


Equation Generation IV universal life

Advisor guide





About Equitable

Equitable® is proud to be one of Canada's largest mutual life insurance companies. 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.

We are dedicated to meeting our commitments to our customers – to provide good value and meet their needs for insurance protection and wealth accumulation – now and in the future. That's why Canadians have turned to Equitable since 1920 to protect what matters most.

Equitable is a focused, stable and strong company. We have sufficient earnings and capital to meet our future growth targets, and we continue to grow steadily. Our growth in sales has been driven by our ability to implement our strategic plan, placing a priority on products, service and execution. Our financial success reflects our continued commitment to profitable growth and our ability to navigate a changing regulatory and economic environment.

Our mutual structure is a key element of our value proposition, along with our diversified product portfolio and superior service. As an organization we're progressive, competitive and firmly committed to serving the best interests of our policyholders, through longer-term strategies that foster ongoing stability, growth and profitability.

About this guide

This guide provides an overview of Equation Generation® IV universal life insurance. For complete contractual details, please refer to your policy. While Equitable has made every effort to ensure the accuracy of the information presented here, the policy contract governs in all cases.

Questions? Equitable is committed to providing you with the service you need to support your business. If you have questions or require additional information, please contact your Equitable Regional Sales Manager.

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Equation Generation IV...an overview

Equation Generation IV is a universal life product designed to provide you with the utmost flexibility in meeting your clients' life insurance protection and savings needs. Equitable is pleased to be able to provide you with two versions of this universal life product...providing you with even more flexibility!

- Equation Generation IV with bonus
- Equation Generation IV low fees

So, whether your clients need to focus on insurance protection or are looking at a product that can provide them with the opportunity to build a savings account, Equation Generation IV can help make it happen! With the additional riders and benefits available with Equation Generation IV, this universal life insurance product has the flexibility to meet your clients' changing lifestyles. No matter what stage your clients are at in their lives, Equation Generation IV can be designed for their lives!

Life insurance protection

Equation Generation IV provides your clients with considerable flexibility to design a life insurance plan specifically tailored to meet their personal, family, or business protection needs. Your clients probably can't predict today what their financial needs will be tomorrow—with Equation Generation IV, your clients can feel secure knowing that they have the opportunity to change their life insurance protection at any time* to meet their changing lifestyles.

Your clients can choose from two death benefit options—account value protector and level protector, whichever one suits their needs today!

* Subject to Equitable's then current administrative rules and underwriting.

Savings and investment opportunities

Equation Generation IV offers a wide range of savings and investment opportunities designed to meet each of your unique clients' needs. Regardless of your clients' savings and investment styles, Equation Generation IV provides choices. With the daily interest account, guaranteed deposit accounts, five index interest options, seven performance fund interest options and five portfolio interest options, you can help your clients create a savings program to meet each of their unique savings and investment styles.

Tax-advantaged growth

Your clients will enjoy the tax-advantaged growth of the savings and investment component offered by their Equation Generation IV policies. Equation Generation IV allows the savings and investment interest to accumulate on a tax-advantaged basis up to maximums as set out in the Income Tax Act (Canada).

Cash values

As circumstances change, your clients will be pleased to know that their Equation Generation IV policies give them access to the accumulated cash value should they need it. Whether it is used for an emergency or to take a well-deserved vacation, the accumulated cash is there! With Equation Generation IV, your clients can access their cash through withdrawals and/or policy loans. It is important to note that restrictions may apply and that taking a withdrawal and/or policy loan could have tax consequences for your client.



Creditor protection

No one plans for financial upsets down the road ... however; your clients' Equation Generation IV Universal life insurance policy may be protected from claims of the creditors of the policy owner, subject to certain conditions. It is important to note that any funds held in the shuttle account due to exempt testing would not be creditor protected.

Protection against critical illness

Should your clients choose to add, at issue, EquiLiving® critical illness riders on the qualified lives under the Equation Generation IV plan, they can rest assured that they are provided with financial protection in the event they suffer from one of the 26 covered critical conditions, and/or 5 additional childhood conditions available on children's policies, and survive the applicable survival period.

The lump-sum benefit provided by an EquiLiving critical illness insurance rider can be spent in any way your clients choose. The EquiLiving critical illness insurance rider also offers your clients coverage for 8 early detection benefit covered conditions. Multiple claims can be made for early detection benefit covered conditions, but only one claim may be made for each condition. The policy continues and there is no reduction in future benefits when a claim is made for an early detection benefit covered condition.

We know that each of your clients has unique insurance protection needs ... each one is at a different stage in their life, and each has different investment and savings goals and strategies.

That's why...Equation Generation IV is designed for your life®!

| Features at a glance | | | |
|---|--|---|-------------|
| Cost of insurance (COI) options | <ul style="list-style-type: none">• YRT• Level | | |
| Death benefit options | <ul style="list-style-type: none">• Account value protector (sum insured + fund value)• Level protector (level sum insured) | | |
| Bonuses | <ul style="list-style-type: none">• Guaranteed investment bonus of 0.75% of the account value beginning in 2nd year for Equation Generation IV with bonus• Incentive bonus of up to 0.50% of the account value available for all Equation Generation IV plans | | |
| Issue ages | Children: 0 – 15 Adults: 16 – 80 | | |
| Coverage types | <ul style="list-style-type: none">• Single life• Joint first-to-die (2 lives)• Joint last to die (2 lives) | | |
| Minimum face amount | Children: \$25,000 Adults: \$50,000 | Joint first-to-die: \$50,000 Joint last-to-die: \$50,000 | |
| Rate bands | \$ 25,000 - \$ 49,999 (children only) \$ 50,000 - \$ 99,999 | \$100,000 - \$249,999 \$250,000 - \$499,999 | \$500,000 + |
| Policy fee | Children: \$8 per month | Adults: \$10 per month | |
| Surrender charges | Applies for 9 years | | |
| Built-in features | <ul style="list-style-type: none">• Bereavement counselling benefit• Disability benefit disbursement• Special options provision (available on joint first-to-die plans only)• Compassionate advance* <p>* The compassionate Advance benefit is a non-contractual benefit and may be withdrawn or changed by Equitable® at any time.</p> | | |
| Optional riders | <ul style="list-style-type: none">• Waiver of charges rider• Additional accidental death benefit• Children’s protection rider• 10 and 20 year term life insurance (available on the life insured under a single life plan only)• EquiLiving® critical illness insurance rider• Flexible guaranteed insurability option (available on children’s plans only) | | |
| Non-smoker definition (applies to adult plans only) | To be considered a non-smoker, the insured must not have used any cigarettes, pipe or chewing tobacco, smoking cessation products, or tobacco substitutes within the past 12 months. Up to one cigar/cigarillo is permitted per month, subject to a negative cotinine level. Clients who use marijuana, whether inhaled or ingested, may qualify for non-smoker rates (Class 3). | | |
| EZcomplete® online application | <ul style="list-style-type: none">• Use it for in person or non-face-to-face meetings.• EZcomplete easily guides you through only the required sections of the application.• It includes functionality that allows your clients to sign the application using their own electronic device.• Login to EquiNet® and click on the EZcomplete icon on the menu bar. | | |

Life insurance protection

An important component of Equation Generation IV universal life is the life insurance protection it provides for your clients. Equation Generation IV has a variety of death benefit options and cost of insurance types to allow you to provide your clients with insurance plans that are...designed for their lives.

Cost of insurance types

Equation Generation IV offers a choice of two cost of insurance structures, depending on your client's age and the death benefit option selected.

Yearly renewable term insurance for life (YRT)

With YRT, the rates used to calculate your clients' cost of insurance will change each year. Therefore, they are typically paying less for the insurance in the early years than they would with level cost of insurance for life. These rates are guaranteed for the life of the policy and are shown in the policy contract. YRT is available with both death benefit options at issue ages 0 to 80. Cost of Insurance charges will apply to age 100 for single life coverage and equivalent single life age 100 on joint coverage.

Tip: YRT is great for your clients who want to take advantage of cash accumulation and the tax-advantaged growth available with Equation Generation IV.

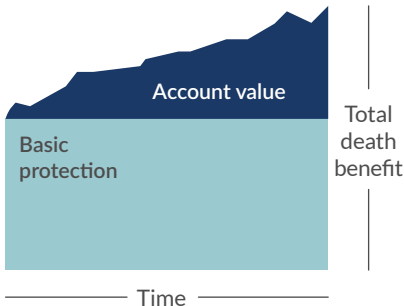
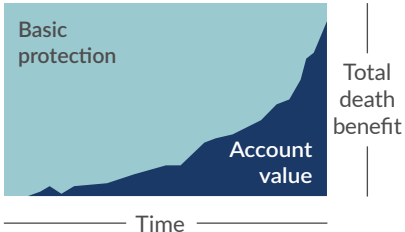
Level for life

With Level for Life, the rates used to calculate the cost of insurance charges are guaranteed and shown in the policy contract. The rates can remain the same for the life of policy. This option offers your clients a cost of insurance structure that can remain level for the life of the policy, subject to any automatic increases in the sum insured to assist in maintaining the exempt status of the policy. Therefore, clients are generally paying more in the early years and less later on than they would have had they selected YRT. Level cost of insurance is available at issue ages 16 to 80, with either death benefit option. Cost of insurance charges will apply to age 100 for single life coverage and equivalent single life age 100 for joint coverage.

