

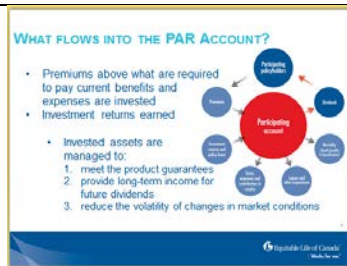


## Equimax

### Understanding Participating Whole Life – Client Presentation (Notes)

Slide	Notes
	<p>Other pieces to provide to your client along with this presentation include:</p> <ul style="list-style-type: none"> <li>• Understanding Equimax – Your Guide to Equimax (form 1129) - a client guide available for order in print or pdf</li> <li>• Understanding Participating Whole Life (form 1038) – available for order in print or pdf; and is an excellent accompaniment to this presentation.</li> <li>• Par Account Quarterly Update – available in pdf only; provides a quarterly snapshot of the Participating Account Asset Mix</li> <li>• Dividend Notice – available in pdf only</li> <li>• Dividend Policy – available in pdf only</li> <li>• Participating Account Management Policy – available in pdf only</li> </ul> <p>All are available on <a href="http://www.equitable.ca">www.equitable.ca</a> on the Whole Life product page under Our Products at: <a href="http://www.equitable.ca/en/our-products/individual-insurance/whole-life.aspx">http://www.equitable.ca/en/our-products/individual-insurance/whole-life.aspx</a></p>
	<p>Participating (PAR) whole life insurance provides:</p> <ul style="list-style-type: none"> <li>• Guaranteed premiums, cash values and death benefit. Those values are based on conservative assumptions for investment returns, mortality (claims) and expenses.</li> <li>• Stable, hands-off investment offering tax-advantaged growth; part of your premium payment is invested into the Participating (PAR) Account and managed by Equitable Life Asset Management Group.</li> <li>• Participating whole life policyholders are also eligible to receive dividends through distributable earnings of the Participating Account. You can choose from 5 dividend options including: Cash, Premium Reduction, On Deposit, Paid-Up Additions and Enhanced Protection</li> <li>• While dividends are not guaranteed, they will never be negative.</li> <li>• The concept of Participating Whole Life insurance is that over the lifetime of the policy, the net cost to the client (premiums paid less dividends received) reflects the actual experience of the Participating Account.</li> </ul>





### What flows into the Participating (PAR) Account?

- When you purchase an Equimax participating whole life insurance policy, you benefit from a guaranteed death benefit, cash values and premiums. Those premiums cover benefits and expenses, as well as a contribution to the company's surplus. The remainder flows into the participating account and is invested.
- Investment returns
  - Assets in the PAR Account are managed to:
    1. meet the product guarantees
    2. provide long-term income and growth to support the dividend scale

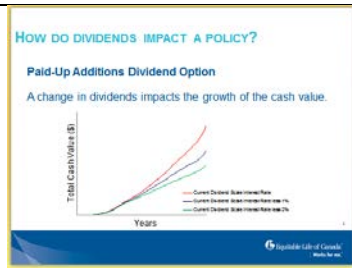


### How are PAR premiums invested?

- The Participating (PAR) Account offers stable, hands-off investment with tax-advantaged growth
- The investments in the PAR Account are managed by the Equitable Life Asset Management Group.
- The asset mix includes common and preferred equities, real estate, commercial mortgages, private and public bonds.
  - Invested for optimum performance by:
    - Selecting high quality securities
    - Diversifying investments in a variety of maturities for the fixed income portfolio
    - Limiting concentration by sectors and geographic distribution
    - Investment performance is based on the actual rate of return Equitable Life earns on the participating account. The rate of return goes up and down based on the economy. 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. 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 smooths out the ups and downs experienced by the participating account.
- For quarterly updates on the Participating Account Asset Mix go to [www.equitable.ca](http://www.equitable.ca) [Our Products>Whole Life](#)

