



Harnessing the Power of Your Cash Value



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

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

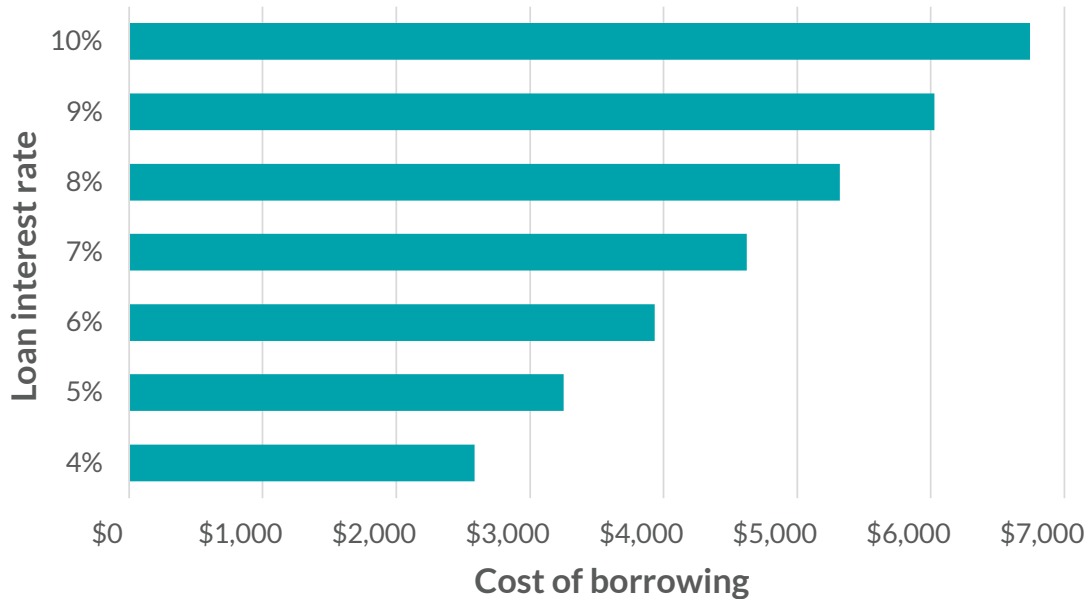
- Taking a cash withdrawal from the policy²
- Using the cash value as collateral to borrow money from Equitable® (called a policy loan)
- Using the cash value for a loan from your financial institution³

Finding the option that works best for you

	Cash Withdrawal	Policy Loan	Collateral Loan ⁴
Who is it for?	Policy owners who: <ul style="list-style-type: none"> • want a small amount of cash • may not intend to repay it • are uncomfortable with debt 	Policy owners who: <ul style="list-style-type: none"> • want 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: <ul style="list-style-type: none"> • want a larger amount of cash • intend to have the lifetime insurance proceeds pay off the loan at death • are comfortable with debt
How much money can you access?	Whole life: limited to the available non-guaranteed cash value. Universal life: limited to the available cash value less \$25 fee less \$500 to remain in policy.	Whole life: 90% of the available cash value. Universal life: 90% of the available cash value of the Guaranteed Deposit Accounts (GDA) and Daily Interest Account (DIA) reduced by one year's interest.	Whole life: potentially up to 100% of the available cash value. Universal life: generally up to 75% of the available cash value of the GDAs and DIA and up to 50% of the cash value of Linked Interest Options. Loan minimums vary by financial institution ³ .
When do you plan to repay it?	Whole life: never Universal life: if and when desired	Usually in the short term but can be at death.	At death.
Will you be taxed on the money you receive?	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.



Based on a loan amount of \$25,000, repaid monthly over a 5-year period.

What You Should Know About the Options

	Cash Withdrawal	Policy Loan	Collateral Loan ⁴
Are there limits that apply?	<p>Minimum: \$500⁷</p> <p>Maximum:</p> <ul style="list-style-type: none"> Whole life: Limited to the available non-guaranteed cash value only⁸ Universal life: Limited to the available cash value less \$25 fee less \$500 to remain in policy 	<p>Minimum loan: \$500⁷</p> <p>Maximum loan:</p> <ul style="list-style-type: none"> Whole life: 90% of the available cash value^{8,9} Universal life: 90% of the available cash value of the Guaranteed Deposit Accounts (GDA) and Daily Interest Account (DIA) reduced by one year's interest 	<p>Minimum loan: May be as high as \$250,000 (varies by financial institution)³.</p> <p>Maximum loan:</p> <ul style="list-style-type: none"> Whole life: potentially up to 100% of the available cash value^{8,9} Universal life: generally up to 75% of the available cash value of the GDAs and DIA and up to 50% of the cash value of Linked Interest Options
What is the process?	<ul style="list-style-type: none"> Easy to apply for Complete, sign, and submit one form directly to Equitable 	<ul style="list-style-type: none"> Easy to apply for Complete, sign, and submit one form directly to Equitable No need to qualify For whole life, complete a simple online request and submit for digital signatures. For eligible policies you can find the link on the <i>Values</i> tab within <i>Policy Inquiry</i> 	<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?	<p>Whole life: there is no fee to process a cash withdrawal.</p> <p>Universal life: \$25 fee for each cash withdrawal.</p>	<p>There is no fee to process a policy loan⁷.</p>	<p>There may be fees and costs to arrange the collateral loan depending on the financial institution.</p>

What You Should Know About the Options (continued)

	Cash Withdrawal	Policy Loan	Collateral Loan ⁴
Do you need to make regular repayments?	<p>Whole life: no repayments are required.</p> <p>Universal Life: repayments may be done at your discretion and can be made at any time.</p>	<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?	<p>No. You still own and control the policy.</p> <p>Whole life: may negatively affect premium offset option. Will void the Enhancement Guarantee under the Enhanced Protection dividend option.</p> <p>Universal life: care is needed to ensure the account value can support all future deductions.</p>	<p>No. You still own and control the policy.</p> <p>For whole life, any outstanding loans and accrued interest must be paid in full prior to requesting premium offset.</p>	<p>Yes. The policy is assigned to the lender.</p> <p>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.</p> <p>Note: you should consult with an independent tax, accounting, or legal professional for advice.</p>
How does it impact the death benefit?	<p>Immediately decreases the policy's cash value and death benefit.</p>	<p>At time of payment, the death benefit will be decreased by any outstanding policy loan and accrued interest amount.</p>	<p>At time of payment, the death benefit will be decreased by the collateral loan and unpaid interest amount.</p>

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 For whole life, 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 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 in effect on the date of publication 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, 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. While Equitable has made every effort to ensure the accuracy of the information presented here, the policy contract governs in all cases. The cash value of the policy is accessible through a withdrawal, policy loan or policy surrender. Cash withdrawals are not available with paid-in-cash and premium reduction dividend options. Accessing the cash value in your policy may be subject to taxation and a tax reporting slip may be issued. Policy loans from cash value may be subject to income tax and a tax reporting slip may be issued if the cash surrender value (CSV) exceeds the adjusted cost basis (ACB) at the time of the loan. [®] or [™] denotes a trademark of The Equitable Life Insurance Company of Canada.