Changes to cost of insurance

Your clients may, at any time and subject to minimum and maximum age restrictions, change the cost of insurance from YRT for life to level for life (or vice versa). Evidence of insurability may be required when switching from one type of cost of insurance to another. In addition, any switch will be subject to Equitable's then current administrative rules. The cost of insurance rates that will apply will be the applicable rates at the life insured's attained age for the same class of risk and smoking status.

Death benefit options

| Account value protector | Level protector |
|---|--|
| <p>The account value protector death benefit option provides your clients with a level sum insured plus the payout of the account value.</p>  <p>The graph shows two areas stacked vertically over time. The bottom area, labeled 'Basic protection', is a light blue rectangle with a constant height. The top area, labeled 'Account value', is a dark blue shape that starts at the top of the 'Basic protection' area and rises steadily over time. A vertical line on the right indicates the 'Total death benefit' as the combined height of both areas.</p> | <p>The level protector death benefit option provides your clients with a sum insured that typically remains level for the life of the contract.</p>  <p>The graph shows two areas stacked vertically over time. The bottom area, labeled 'Account value', is a dark blue shape that starts low and rises steadily over time. The top area, labeled 'Basic protection', is a light blue shape that starts at a high level and tapers off as the 'Account value' rises. A vertical line on the right indicates the 'Total death benefit' as the combined height of both areas.</p> |

Please note that the sum insured is automatically increased as needed at the policy anniversary to assist in maintaining the exempt status of the policy. The increase is subject to the maximum percentage increase permitted under the tax legislation that applies. The death benefit will include those increases as well. Any funds held in the shuttle account are paid out upon the owner’s death or on termination of the Equation Generation IV contract.

Coverage options

With Equation Generation IV, you can provide your clients with the opportunity to have life insurance coverage on one or two lives under the same policy.

Single life coverage

Provides a death benefit on one life.

Joint first-to-die coverage

Provides a death benefit that is payable on the first death of the lives insured under the plan. With a joint first-to-die plan, two lives may be insured. Monthly charges apply up to the first death, at which time the death benefit is paid, and the policy terminates. Options may be available to the surviving life insured as outlined under the special options provision.

Joint last-to-die coverage

Provides a death benefit that is payable on the last death. With a joint last-to-die plan, two lives may be insured. Monthly charges apply up to the second death, at which time the death benefit is paid, and the policy terminates.

Tip: This coverage option provides your clients with a great way to efficiently pass their estates to their loved ones or favourite charities.

Changes to insurance coverage

With Equation Generation IV universal life, your clients can choose to make changes to their insurance coverage as their circumstances change. Your clients may, at any time, request in writing any of the following changes:

- Change the death benefit option
- Increase or decrease the amount of coverage
- Add or cancel an insurance coverage
- Change the cost of insurance type
- Cancel a rider

These change requests are subject to Equitable's then current administration rules. Evidence of insurability will be required for increases in insurance coverage, and the addition of a new insurance coverage.

On a decrease of the amount of insurance coverage or the cancellation of an insurance coverage within the first nine policy years of the contract, a pro-rata surrender charge will be applied. Surrendering the policy or decreasing the amount of insurance coverage may have tax consequences. (see surrender charges).

Premiums

Premium flexibility

With Equation Generation IV universal life, your clients control the amount and the timing of the premiums going into the policy. With your assistance, your clients can customize the premium stream to meet their needs, provided that all monthly charges associated with the plan are covered to ensure that the policy remains in effect.

At issue, your clients elect the level of premiums they wish to pay—this amount is the planned premium. The amount of this premium is subject to the policy minimums and is payable either annually or by monthly pre-authorized payment. In the future, your clients can increase, decrease, or entirely skip premium payments, provided sufficient cash value is in the policy to meet the monthly charges.

Tip: When assisting your clients in selecting the funding levels for their Equation Generation IV universal life plans, ensure that the funding level reflects their savings and investment selections. Clients who choose to pay only the minimum premium should not invest in the linked interest options due to the volatility of the interest credited or debited.

Net Premium

Government premium tax is deducted from each premium paid to the Equation Generation IV policy. The premium less the applicable government premium tax is the net premium.

The provincial and territorial premium taxes as the date of publication of this guide are as follows:

| Province/Territory | Premium tax |
|--|-------------|
| Newfoundland & Labrador | 5.00% |
| Prince Edward Island | 3.75% |
| Alberta, Northwest Territories, Nunavut, Nova Scotia, Saskatchewan | 3.00% |
| Quebec | 3.30% |
| British Columbia, Manitoba, New Brunswick, Ontario | 2.00% |
| Yukon | 4.00% |

Maximum exempt premium

The maximum exempt premium is the maximum premium your clients can pay annually into their Equation Generation IV universal life policy as legislated by the Income Tax Act (Canada). Clients may make a premium payment that is greater than the maximum exempt premium if they choose. Premiums in excess of the maximum exempt premium in any policy year will be deposited to the shuttle account and will not be considered a premium payment to the Equation Generation IV policy. The money in the shuttle account is subject to annual taxation. If at any time in the future, exempt room exists in your clients' policy, monies will be transferred from the shuttle account. These transfers will be considered premiums paid.

Rate bands

\$25,000 – \$49,999 (children's policies only)

\$50,000 – \$99,999

\$100,000 – \$249,999

\$250,000 – \$499,999

\$500,000 and over

Savings and investment opportunities

Equation Generation IV offers your clients a wide range of investment opportunities, each with competitive interest rates! When assisting your clients with the selection of investment interest accounts, it is important to consider their funding levels, as well as their risk profiles.

Tip: Clients who are minimum funding their policies should be wary of investing in investment interest accounts where the interest rates may be positive or negative. It is suggested that these clients should select either the daily interest account (DIA) or the guaranteed deposit accounts (GDA) as their investment interest accounts.

| Investment interest accounts | |
|---|---|
| Daily interest account | |
| Guaranteed deposit accounts (1, 5 and 10 year) | |
| Linked interest options (index, performance fund, and portfolio interest options) | |
| Index/fund/portfolio being tracked | |
| Index interest options | |
| • Canadian Equity | S&P/TSX 60® Total Return Index |
| • American Equity | S&P 500® Total Return Index |
| • U.S. Technologies | NASDAQ 100® Total Return Index |
| • European | STOXX Europe 600 Paris Aligned Benchmark Total Return Index |
| • U.S. Blue Chip | Dow Jones Industrial Average Total Return Index |
| Performance fund interest options | |
| • Canadian | Equitable Life Active Balanced Portfolio Select |
| • Canadian Bond | Equitable Life Active Canadian Bond Fund Internal Linked |
| • Canadian Value Stock | Franklin Bissett Canadian Equity Fund |
| • Large Cap Canadian Equity | Dynamic Equity Income Fund |
| • Global Fixed Income | Invesco Global Bond Fund |
| • Global Balanced | Mackenzie Ivy Global Balanced Fund |
| • Global | Templeton Growth Fund |
| Portfolio interest options | |
| • Diversified Income | Franklin Quotential Diversified Income Portfolio |
| • Balanced Income | Franklin Quotential Balanced Income Portfolio |
| • Balanced Growth | Franklin Quotential Balanced Growth Portfolio |
| • Growth | Franklin Quotential Growth Portfolio |
| • Diversified Equity | Franklin Quotential Diversified Equity Portfolio |



All net premiums will be invested within five business days of receipt of the premiums at head office in Waterloo, Ontario, or on the date of transfer from the shuttle account.

On the application, the policy owner indicates their desired investment interest account allocation for the premiums. The investment interest account allocation may be changed at any time. The first change in any policy year is free; however, a \$25 processing fee will be applied to each subsequent change made in that same policy year.

Daily interest account (DIA)

The daily interest account features a fluctuating interest rate, which changes to reflect current money market trends. The interest rate credited to this account is similar to daily interest savings accounts offered through other financial institutions. Interest is calculated on a daily basis and credited to this account at least once per month. The interest rate is currently guaranteed to be not less than 90% of the yield on 91-day Government of Canada t-bills, less 2%. Interest credited will never be negative.

Tip: Clients who choose to minimum fund their plans should consider selecting this account as one of their investment interest accounts, as the fluctuating interest paid will not result in a debit to the account value.

Guaranteed deposit accounts (GDA)

Guaranteed deposit accounts are term deposits offering your clients a choice of 1, 5, and 10 year terms*. The minimum amount that may be allocated to a GDA at any time is \$500. Interest on amounts held in a GDA is compounded annually and credited at the end of the term. Interest credited will never be negative. The automatic investment option can be used to automatically re-invest funds.

