5.32%	4.00%	0.70%
2002	8.02%	8.80%	-12.44%	5.08%	3.90%	3.80%
2003	7.70%	8.40%	26.72%	4.54%	3.10%	2.10%
2004	7.64%	8.20%	14.48%	4.34%	2.90%	2.10%
2005	7.48%	8.20%	24.13%	3.89%	2.70%	2.10%
2006	7.59%	7.90%	17.26%	4.18%	3.20%	1.70%
2007	7.30%	7.90%	9.83%	4.25%	3.30%	2.40%
2008	4.92%	7.90%	-33.00%	3.36%	3.01%	1.20%
2009	8.58%	7.40%	35.05%	2.84%	1.95%	1.30%
2010	7.80%	7.10%	17.61%	2.88%	2.00%	2.40%
2011	6.00%	7.10%	-8.71%	2.47%	1.87%	2.30%
2012	7.34%	6.80%	7.19%	1.63%	1.65%	0.80%
2013	8.54%	6.80%	12.99%	1.99%	1.63%	1.20%
2014	8.25%	6.80%	10.55%	1.86%	1.92%	1.50%
2015	4.03%	6.80%	-8.32%	1.19%	1.47%	1.60%
2016	7.23%	6.50%	21.08%	1.02%	1.41%	1.50%
2017	6.90%	6.50%	9.10%	1.61%	1.39%	1.90%
2018	3.70%	6.35%	-8.89%	2.22%	1.69%	2.00%
2019	7.49%	6.20%	22.90%	1.53%	2.08%	2.20%
2020	5.15%	6.20%	5.60%	0.65%	1.28%	0.70%
2021	11.07%	6.05%	25.09%	1.27%	0.99%	4.80%
2022	3.04%	6.05%	-5.84%	2.78%	2.87%	6.30%
<b>Average returns</b>						
5 Years	6.05%	6.17%	6.85%	1.69%	1.78%	3.18%
10 Years	6.51%	6.42%	7.74%	1.61%	1.67%	2.36%
20 Years	6.87%	7.05%	8.47%	2.52%	2.12%	2.10%
30 Years	7.47%	7.86%	8.67%	3.77%	3.19%	2.00%
Standard deviation since 1993	1.81%	1.39%	16.14%	2.18%	1.80%	1.25%

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 and experience in the participating account and the participating block of policies. Improvements in some of the components can help offset declines in other components. For example, improvements in mortality can help offset the impact of declining interest rates on investment performance. Data as of December 31 of the applicable year, other than the dividend scale interest rate, which is as of July 1 of the applicable year. Average returns are calculated using a geometric mean. Historical results are not indicative of future performance. Source: Statistics Canada, Bank of Canada, Equitable Life of Canada.

### **The participating account rate of return**

The participating account rate of return is the return earned on the assets held in the account in a given calendar year. It's a short-term indicator of investment performance.

The rate of return goes up and down based on the economy. Common stock and real estate returns are valued on a marked-to-market basis and are not smoothed. Bonds are assumed to be held to maturity. Equity markets and corporate defaults also affect the participating account rate of return.

During periods of high interest rates, the rate of return of the participating account tends to increase. During periods of low interest rates, the rate of return tends to decrease. There is frequently a timing difference. This results in less overall fluctuation in the rate of return on the participating account compared to assets in these markets and changes in the interest rate environment.

### **The dividend scale interest rate**

The dividend scale interest rate is just one factor used to determine the dividends paid in a participating policy. Other factors include mortality, expense, lapse, claims experience, taxes, and other experience of the participating block of policies.

The dividend scale interest rate is not the same as the participating account rate of return.

The dividend scale interest rate smooths out the ups and downs experienced by the participating account. The dividend scale interest rate does not include policy loans.

Because of smoothing increases and decreases in the dividend scale interest rate will lag what is happening in the interest rate environment and with the returns of the participating account. A decreasing or continued low interest rate environment will likely mean future decreases in the dividend scale interest rate. If the interest rate environment were to improve over time, the dividend scale interest rate may increase.

Dividends are paid at the sole discretion of the Board of Directors.