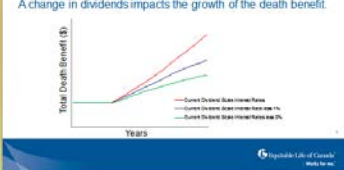
<p><b>WHAT FLOWS OUT OF THE PAR ACCOUNT?</b></p> <ul style="list-style-type: none"> <li>Dividend payments 5 options for how to receive dividends including using them to:             <ul style="list-style-type: none"> <li>reduce your premium, or</li> <li>increase the cash value and death benefit</li> </ul> </li> <li>Claims (Mortality) Death benefits paid to beneficiaries</li> <li>Expenses Includes lapsed policies</li> <li>Policy loans</li> <li>Taxes</li> </ul>  <p>Equitable Life of Canada Member of Sun Life</p>	<p><b>What flows out of the PAR Account?</b></p> <ul style="list-style-type: none"> <li>The PAR Account is managed for investment yield as well as the risk associated with paying all future obligations of the participating block of policies.</li> <li>What flows out of the PAR Account?             <ul style="list-style-type: none"> <li>Dividend payments                 <ul style="list-style-type: none"> <li>5 options to receive dividends including using them to reduce your premium or to increase the cash value and death benefit</li> </ul> </li> <li>Claims (Mortality)                 <ul style="list-style-type: none"> <li>Death benefits paid to beneficiaries</li> </ul> </li> <li>Expenses                 <ul style="list-style-type: none"> <li>Cost to administer the PAR Account including policy loans and lapsed policies. Lapsed policies are policies that terminate for a reason other than payment of a death benefit, such as cancelling the policy or stopping premium payments for a policy.</li> </ul> </li> <li>Policy loans</li> <li>Taxes</li> </ul> </li> </ul>
<p><b>HOW ARE DIVIDENDS CALCULATED?</b></p> <ul style="list-style-type: none"> <li>Investment returns</li> <li>Claims (Mortality) experience</li> <li>Lapse experience</li> <li>Policy loans</li> <li>Taxes and expenses</li> </ul> <p>Investment returns and claims experience are the largest components</p>  <p>Equitable Life of Canada Member of Sun Life</p>	<p><b>How are dividend calculated?</b></p> <ul style="list-style-type: none"> <li>To calculate the dividend, we look at a number of factors. The participating account is mainly impacted by returns earned on investments and by death benefits, but also other factors such as policy loans, terminated policies, taxes and expenses. Improvements in some of the factors can help to offset declines in others. For example, improvements in mortality (death claims paid) can help offset the impact of declining interest rates on investment performance.</li> <li>Tax and expense experience are generally a small factor of the total dividend compared to the investment and mortality experience.</li> </ul>
<p><b>PAYMENT OF DIVIDENDS</b></p> <p>Equitable Life has credited dividends every year since we first offered Participating Whole Life in 1936.</p> <p><small>Dividends are NOT guaranteed but they will never be negative.</small></p> <p>Equitable Life of Canada Member of Sun Life</p>	<p><b>Payment of dividends</b></p> <ul style="list-style-type: none"> <li>Equitable Life has credited dividends every year since they first offered Participating Whole Life in 1936.</li> <li>While dividends are not guaranteed, they will never be negative.</li> <li>Once a dividend is credited to a policy it cannot be taken away unless directed by you.</li> </ul>





### How do dividends impact a policy?

- A change in the dividend scale can affect your policy, particularly if you selected a Dividend Option that relies on dividends to increase the cash value and the death benefit of your policy.
- With Paid-Up Additions Dividend Option, dividends are used to purchase participating paid-up additional insurance which is also eligible to earn dividends and therefore increases the cash value and death benefit of the policy.
- The sales illustration projects the cash value and death benefit into the future assuming the continuation of the current dividend scale.
- A change in dividends will impact the growth of the cash value and the death benefit.
- The guaranteed cash values and death benefit provided by the Basic Permanent Insurance will not be affected by changes in dividends, but changes in dividends will affect the non-guaranteed cash values and death benefit amount provided by the Paid-Up Additions.
- This graph shows how a decrease in the dividend scale interest rate of 1% or 2% impacts the Total Cash Value of a policy with the Paid-Up Additions dividend option. The Total Cash Value, which includes both the Guaranteed Cash Value and the Non-Guaranteed Cash Value generated by the Paid-Up Additions, will grow at a slower rate.