The minimum interest rates provided for guaranteed deposit accounts are dependent on the Equation Generation IV plan type selected and are as follows:

| | Equation Generation IV with bonus | Equation Generation IV low fees |
|---------|---|---|
| 1 Year | The interest rate is guaranteed not to be less than 90% of the yield on Government of Canada bonds with the same term and maturity date less 2.00%. Interest credited will never be negative. | The interest rate is guaranteed not to be less than 90% of the yield on Government of Canada bonds with the same term and maturity date less 1.50%. Interest credited will never be negative. |
| 5 Year | The interest rate is guaranteed not to be less than the greater of 0.50%; and 90% of the yield on Government of Canada bonds with the same term and maturity date less 2.00% | The interest rate is guaranteed not to be less than the greater of 1.00%; and 90% of the yield on Government of Canada bonds with the same term and maturity date less 1.50% |
| 10 Year | The interest rate is guaranteed not to be less than the greater of 1.50%; and 90% of the yield on Government of Canada bonds with the same term and maturity date less 2.00% | The interest rate is guaranteed not to be less than the greater of 2.00%; and 90% of the yield on Government of Canada bonds with the same term and maturity date less 1.50% |

* We reserve the right to change or discontinue guaranteed deposit account terms available at any time.

Maturity value

The maturity value of a guaranteed deposit account is the net amount originally invested in the guaranteed deposit account plus the interest compounded annually at the guaranteed rate for the term your clients elected. Any amounts withdrawn, transferred out, or deducted from the GDAs for monthly charges, including any market value adjustment(s) that may apply, are taken into account when the maturity value is determined.

Market value adjustment

The market value adjustment of a guaranteed deposit account is the discounted value of the maturity value with the interest rate used for discounting being 1% plus the higher of:

1. The actual interest rate for each applicable guaranteed deposit account; or
2. The then current interest rate based on the original term and band (as determined by Equitable) of the guaranteed deposit account being valued.

Automatic investment option

Your clients may have the following transactions automatically completed:

1. A transfer of a specified amount (subject to GDA minimums) from the DIA to a GDA of a pre-selected term
2. A re-investment of the proceeds of a GDA at the end of its term into another GDA of the same or different term as specified by the policy owner. At maturity of any GDA, Equitable will automatically re-invest the proceeds from the maturing GDA to a GDA for the same term, unless otherwise advised by the policy owner.

Tip: Guaranteed deposit accounts are ideal for risk adverse clients, or those clients who are minimum funding their plans. In addition, if your clients are considering collaterally assigning their policy to a lending institution in the future, they may wish to transfer amounts to the guaranteed deposit accounts at the time of collateral assignment.

Linked interest options

The linked interest options available with Equation Generation IV offer policy owners the opportunity to have non-registered accounts that enjoy tax-advantaged earnings (provided all government exempt testing guidelines are met) with performance that reflects domestic or global equity and bond markets.

There are three types of linked interest options available:

1. **Index interest options** give your clients the opportunity to receive interest based on the movement of the index being tracked by the index interest option your client selected.
2. **Performance fund interest options** provide your clients with an opportunity to receive interest based on the performance of the mutual fund to which the performance fund interest option is linked.
3. **Portfolio interest options** offer your clients the opportunity to earn interest based on the performance of a series of mutual funds, which are contained in the portfolio being tracked by the portfolio interest option your client selected.

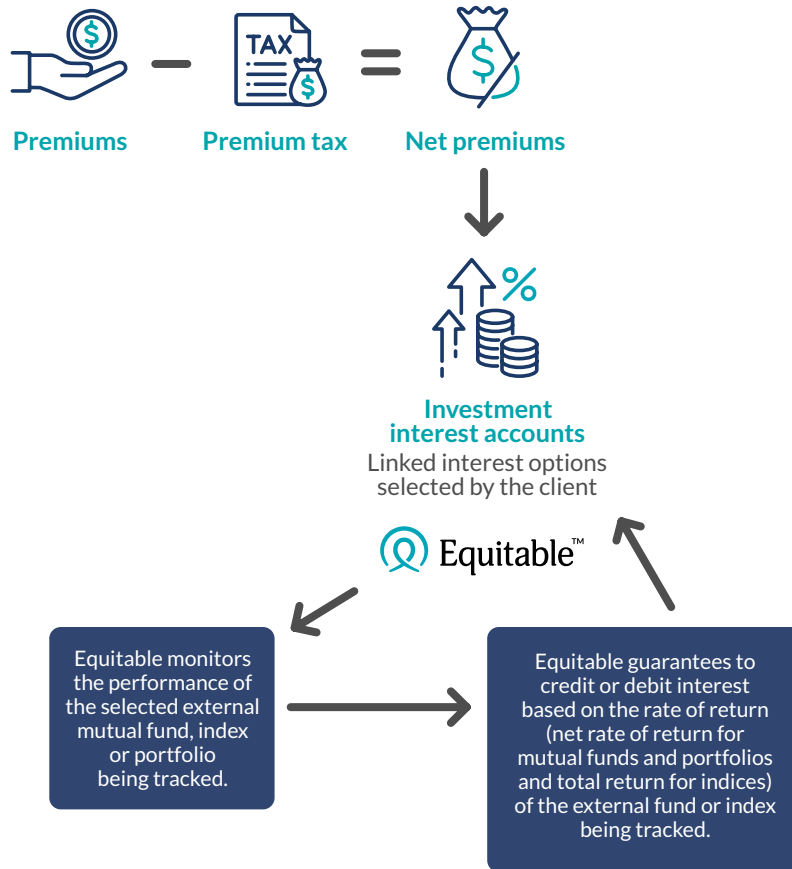
It is important to note that your clients are not investing in the index, mutual fund or portfolio being tracked; they are placing money on deposit with Equitable.

Tip: Recommend that clients suited to variable investments diversify their savings by directing the appropriate amounts into the right mix of investment interest accounts. This may include a mix of amounts in the GDAs, the DIA, and linked interest options. You may want to take advantage of the 1190 Universal life investor profile questionnaire to help determine a suggested asset mix based on your client's time horizon, financial goals and tolerance to risk.

[1190 Universal life Investor profiler questionnaire](#) as well as full details on the linked interest option investment options, [1193 Universal life savings & investment options](#), are available in pdf format on EquiNet® by selecting the marketing materials link under individual insurance tab.

How linked interest options work

Net premiums allocated to the linked interest options are investments in an interest bearing account on deposit with The Equitable Life Insurance Company of Canada. Your clients are not investing or buying units in the mutual fund, index or portfolio being tracked; they are placing money on deposit with the general funds of Equitable. The interest credited or debited to their account is guaranteed to be based on the performance of the relevant mutual fund, index or portfolio the linked interest option is tracking.



Due to the variable nature of the market-based investments that are being tracked, the value of a linked interest option will fluctuate positively or negatively in any given period depending on market conditions. The performance experienced by each policy owner will depend on the amounts and the timing of the premiums relative to the mutual fund, portfolio or index being tracked by their linked interest option(s).

It is important to note that if the account value of any one of the linked interest options falls below the \$150 minimum, Equitable reserves the right to transfer the remaining account value to the daily interest account.

Examples

Index interest options – If your client has a value of \$2,000 in one of the index interest options and the index this option is tracking increases from 300.0 to 309.0 (a 3% increase) the value of your client's account will increase by the credited 3% interest to \$2,060. On the other hand, if the index decreases from 300.0 to 288.0 (a 4% decrease), the value of your client's account will receive a debit of a negative interest rate of 4% to \$1,920. Since index interest options track total return indices, the interest credited (or debited) to your client's account is based not only on the movement of the selected index, but any dividend returns as well!

Performance fund interest options – If your client has a value of \$2,000 in one of the performance fund interest options and the mutual fund it is tracking has a 2% net rate of return, the value of your client's account will increase by the credited 2% interest to \$2,040. Correspondingly, if the mutual fund has a net rate of return of -3% (a 3% decrease), the value of that performance fund interest option account will receive a debit of a negative interest rate of 3.0% to \$1,940. With the performance fund interest options, the interest rate your client receives is based on the net rate of return of the fund and assumes dividends are being reinvested.

Portfolio interest options – If your client has a value of \$2,000 in one of the portfolio interest options and the portfolio of mutual funds being tracked has a 2.5% net rate of return, the value of your client's account will increase by the credited 2.5% interest to \$2,050. Conversely, if the portfolio of mutual funds has a net rate of return of -4.5% (a 4.5% decrease) the value of that portfolio interest option account will receive a debit of a negative interest rate of 4.5% to \$1,910. With the portfolio interest options your client receives interest based on the net rate of return of the portfolio of mutual funds the portfolio interest option is mirroring and assumes that dividends are reinvested!

Tip: While linked interest options may provide the potential for greater rates of return over the long term, there is an inherent risk in selecting them as investment options. Unlike investing in the daily interest account or guaranteed deposit accounts where there are guarantees applicable to the credited interest rates, and no risk for negative interest, investments in linked interest options are not guaranteed. It is possible to receive negative interest, which means a decrease in the account value. It is important to consider these factors, your clients' funding level and tolerance to risk when advising them on their selection of Equation Generation IV investment interest accounts.

