

PREFERRED ESTATE TRANSFER® USING WHOLE LIFE

It's the kind of preferential treatment you want. Less tax, more benefits.

A permanent life insurance policy is one of the most tax-efficient ways to build and transfer your estate. The tax-free death benefit creates an instant inheritance. Plus the policy offers tax-advantaged growth that you can access during your lifetime.¹

With the Preferred Estate Transfer, you may be able to put a policy in place with no additional out-of-pocket expense. Simply redirect some of your money from taxable investments to pay the premiums for a permanent life insurance policy. The policy will do the rest.



**Taxable
investments**



**Exempt life
insurance policy**



Benefits

- Instant legacy
- Tax savings for you
- Larger estate to your heirs

PUT THE PREFERRED ESTATE TRANSFER TO WORK FOR YOU

Leave more money to your loved ones

- Life insurance proceeds can be used to cover the potential tax liability on investments or on family assets like the family cottage so they do not have to be sold or erode the value of the estate.
- Life insurance allows you to leave more money than you could through a taxable investment.
- Deposits above the required premium can accelerate the growth of the value within the policy.²

Save taxes

- By redirecting money from taxable investments into the life insurance policy, you may pay less tax over your lifetime.³
- The funds within the insurance policy grow on a tax-advantaged basis.
- Life insurance proceeds are paid to your beneficiary tax free.

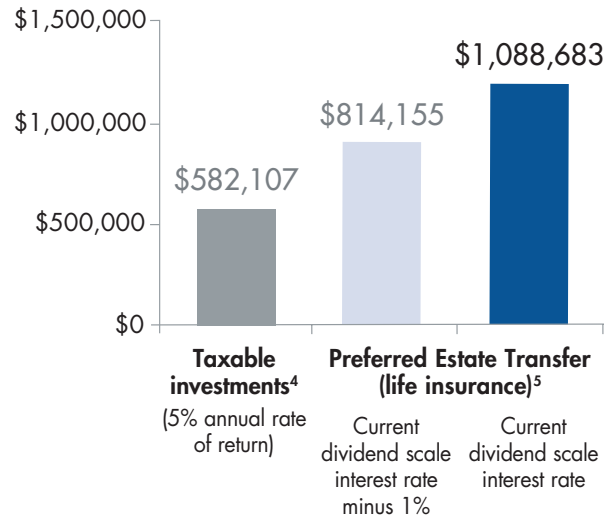
THE PREFERRED SOLUTION[®]

AN EXAMPLE:= MEET PETER

- Peter is 51 years old and is looking for a tax-efficient way to build value in his estate and increase the legacy he can leave for his loved ones.
- He can afford to spend \$25,000 for the next 10 years.
- Peter is considering two options:
 - Invest \$25,000 each year for 10 years in a taxable investment, or
 - Transfer \$25,000 each year for 10 years to a permanent life insurance policy to pay the premium (Preferred Estate Transfer).

With the Preferred Estate Transfer, Peter can create a larger estate than with taxable investments.

Net value of Peter's estate (assumes death at age 85)



Other taxable asset classes may require a higher rate of return to produce the same net estate value at age 85 as a life insurance policy.

	Required annual pre-tax rate of return ⁶				
	Life insurance (Annual after-tax internal rate of return (IRR))	Interest	Dividends	Realized capital gains	Deferred capital gains ⁷
Current dividend scale	5.08%	10.15%	7.81%	6.77%	5.88%
Alternate dividend scale (current minus 1%)	4.06%	8.12%	6.25%	5.41%	4.79%

IT COULD BE THE RIGHT SOLUTION FOR YOU IF ...

- You want to leave money to your loved ones or a charity.
- You have an up-to-date will.
- You have paid off your mortgage or other debts.
- You have taken care of your retirement plan.
- You have taxable investments.
- You want to reduce the taxes you pay.
- You want your estate to pay less tax.

Your advisor can show you how the Preferred Estate Transfer can work for you.

¹ Refer to the product Client Guide for more detail. ² The extra payment is limited to the amount required to maintain the tax-exempt status of the policy. Review the product illustration for full details. ³ Depends on the nature of your taxable investment and assumes no taxes are triggered if investments are sold to fund premiums. ⁴ Average annual rate of return of 5%. Taxable investment portfolio (50% interest and 50% dividends). No withdrawals. ⁵ Equimax Estate Builder[®] participating whole life insurance, 20 pay. Paid-up additions dividend option. Initial death benefit of \$500,000. The \$25,000 annual deposit is a combination of required premium (\$18,770) and an additional deposit (Excelsior deposit option) (\$6,230). Illustrated values are for a male, age 51, standard non-smoker rates based on rates in effect as of August 12, 2023 and the dividend scale at that time remaining unchanged for the life of the policy. The sales illustration for this case study shows a premium offset point at year 10, after which time you may be able to stop paying premiums for your policy. A decrease in the life insurance dividend scale will affect the illustrated values; may delay the premium offset point and require you to pay premiums for longer than previously illustrated; or require you to resume paying premiums for a period of time if your policy has been on premium offset. 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, lapses, claims experience, taxes, and other experience of the participating block of policies. ⁶ Marginal tax rate of 50%; personal dividend tax rate of 35%. ⁷ Assumes capital gains are deferred until age 85.