<p><b>HOW DO DIVIDENDS IMPACT A POLICY?</b></p> <p><b>Enhanced Protection Dividend Option</b></p> <p>A change in dividends impacts the growth of the death benefit.</p>  <p>Equitable Life of Canada MLA for BC</p>	<p><b>How do dividends impact a policy?</b></p> <ul style="list-style-type: none"> <li>• With Enhanced Protection Dividend Option, the policy begins with a combination of Basic Permanent Coverage and Yearly Renewable One-Year Term Insurance (the Enhancement).</li> <li>• Dividends paid are used first to pay for the One-Year Term Insurance with any excess buying participating paid-up additional insurance (Paid-Up Additions) which replaces part of the One-Year Term Insurance. The paid-up additional insurance also build cash value within the policy.</li> <li>• Once all the One-Year Term Insurance has been replaced with Paid-Up Additions, dividends continue to purchase Paid-Up Additions which increase the death benefit as well as continuing to increase the cash value of the policy.</li> <li>• The sales illustration projects the death benefit and cash value amounts into the future assuming the continuation of the current dividend scale.</li> <li>• A change in dividends will impact the growth of the total death benefit and cash values.</li> <li>• The guaranteed cash values and death benefit provided by the Basic Permanent Insurance will not be affected by changes in dividends, but changes in dividends will affect the non-guaranteed cash values and death benefit amount provided by the Paid-Up Additions.</li> <li>• This graph shows how a decrease in the dividend scale interest rate of 1% or 2% impacts the Total Death Benefit of a policy with the Enhanced Protection dividend option. It will take longer for the Paid-Up Additions to replace the One-Year Term Insurance and the Total Death Benefit will grow at a slower rate.</li> </ul>
<p><b>CASH VALUE</b></p> <ul style="list-style-type: none"> <li>• Policy includes both: <ul style="list-style-type: none"> <li>- Guaranteed Cash Values, and</li> <li>- Non-Guaranteed Cash Values</li> </ul> </li> <li>• Guaranteed Cash Values are determined using conservative long-term assumptions</li> <li>• Tax-advantaged growth</li> <li>• Access to Cash Value (may have tax consequences)</li> </ul> <p>Equitable Life of Canada MLA for BC</p>	<p><b>Cash value</b></p> <ul style="list-style-type: none"> <li>• The cash value of a participating life insurance policy has a guaranteed cash value component, which is set out in your policy contract, and a non-guaranteed cash value component, depending on the dividend option you have selected, which is generated by dividends credited to the policy.</li> <li>• The cash value accumulates in the policy on a tax-advantaged basis, subject to limits under the Income Tax Act.</li> <li>• Options to access the cash value in the policy include cash withdrawals, policy loans or policy surrender.</li> <li>• There may be tax consequences to accessing the value in your policy.</li> <li>• You may also be able to use the value in your whole life policy to obtain a collateral loan.</li> </ul>

**WHY EQUITABLE LIFE?**

- Participating whole life policyholders have the opportunity to share in the earnings in the participating account.
- We operate in the best interest of our policyholders.
- We are not driven by shareholder pressures for quarterly results.
- Our focus is on prudent long-term growth, continuity and stability.
- Choice of two participating whole life plans to meet your short or long-term goals.

For more information on Equitable Life or participating whole life insurance, visit our website at [www.equitable.ca](http://www.equitable.ca)



**Why Equitable Life?**

- Equitable Life of Canada is one of Canada’s largest mutual life insurance companies.
- Participating whole life policyholders have the opportunity to share in the earnings in the participating account. Their share in the earnings in the account is annually credited to their policy as a dividend payment.
- Participating policyholders elect our Board of Directors and have a right to vote on various other company issues. We operate in their interests and we answer only to them.
- As a mutual company, we are not driven by shareholder pressures for quarterly results. Our focus is on prudent long-term growth, continuity and stability. We are dedicated to meeting our commitments to customers – now and in the future.
- We believe our mutual status allows us to provide better levels of service than a publicly traded company.
- Equitable offers a choice of two participating whole life plans to meet your short or long-term goals.
- For more information on Equitable Life or participating whole life, visit our website at [www.equitable.ca](http://www.equitable.ca)

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