Index interest options

Index Interest options are investment interest accounts that are credited interest which is guaranteed to be not less than 100% of the comparative increase or decrease of the total return index being tracked. The rate of interest can be either positive or negative depending on the movement of the applicable index. A negative return will result in a debit to the account value (a negative interest rate), whereas a positive return will result in a credit to the account value (a positive interest rate). Currently, the interest is calculated on a daily basis (business day); however, we reserve the right to change the frequency and timing of measurement at our discretion.

By selecting the index interest options, your clients are provided with the opportunity to participate in the returns of some of the world leading stock market indexes, without having to buy the securities.

The applicable Index for each index interest option is selected by Equitable and may change at any time. We reserve the right to discontinue the use of any index interest option at our discretion and transfer the account value to a similar index interest option as determined by us, or if one is not available, to the daily interest account. At time of publication of this guide the current index interest options available with Equation Generation IV universal life are as outlined below.

Canadian Equity index interest option

The Canadian equity index interest option offers your Equation Generation IV policyholders the opportunity for exposure to the Canadian equity marketplace. Currently, this index interest option tracks the S&P/TSX 60 Total Return Index. Therefore, interest credited or debited to your clients' account is not only based on the movement of the index but includes any dividend returns, as well.

American Equity index interest option

The American equity index interest option provides your clients with the opportunity to have exposure to a broad cross section of the U.S. equity market. This index interest option currently tracks the Standard and Poor's 500 Total Return Index. Interest credited or debited to your clients' account is not only based on the movement of the index but includes any dividend returns, as well.

U.S. Technologies index interest option

The U.S. technologies index interest option offers your clients the opportunity for exposure to the technology industry. Currently, this Index interest option tracks the NASDAQ 100 total return index. Therefore, interest credited or debited to your clients' account is not only based on the movement of the index but includes any dividend returns, as well.

European Index index interest option

The European index interest option offers your Equation Generation IV clients the opportunity for exposure in the European marketplace. This index interest option currently tracks the STOXX Europe 600 Paris Aligned Benchmark Total Return Index. Interest credited or debited to your clients' account is not only based on the movement of the index but includes any dividend returns, as well.

U.S. Blue Chip index interest option

With the U.S. Blue Chip index interest option, your clients have the opportunity for exposure to 30 blue chip U.S. stocks. This index interest option currently tracks the Dow Jones Industrial Average Total Return Index. Therefore, interest credited or debited to your clients' account is not only based on the movement of the index but includes any dividend returns, as well.

Performance fund interest options

Performance fund interest options are investment interest accounts that earn interest based on the net rate of return (net of management fees and expenses) of the mutual fund being tracked, assuming the reinvestment of dividends. The rate of return the interest is based on can be either positive or negative depending on the performance of the applicable mutual fund being tracked. A negative rate of return will result in a debit to the account value (negative interest). On the other hand, a positive rate of return will result in a credit to the account value (positive interest). Currently, interest is calculated on a daily basis (business day), however, we reserve the right to change the timing and frequency of measurement at our discretion.

By selecting the performance fund interest options your clients can participate in the performance of seven well-managed and diversified mutual funds without having to purchase them.

For each performance fund interest option the applicable mutual fund and series are selected by Equitable and may change at any time. We reserve the right to discontinue the use of any performance fund interest option at our discretion and transfer the account value to a similar performance fund interest option as determined by us, or if one is not available, to the daily interest account. At time of publication of this guide the current performance fund interest options available with Equation Generation IV universal life are as outlined below.

Performance fund interest option – Global

The performance fund interest option – Global allows your clients to mirror the performance of the Templeton Growth Fund. This performance fund interest option is credited or debited with an interest rate equal to not less than 100% of the net rate of return, including the reinvestment of dividends, of this well-managed global equity fund.

Performance fund interest option – Canadian

With the performance fund interest option – Canadian, your clients can track the performance of the Equitable Life Active Balanced Portfolio Select. This performance fund interest option is credited or debited with an interest rate equal to not less than 100% of the net rate of return, including the reinvestment of dividends, of this well-managed balanced fund.

Performance fund interest option – Canadian Bond

The performance fund interest option – Canadian bond enables your clients to have an investment interest account that mirrors the performance of the Equitable Life Active Canadian Bond Fund Internal Linked. This performance fund interest option is credited or debited with an interest rate equal to not less than 100% of the net rate of return, including the reinvestment of interest income of this well-managed canadian bond fund.

Performance fund interest option – Global Fixed Income

By selecting the performance fund interest option – Global Fixed Income, your clients are able to have an investment interest account that tracks the performance of Invesco Global Bond Fund. The performance fund interest option – Global fixed income is credited or debited with an interest rate equal to not less than 100% of the net rate of return, including the reinvestment of interest.

Performance fund interest option – Canadian value stock

With the performance fund interest option – Canadian value stock, your clients have an Investment interest account that emulates the performance of Franklin Bissett Canadian Equity Fund. The performance fund interest option – Canadian Value Stock is credited or debited with an interest rate equal to not less than 100% of the net rate of return, including the reinvestment of dividends, of this well-managed Canadian equity fund.

Performance fund interest option – Large Cap Canadian Equity

The performance fund interest option – Large cap canadian equity gives your clients the opportunity to reflect the performance of Dynamic Equity Income Fund. This performance fund interest option is credited or debited with an interest rate equal to not less than 100% of the net rate of return, including the reinvestment of dividends, of this well-managed equity fund.

Performance fund interest option – Global Balanced

The performance fund interest option – Global balanced gives your clients an opportunity to have an investment interest account that reflects the performance of the Mackenzie Ivy Global Balanced Fund. The performance fund interest option – Global balanced is credited or debited with an interest rate equal to not less than 100% of the net rate of return, including the reinvestment of dividends of this well-managed fund.

Portfolio interest options

Portfolio interest options are investment interest accounts that are credited (or debited) with interest based on the net rate of return (net of management fees) of the portfolio being tracked, assuming the reinvestment of dividends. Portfolio interest options mirror the performance of selected portfolios, which are made up of mutual funds (also known as a 'fund of funds'). The interest your clients earn can be either positive or negative depending on the performance of the applicable portfolio being tracked. A negative rate of return will result in a debit to the account value (negative interest). Conversely, a positive rate of return will result in a credit to the account value (positive interest). Currently, interest is calculated on a daily basis (business day), however Equitable reserves the right to change the timing and frequency of measurement at our discretion.

The portfolio interest options give your clients the opportunity to participate in the performance of five quotential portfolios managed by Franklin Templeton investments private client group without having to purchase the portfolios directly.

For each portfolio interest option the applicable mutual fund and series are selected by Equitable and may change at any time. We reserve the right to discontinue the use of any portfolio interest option at our discretion and transfer the account value to a similar portfolio interest option as determined by us, or if one is not available, to the daily interest account. At time of publication of this guide the current portfolio interest options available with Equation Generation IV universal life are as outlined below.

Diversified Income portfolio interest option

With the diversified income portfolio interest option your clients have the opportunity to have an Investment Interest Account that reflects the performance of the Franklin Quotential Diversified Income Portfolio. The Franklin Quotential Diversified Income Portfolio is one of the five portfolios offered through the Franklin Quotential Program managed exclusively by Franklin Templeton Investments private client group. This portfolio interest option is credited or debited with an interest rate equal to not less than 100% of the net rate of return, including the reinvestment of dividends, of this well-managed conservative income portfolio.

Balanced Income portfolio interest option

By selecting the balanced income portfolio interest option your clients are able to have an investment interest account that tracks the performance of the Franklin Quotential Balanced income portfolio. The Franklin Quotential balanced income portfolio is another of the five portfolios offered through the Franklin Quotential Program managed by Franklin Templeton Investments Private client group. This portfolio interest option is credited or debited with an interest rate equal to not less than 100% of the net rate of return, including the reinvestment of dividends, of this well-managed moderate conservative income portfolio.

Balanced Growth portfolio interest option

The balanced growth portfolio interest option gives your clients the opportunity to have an investment interest account that emulates the performance of the Franklin Quotential balanced growth portfolio. The Franklin Quotential balanced growth portfolio is offered through the Franklin Quotential program managed by Franklin Templeton Investments private client group. This portfolio interest option is credited or debited with an interest rate equal to not less than 100% of the net rate of return, including the reinvestment of dividends, of this well-managed balanced growth portfolio.

Growth portfolio interest option

With the growth portfolio interest option your clients are afforded the opportunity to earn interest reflecting the performance of the Franklin Quotential growth portfolio. The Franklin Quotential growth portfolio is yet another portfolio offered through the Franklin Quotential program managed by Franklin Templeton Investments private client group. This portfolio interest option is credited or debited with an interest rate equal to not less than 100% of the net rate of return, including the reinvestment of dividends, of this well-managed moderate growth portfolio.

Diversified Equity portfolio interest option

By selecting the diversified equity portfolio interest option your clients have the opportunity to have an investment interest account that mirrors the performance of the Franklin Quotential diversified equity portfolio. The Franklin Quotential diversified equity portfolio is also offered through the Franklin Quotential program managed by Franklin Templeton Investments Private Client Group. This portfolio interest option is credited or debited with an interest rate equal to not less than 100% of the net rate of return, including the reinvestment of dividends, of this well-managed global equity portfolio.

For full details on the linked interest option investment options, refer to [1193 Universal life savings & investment options](#) which is available in pdf format on EquiNet™ by selecting the marketing materials link under individual insurance tab.

Linked Interest Options are NOT mutual funds, segregated funds, indices, or any other kind of investment fund: the policyholders are NOT investing in or acquiring units in an investment fund or other security. Funds are placed on deposit, earning interest, with the general funds of Equitable®. Policyholders may be credited positive or debited negative interest depending on the performance of the underlying fund or index being tracked. The underlying fund or index being tracked may change at any time. Linked Interest Option administration fees will apply.

The linked interest options available with the Equitable Generations® or the Equation Generation® IV universal life insurance policy offer exposure to both equity and fixed income markets. While linked interest options may provide the potential for greater rates of return over the long term, there is an inherent risk in selecting them as investment options. Unlike the daily interest account or the guaranteed deposit accounts where there are guarantees with respect to the credited interest rates, investments in the linked interest options are NOT GUARANTEED. It is possible to receive negative interest, which will result in a decrease to account value. Policyholders should ensure that there are always sufficient funds to cover the monthly charges, including cost of insurance, administration and any riders and benefits. Interest earnings shown above do not reflect the current Equitable Generations or the current Equation Generation IV Linked Interest Option Administration Charges. The Linked Interest Option Administration Charges must be taken into consideration when determining interest credited or debited to the policy. Please see the policy contract for details.

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Cash accessibility

For increased flexibility, Equation Generation IV allows the policy owner to access the cash value of their policy at any time with the choice of cash withdrawals, policy loans or policy surrender. These options provide your clients with the flexibility they need for meeting future financial needs. It is important to be aware that there could be tax consequences should your client elect to access the values in their policy through any of these options. Funds in the shuttle account do not form part of the cash surrender value of the policy but are part of the policy surrender value. Funds in the shuttle account are paid to the policy owner if they request a cash withdrawal or surrender the policy.

Cash withdrawals

Your clients have the ability to take a cash withdrawal from their Equation Generation IV policy at any time, provided there is a cash value (net of indebtedness) in the policy. The policy owner simply specifies from which investment interest account(s) the withdrawal is to be made. If no withdrawal order is specified, then withdrawals will be made from the investment interest accounts using the same order as used for the monthly charges.

It is important to note that if there is any value in the shuttle account, all cash withdrawals will be made from this account first (see shuttle account for details).

The withdrawal can be made for any amount ranging from \$500 up to the entire cash surrender value of the policy, less \$500, plus any amounts in the shuttle account. On each cash withdrawal, a \$25 fee will be applied. In addition, a pro-rata surrender charge may apply (see policy surrender).

When a withdrawal is made, both the account value and the cash surrender value are reduced by the amount of the withdrawal. If your clients have elected the account value protector as their death benefit option, the account value will reduce by the amount withdrawn, thereby reducing the death benefit. If your clients have level protector as their death benefit option, the sum insured applicable to each insurance coverage will be reduced by the portion of the account value withdrawn that is applicable to that insurance coverage, thereby reducing the death benefit (surrender charges may apply).

Policy loans

The policy owner may borrow up to the maximum loan value of the Equation Generation IV universal life insurance policy. The maximum loan value is equal to 90% of the cash surrender value excluding the account value of all linked interest options, reduced by one year's loan interest at the rate charged on policy loans at that time. The amount payable on death will be reduced by any existing indebtedness under the policy.

Tip: It is important to note that the value in the shuttle account is not taken into consideration when calculating the maximum policy loan value. Furthermore, if your clients have value in the shuttle account, it may be in their best interest to withdraw those funds for their use before taking a policy loan.

Policy surrender

Policy owners may elect to cancel their policies at any time and receive the current cash surrender value of the policy plus any value in the shuttle account. There are no surrender charges applicable after an insurance coverage has been in force for more than nine years. However, within the first nine years a charge will apply if they decide to make a cash withdrawal, to reduce an insurance coverage, or to cancel (surrender) the entire policy.

Surrender charges

The following chart is the schedule of surrender charges applicable to each Equation Generation IV insurance coverage:

| Policy year | % of target annual premium |
|-------------|----------------------------|
| 1 | 100 |
| 2 | 200 |
| 3 | 275 |
| 4 – 6 | 300 |
| 7 | 250 |
| 8 | 150 |
| 9 | 100 |
| 10+ | 0 |

Cash withdrawals

Surrender charges normally charged on cash withdrawals are only applicable in the event the policy is surrendered in whole or in part within the first 9 years of an insurance coverage. The pro-rata charge within the first 9 years is equal to the amount withdrawn, multiplied by the appropriate surrender charge rate, divided by 100.

The surrender charge will be calculated but not applied immediately. If the policy remains in effect until the tenth policy year, then the surrender charge will not be applied. However, if the policy is surrendered before the end of the ninth policy year, this charge will be deducted at that time, along with any other surrender charges that may apply.

Investment and incentive bonuses

Investment bonus

A guaranteed investment bonus is applicable to all Equation Generation IV with bonus policies starting in the second policy year. At each monthly anniversary the guaranteed investment bonus based on the account value will be credited to the Equation Generation IV with bonus policy. This investment bonus will be credited regardless of the account value of the policy.

The investment bonus will be equal to 1/12th of the annual bonus percent applied to the account value of this policy on the applicable monthly anniversary.

| Policy year | Annual bonus |
|-------------|--------------|
| 1 | 0% |
| 2+ | 0.75% |

Currently, the investment bonus credited will be allocated in the same manner as premiums received. Equitable reserves the right to change the manner in which the investment bonus is allocated at any time, without prior notification.

It is important to note that the investment bonus does not apply to Equation Generation IV low fees plan type.

Incentive bonus

Equation Generation IV policies (bonus and low fees versions) are eligible to receive an incentive bonus subject to funding requirements.

Equation Generation IV with bonus – An incentive bonus based on the account value will be credited to the Equation Generation IV with bonus policy beginning on the fifth policy anniversary, and on each policy anniversary thereafter, provided the account value at the applicable policy anniversary is not less than two times the accumulated total of the minimum annual premiums since the effective date of the policy. The incentive bonus will be credited as follows:

| Policy year | Annual bonus |
|-------------|--------------|
| 1 – 4 | 0.00% |
| 5 – 14 | 0.25% |
| 15+ | 0.50% |

Equation Generation IV low fees – An incentive bonus based on the account value will be credited to the Equation Generation IV low fees policy beginning on the 15th policy anniversary, and on each policy anniversary thereafter, provided the account value at the applicable policy anniversary is not less than two times the accumulated total of the minimum annual premiums since the effective date of the policy. The incentive bonus will be credited as follows:

| Policy year | Annual bonus |
|-------------|--------------|
| 1 – 14 | 0.00% |
| 15+ | 0.50% |

Currently, any incentive bonus credited (bonus or low fees) will be allocated to the investment interest accounts in the same manner as premiums received. Equitable reserves the right to change the manner in which the incentive bonus is allocated to the investment interest accounts at any time without prior notification.



Monthly charges

Regardless of whether your clients are paying their premium annually or monthly, charges for Equation Generation IV are withdrawn from your clients' account(s) monthly. On each monthly anniversary, a charge will be withdrawn from the investment interest accounts. These monthly charges include the costs for the insurance portion of your clients' Equation Generation IV plan as well as any costs for additional riders or benefits.

Monthly charges consist of:

- a) the total administration charges applicable to all insurance coverages under the Equation Generation IV policy
- b) the total of all cost of insurance charges applicable to all insurance coverages under the Equation Generation IV policy
- c) the total monthly charge(s) for any optional additional benefits provided by riders under the Equation Generation IV policy
- d) the linked interest option administration fees

The monthly charges will be withdrawn from the daily interest account, the guaranteed deposit account(s), and/or the linked interest option(s) based on the method your clients elect on the application. Your clients may elect a percentage of the total monthly charges to be deducted from specific accounts, or your clients may elect to have the monthly charges deducted from all accounts on a pro-rata basis, depending on the account value in the accounts at the monthly anniversary. If your clients do not elect a method for deduction of monthly charges, the default method of pro-rata from all accounts will be used. In addition, if your clients have elected specific accounts for the deduction of the monthly charges and one (or more) of these accounts does not contain sufficient funds, then the monthly charges will be deducted on a pro-rata basis from the remaining accounts your clients elected for the deduction of the monthly charges.

Your clients may, at any time, change the method or accounts from which the monthly charges are deducted by providing written notice at Equitable's head office. It is important to note that the minimum account balance requirements must continue to be met. In addition, if your clients have elected specific accounts from which the monthly charges are to be deducted, these same accounts must also be elected in your clients' premium allocation.

If the monthly charges listed in items a), b), and c), have not previously ceased, they will discontinue on the policy anniversary when the life insured's age is 100 (for Joint plans, these charges will discontinue at the equivalent single age of 100).

Administration charges

Administration charges with Equation Generation IV are guaranteed. The administration charges are as follows:

| Children 0 – 15 | Adults 16 – 80 |
|------------------|-------------------|
| \$8.00 per month | \$10.00 per month |

Cost of insurance charges

This charge is determined at the beginning of each policy month and is equal to the current amount at risk multiplied by the cost of insurance rate applicable for that amount of coverage. The cost of insurance rates are fully guaranteed for the life of the policy.

The amount at risk for any insurance coverage is the current death benefit less the current account value of the policy attributable to that insurance coverage.

Available combinations of cost of insurance (COI) and death benefit options

| Death benefit options | YRT for life | Level for life |
|-------------------------|--------------|----------------|
| Account value protector | • | • |
| Level protector | • | • |

Additional riders and benefits

Each month, the charges for any optional additional riders and benefits are deducted. Additional riders and benefits include: term riders (available on the life insured under a single life plan only), waiver of charges, applicant’s waiver of charges (available on children’s plans only), additional accidental death benefit option, flexible guaranteed insurability option (available on children’s plans only), children’s protection rider, and the EquiLiving critical illness rider (on all qualified person(s) insured covered under the Equation Generation IV policy).

Linked interest option administration fees

The linked interest option administration fee applies only to money that has been allocated to the index interest options, the performance fund interest options or the portfolio interest options. The current and maximum linked interest option fees applicable to the linked interest options are as follows:

| Current and maximum linked interest option administration fees | | |
|--|------------|----------|
| | With bonus | Low fees |
| Index interest options | | |
| • Canadian Equity | 3.00% | 1.75% |
| • American Equity | 3.00% | 1.75% |
| • U.S. Technologies | 3.20% | 1.95% |
| • European | 3.20% | 1.95% |
| • U.S. Blue Chip | 3.00% | 1.75% |
| Performance fund interest options | | |
| • Canadian | 1.75% | 0.75% |
| • Canadian Bond | 1.75% | 0.75% |
| • Canadian Value Stock | 1.75% | 0.00% |
| • Large Cap Canadian Equity | 1.75% | 0.00% |
| • Global Fixed Income | 1.75% | 0.00% |
| • Global Balanced | 1.75% | 0.00% |
| • Global | 1.75% | 0.00% |
| Portfolio interest options | | |
| • Diversified Income | 2.20% | 0.45% |
| • Balanced Income | 2.20% | 0.45% |
| • Balanced Growth | 2.20% | 0.45% |
| • Growth | 2.20% | 0.45% |
| • Diversified Equity | 2.20% | 0.45% |

Taxation

Equation Generation IV is designed to conform with the current provisions and regulations under the Income Tax Act (Canada); thereby providing your clients with the various tax advantages found with exempt life insurance policies. Periodically, but not less than on each policy anniversary, Equitable will monitor your clients' policy to determine its tax status.

Equitable will test your clients' Equation Generation IV policy against the applicable exempt test policy in order to maintain its exempt status. In addition, starting on the tenth policy anniversary and at each policy anniversary thereafter, we will ensure that the policy passes the 250% (anti dump-in) rule.

The following information reflects the current provisions of the Income Tax Act (Canada) and regulations applicable to the policy as at the effective date. Equitable reserves the right to modify its practices to reflect any subsequent changes made in the Income Tax Act (Canada) and regulations affecting the policy.

The exempt test policy

The exempt test policy is a benchmark policy that is set up at the same time your clients' Equation Generation IV policy is issued. The exempt test policy is based on an 8 pay endowment to age 90 policy, as set out in the Income Tax Act (Canada). When determining the tax status of a life insurance policy, the value of the accumulating fund of the applicable exempt test policies is compared to the accumulating fund of your clients' policy. For joint Equation Generation IV plans, the equivalent single life age of the lives insured under the policy is used to determine the test issue age for the exempt test policy. It is important to note that the actual tax exempt test occurs at the end of each policy year.

250% rule

The 250% rule (often referred to as the "anti dump-in rule") is a test, as set out in the Income Tax Act (Canada), which begins at the tenth policy anniversary of the exempt test policy. Therefore, starting at the 10th policy anniversary of the exempt test policy and on each policy anniversary of the exempt test policy thereafter, Equitable will ensure that the accumulating fund of your clients' Equation Generation IV policy at the current policy anniversary is not greater than 2.5 times the accumulating fund of the policy on the policy anniversary three years earlier. If it is in the best interest of the policyholder, Equitable will maintain the favourable tax status using an exempt test policy set up three years ago rather than on the issue date of the policy.

Failing the exempt test

If, at any time, your clients' Equation Generation IV policy fails any of the applicable exemption tests and is therefore subject to annual accrual taxation, according to the requirements of the Income Tax Act (Canada) and regulations, Equitable reserves the right to transfer sufficient funds to the shuttle account. A portion of the cash value attributable to the daily interest account, the guaranteed deposit accounts and/or the linked interest options will be transferred to the shuttle account in order to maintain the policy's exempt status, provided that it is possible for the Company to do so under the legislation in force at that time. All funds in the shuttle account do not make up any part of the policy and are subject to annual taxation.

Premiums

If your clients' policy fails the exempt test at the time of a premium payment, we will accept as a premium for the policy an amount that will maintain the policy's tax exempt status. We will then transfer the balance to the shuttle account. The balance will not be considered a premium payment or any other part of the policy.

If, on any policy anniversary, there is room for additional premiums in your clients' Equation Generation IV policy and there are funds in the shuttle account, Equitable will automatically move funds from the shuttle account to your clients' Equation Generation IV policy.

Automatic increase in sum insured

If at any policy anniversary the policy fails any of the applicable exemption tests, the sum insured will be automatically increased as needed to assist in maintaining the exempt status of the policy. The increase is subject to the maximum percentage increase permitted under the tax legislation that applies. If the increase in the sum insured is not sufficient to maintain the exempt status of the policy, a portion of the cash surrender value attributable to the daily interest account, guaranteed deposit accounts and/or the linked interest options will be transferred to the shuttle account in order to maintain the policy's exempt status. No evidence of insurability is required for the automatic increase in the sum insured.

Shuttle account

The shuttle account is a separate premiums-on-deposit account which assists in maintaining your clients' Equation Generation IV policy's tax exempt status. The shuttle account is paid out on death of the owner or on termination of the Equation Generation IV policy.

In order to maintain the policy's tax-exempt status, a separate shuttle account (premiums-on-deposit account) will be set up in conjunction with all Equation Generation IV policies. Any premiums received over the maximum exempt premium in any policy year will be deposited to the shuttle account. The shuttle account holds the funds until they can be paid as premiums into the Equation Generation IV policy or withdrawn by the policy owner.

In addition, funds are transferred to the shuttle account as required to maintain your clients' Equation Generation IV policy's status as exempt from annual accrual taxation. Funds transferred to the shuttle account from the policy may have tax consequences. At each policy anniversary, if room becomes available in the policy, we will automatically transfer funds from the shuttle account to the policy to be paid as a premium. At that time, the applicable premium taxes will be deducted. The amount transferred will be limited to what is allowed in order to maintain the policy as tax-exempt.

Shuttle interest accounts

Funds transferred to the shuttle account will be deposited into the daily interest account. Interest credited will never be negative. Any interest earned will be subject to annual taxation.

Shuttle premiums

Shuttle premiums are premiums paid from the shuttle account to your clients' Equation Generation IV policy. Upon determination of the maximum exempt premium, at each policy anniversary, we will automatically pay a premium, if possible, from the shuttle account to the Equation Generation IV policy. The premium paid, less applicable premium tax, will be allocated to the investment interest accounts selected by your clients for their Equation Generation IV policy.

Shuttle deposits

Shuttle deposits are funds that are transferred from an Equation Generation IV policy to the shuttle account. Shuttle deposits will occur at any time a premium in excess of the maximum exempt premium is paid. Shuttle deposits will also occur on any policy anniversary the Equation Generation IV policy fails the exempt test. The amount of the shuttle deposit will be determined to be the amount necessary to maintain the exempt status of your client's policy. Shuttle deposits are not subject to premium tax.

Bonuses

It is important to note that the investment bonus and the incentive bonus (if applicable) do not apply to the funds held in the shuttle account.

In case of death

If death of a life insured under the Equation Generation IV policy results in termination of the policy, the shuttle account will be paid to the owner or to the owner's beneficiary.

Policy surrender

If your clients' Equation Generation IV policy is surrendered, the shuttle account value will be surrendered and paid out to the Equation Generation IV policy owner. There are no surrender charges applicable to the shuttle account.

Withdrawal

If your clients elect to withdraw funds from the Equation Generation IV policy and there are funds being held in the shuttle account, the funds from the shuttle account will be withdrawn first to satisfy the requested withdrawal amount.

Shuttle account value

At any time, the shuttle account value will be equal to the sum of all shuttle deposits, plus any interest debited or credited to the shuttle account, less any shuttle premiums paid to the Equation Generation IV policy, less any withdrawals.

Policy loans

Funds in the shuttle account are not considered when taking a policy loan.

Taxation

Any interest earned in the shuttle account is subject to annual taxation. Each year, the amount of interest income will be reported on a tax information slip as Canadian source interest income, under current legislation.

Protection from creditors

Subject to certain conditions, protection from creditors may be available with Equation Generation IV Universal Life. However, creditor protection does not apply to the shuttle account. The Shuttle account is not part of the Equation Generation IV policy; it is a premiums-on-deposit account.

Built-in features

Bereavement counselling benefit

In addition to the death benefit Equation Generation IV provides your clients' heirs, we have included a bereavement counselling benefit to assist your clients' heirs with their grief.

Upon the death of a life insured covered under the Equation Generation IV policy and payment of the death benefit, we will provide a bereavement counselling benefit to the beneficiary(ies) of your clients' Equation Generation IV policy. The beneficiary(ies) will receive reimbursements up to a total of \$500 of the costs of counselling expenses, shared among all beneficiaries as long as the following requirements are met:

- the beneficiary(ies) will submit receipts within 12 months of the date of death of the life insured; and
- the counsellor has professional accreditation or certification as determined appropriate by Equitable at the time of receipt.

It is important to note that regardless of the number of beneficiaries under an Equation Generation IV policy, only a total of \$500 will be reimbursed for counselling for all beneficiaries. Payment under this benefit will result upon remittance of receipts only.

Reimbursement is subject to Equitable's then current administrative practices.

Disability benefit disbursement

If the life insured becomes disabled from a mental or physical impairment as defined in the policy contract, you may be eligible for a lump sum payout for up to 100% of the policy's cash surrender value*. The disability benefit disbursement provides access to tax free** funds to be used however you choose.

* The maximum payment amount subject to our administrative rules and guidelines in effect at the time of the disbursement.

** Tax laws are subject to change.

Compassionate advance

If the life insured is diagnosed with an illness that will become terminal within 24 months, they may qualify for a compassionate advance* payment. The compassionate advance payment is a portion of the death benefit and will be the lesser of \$100,000 or 50% of the face amount of the policy less any existing policy loans. The policy must be in force for the benefit to be paid. Subject to current administration guidelines. This is a non-contractual benefit.

*The compassionate advance benefit is a non-contractual benefit and may be withdrawn or changed by Equitable® at any time.

Special options provision

The special options provision is available with joint first-to-die Equation Generation IV policies and provides the following options and benefits:

Additional death benefit

If, within 60 days of the first death of the lives insured the surviving Life Insured dies, we will pay to the beneficiary an additional death benefit equal to the sum insured in effect at the date of the first death.

Option on the first death

The policy terminates at the first death of the lives insured. Within 60 days of the first death of the lives insured the surviving life insured may request in writing, and without evidence of insurability, the option to purchase, an individual policy for an amount up to a maximum of the sum insured in effect on the Joint policy at the time of the first death.

The premium and/or cost of insurance charges for the new permanent plan will be based on the attained age of the surviving life insured at the rates in effect at that time for a similar class of risk as determined by us. The new coverage must meet the minimums and maximums then required by us for the amount of insurance coverage, premiums and age for the products selected.

Option to elect individual policies

At any policy anniversary prior to the policy anniversary nearest age 75 of the oldest life insured and upon material proof of change in the relationship of the lives insured under the policy, as long as the policy is in good standing, the owner may request in writing, within 60 days of a policy anniversary, to surrender the joint first-to-die Equation Generation IV policy and without evidence of insurability, elect new individual single life permanent plan coverage on each of the lives insured under the policy for an amount up to a maximum of the sum insured in effect at the time of surrender. The premiums and/or cost of insurance charges for the new individual single life permanent coverages will be based on the attained age of each life insured at the rates in effect at that time, for a similar class of risk as determined by us. The new coverage(s) must meet the minimums and maximums then required by us for the amount of insurance coverage, premiums and age for the products selected. The joint first-to-die Equation Generation IV policy contract will terminate at the time the new single life plan coverage(s) are issued.

If cost of insurance charges for the joint first-to-die Equation Generation IV policy are being waived under the waiver of monthly charges rider and written request is received to elect individual policies, or cost of insurance charges will not be waived under the new policies and will be payable for any new permanent plan coverage issued on the lives insured through this provision.

Riders and benefits issued with the original joint first-to-die Equation Generation IV universal life policy may be added to the new policy coverage subject to availability and our current administrative rules and practices.

If this policy contains any exclusion, a similar exclusion will apply to the newly issued policy contract, along with any limitations to our liability included for the type, amount, and risk classification of the coverage issued.

All changes are subject to receipt of a written request from the owner at the head office of the Company and to terms and conditions determined by Equitable at that time.

Riders and benefits

The addition of riders and benefits to your clients' Equation Generation IV policies truly provides your clients with an insurance plan that can be designed for their lives.

Waiver of monthly charges rider

Issue ages: 16 to 55

Expiry age: 60

This benefit provides the policy owner with the assurance that, in the event of a qualifying disability lasting six months or more, all of the monthly charges under the Equation Generation IV policy (including those for riders and benefits) will be waived as long as the life insured remains disabled.

This rider is also available on the applicant's life for single life children's policies to cover both death and disability. Expiry of the rider on a child's policy is at the earlier of age 60 of the applicant and age 21 of the insured child.

Tip: Equation Generation IV protects your clients on death. Why not suggest the waiver of monthly charges rider to ensure that your clients' policy will continue to provide protection in the event they become disabled!

Additional accidental death benefit

Issue ages: 16 to 60

Expiry age: 65

In the event of accidental death, this benefit can provide payment of an additional death benefit up to the original sum insured, subject to a maximum of \$500,000. The amount of the benefit is elected at issue by your client.

Children's protection rider

Issue ages: Parents from 16 to 55

Maximum amount: \$30,000

This rider assists in making Equation Generation IV a family insurance plan! The children's protection rider provides term insurance protection for all children of the life insured, aged 15 days to 18 years, under one plan. The protection continues in force to a child's age 25. This coverage may be converted to any permanent plan or term plan for up to 5 times the original coverage amount, when the child is between the ages of 21 and 25, without providing evidence of insurability. Premiums for this rider are payable for only 20 years, even if children are still covered by the rider.

Tip: The children's protection rider is a great way to protect the future insurability of your clients' children.

Flexible guaranteed insurability option (available on children's plans only)

Issue ages: 0 to 15

Option amount:

- Minimum individual option amount – \$ 25,000
- Maximum individual option amount – \$250,000

The total of all option amounts under all policies on any one life may not exceed \$500,000. Amounts of individual options, including the special option at 18 may be different.

This benefit helps to provide for the financial security of your clients' children or grandchildren. With the flexible guaranteed insurability option, the child life insured has the option to purchase additional policies at specified dates in the future, without providing evidence of insurability. Your clients can select up to 4 additional option dates at issue.

Term riders (available on the life insured under a single life plan only)

Issue ages: 10 YRCT: ages 18 to 75
20 YRCT: ages 18 to 65

Expiry age: 85

Minimum amount: \$50,000

Both 10 and 20 YRCT single life term riders can be added to any single life Equation Generation IV policy*. The riders can be included at issue or added to an inforce policy after issue, giving your clients the opportunity to add term insurance when it is needed!

*Subject to satisfactory evidence of insurability and underwriting.

Risk classes

Term riders enjoy the same benefits of a standalone term policy without the additional policy fee. Preferred underwriting is available. The minimum coverage amount for preferred rates depends on the issue age of the life insured. Five risk classes are available on term riders:

| Risk classes | |
|-----------------------------------|--|
| Class 1 preferred plus non-smoker | The life insured is a very healthy non-smoker (no smoking or cessation aids within the past 24 months) with an excellent family medical history. |
| Class 2 preferred non-smoker | The life insured is in good health, a non-smoker (no smoking or cessation aids within the past 12 months) with a good family medical history. |
| Class 3 non-smoker | The life insured is a healthy non-smoker (no smoking or cessation aids within the past 12 months. Up to one cigar/cigarillo per month is permitted, subject to a negative cotinine test. Clients who use marijuana, whether inhaled or ingested, may qualify for non-smoker rates. |
| Class 4 preferred smoker | The life insured is in good health and smokes cigarettes or uses nicotine-based products. Evaluated with similar health criteria as class 2 preferred non-smoker. |
| Class 5 smoker | The life insured is healthy and smokes cigarettes or uses nicotine-based products. |

For additional details, please see the preferred term insurance riders – ‘Admin rules and guidelines document’

Exchange option

A 10 year term rider can be exchanged to a 20 year term rider any time after the first coverage anniversary by the 5th policy anniversary or before the insured person’s 65th birthday, whichever comes first. If the person qualified for preferred rates on the 10 year term, they will carry that preferred class over to the new 20 year term upon exchange provided it meets our administrative and underwriting rules in effect at that time.

Conversion

Until age 71 of the insured, term riders can convert to any permanent insurance plan available for sale at the time, then current administrative rules apply. If the original insurance plan has preferred risk classes, and the conversion is done within the first 10 years of coverage, the insured will maintain its preferred risk class on the converted plan provided it meets our administrative and underwriting rules in effect at that time. Partial conversions are permitted. However, if the original term plan qualified for preferred rates and the amount remaining is less than the minimum coverage amount required in order to have preferred rates, the risk class will be adjusted on the original term coverage.

Separate term life insurance policy option

At any time while in effect, a term rider can be exchanged for a separate term life insurance policy on the life insured by the rider, without evidence of insurability. This feature gives the life insured under the rider the flexibility he or she may need to accommodate changing insurance needs down the road. The separate term life insurance policy provides the same benefits and is in the same form as the rider. It will have an amount of insurance not less than the minimum required by Equitable, but not more than the amount provided by the rider.

EquiLiving® critical illness insurance riders

An Equation Generation IV plan coupled with an EquiLiving critical illness insurance rider can provide your clients with well-rounded protection. An EquiLiving critical illness insurance rider provides the person insured under the rider (or a beneficiary named under the rider), with a lump sum benefit in the event that the person insured under the rider is diagnosed with one of the 26 covered critical conditions (and/or 5 additional childhood conditions available on children's policies) and satisfies all the requirements for that covered condition as outlined in the rider contract. The lump sum benefit is paid to the person insured...not to the person insured's heirs.

EquiLiving riders can be issued in amounts starting at \$10,000 up to \$2,000,000 for adult coverage and \$500,000 for juvenile coverage. EquiLiving critical illness insurance riders are available on the life insured under a single life plan and on qualified lives insured under the base policy on joint plans.

Since EquiLiving riders are issued on a single life basis, for joint life plans, each life insured that wants critical illness insurance coverage must apply for a critical illness rider on the application and qualify for the coverage.

For more details about the EquiLiving Rider, please refer to the EquiLiving Advisor Guide.

The following EquiLiving plans are available as a rider on Equation Generation IV:

10 year renewable to age 75

- **Issue ages:** 30 days – 65 years
- Provides a level amount of coverage with premiums that renew every 10 years by a guaranteed amount
- **Expires:** at the policy anniversary nearest the person insured's 75th birthday

Level to age 75

- **Issue ages:** 30 days – 64 years
- Provides a level amount of coverage with guaranteed level premiums
- **Expires:** at the policy anniversary nearest the person insured's 75th birthday

Level to age 100 (coverage for life)

- **Issue ages:** 30 days – 65 years
- Provides a level amount of coverage for the life of the insured with guaranteed level premiums to the policy anniversary nearest the person insured's 100th birthday

20 pay coverage to age 75

- **Issue ages:** 30 days – 54 years
- Provides a level amount of coverage with guaranteed level premiums payable for 20 years
- **Expires:** at the policy anniversary nearest the person insured's 75th birthday

20 pay coverage for life

- **Issue ages:** 30 days – 65 years
- Provides a level amount of coverage for the life of the insured with guaranteed level premiums payable for 20 years

Built-in benefits description

Change privilege your client can change their EquiLiving rider as follows subject to the issue age limitations for that plan:

10 year renewable to:

- Level to age 75
- Level to age 100 (coverage for life)
- 20 pay coverage to age 75
- 20 pay coverage for life

Level to age 75 to:

- 20 pay coverage to age 75
- 20 pay coverage for life

Level to age 100 to:

- 20 pay coverage for life

Age limitations

To change to 20 Pay coverage to Age 75 the change privilege must be exercised anytime up to and including the policy anniversary nearest your client's 54th birthday.

To change to all other plan types, the change privilege must be exercised anytime up to and including the policy anniversary nearest your client's 60th birthday.

Evidence of insurability will not be required as long as there is no increase in sum insured or addition of any riders to the new plan (with some exceptions).

The new policy

Will be the applicable critical illness plan that was available when your client's plan was put into effect. The premium rates for the changed critical illness plan will be the rates in effect for that plan on the date of the change and will be based on your client's age on their birthday nearest to the effective date of the changed critical illness rider and for the same risk and smoking status of the rider they are changing from. The changed critical illness plan will have an effective date based the last policy monthiversary of when all the policy requirements are received. If the change is to a 20-Pay plan, the 20-year payment period will start at the date of the change.

Rider exchange provision available on:

If a death benefit becomes payable causing the Equation Generation IV policy to terminate, the Owner may request in writing, within 60 days of the death of the Insured Person, to exchange the EquiLiving riders that was providing coverage for any surviving Person Insured on the Equation Generation IV policy, for a separate EquiLiving Critical Illness Insurance policy, without evidence of insurability.

The separate EquiLiving critical illness insurance policy will be issued with:

- An effective date the same as the Rider, the same benefits, class of risk and smoking status as the Rider;
- The same premium rates in effect on the date of the exchange;
- The Person Insured's Age when the Rider was issued;
- An additional policy fee charged by Equitable (the applicable policy fee will be determined according to our administrative rules and guidelines at the time of exchange); and premium adjustments that may be required pursuant to our administrative rules if there is a difference between the modal factor for this Rider and the modal factor applicable to the new policy.

The Rider Exchange Provision only applies to the EquiLiving Rider. Any additional riders will not be included.

If the premiums are being waived under a Waiver of Premium on the Equation Generation IV policy, the premiums will not be waived on the new EquiLiving policy.

The owner may terminate the stand-alone EquiLiving policy by notifying us in writing.

Tip: With Equation Generation IV you can help your clients protect their estate upon death. With an EquiLiving critical illness insurance rider on Equation Generation IV, you can help your clients achieve protection when it's critical from 26 covered critical conditions, and/or five (5) additional childhood conditions available on children's policies.

Submitting the application

You can submit the application using:

- EZcomplete online application. Use it for in person or non-face-to-face meetings.
- A paper application.

An illustration must accompany the application. Both the illustration and the application must show the same death benefit option, cost of insurance type, face amount, premium paying mode and other details. If the investment interest options selected on the application differ from those in the illustration, the application will govern in all cases. The illustration must be signed by both the client and the advisor. If you are submitting an online application, follow the instructions provided.

General policy administration

Policy lapse

Your clients' Equation Generation IV policy will lapse at the earliest date on which:

1. the account value of the policy is equal to zero;
2. the cash surrender value of the policy is equal to zero and the total of all premiums paid, less all cash withdrawals, is less than the sum of the minimum annual premiums, including any rider or additional benefit premiums payable since the effective date of the policy; or
3. the indebtedness under your clients' Equation Generation IV policy is equal to the cash surrender value of the policy.

Once the policy has lapsed, a grace period of 31 days measured from the date of policy lapse begins. During this period, your clients have the opportunity to make payment in full. If we do not receive payment by the end of the grace period, the Equation Generation IV policy will terminate as of the effective date of the lapse.

Lapse extension

A lapse extension will be granted and the policy will continue in force for a maximum of 12 months, during which time the monthly charges will be deducted from the account value if the following conditions are satisfied:

1. the policy has been in force for at least 3 years;
2. the account value of the policy is greater than zero and sufficient to pay the monthly charges for a period of 12 months;
3. the indebtedness under this policy does not exceed its current cash surrender value.

Reinstatement

Your clients' Equation Generation IV policy may be reinstated within two years of its lapse upon written application by your clients. We require submission of evidence of insurability (according to current underwriting guidelines) pertaining to the lives insured (based on their attained ages) that is satisfactory to Equitable, and repayment of premiums past due, interest, and any indebtedness under the policy, subject to the policy contract provisions.

Non-smoker definition (applies to adult plans only)

To be considered a non-smoker on the base policy, the insured must not have used any cigarettes, pipe or chewing tobacco, smoking cessation products, or tobacco substitutes within the past 12 months. Up to one cigar/cigarillo is permitted per month, subject to a negative cotinine level. Clients who use marijuana, whether inhaled or ingested, may qualify for non-smoker rates (Class 3).

Annual statements and confirmations

At least annually, the policy owner will receive a statement that details all of the financial transactions that occurred over the past year. This statement will also update the policy owner on the current financial status of their policy.

In addition, the policy owner will automatically receive a confirmation notice detailing most financial transactions (other than processing monthly administrative transactions).



Adding up the benefits

Equation Generation IV provides your clients with the security of cost-effective life insurance protection; the opportunity for cash accumulation on a tax-advantaged basis; and the flexibility your clients want in a product that is... designed for their lives.

- Lifetime insurance protection
- Coverage options to insure one or two lives
- Wide range of savings and Investment opportunities including guaranteed deposit accounts, five index interest options, seven performance fund interest options and five portfolio interest options
- Flexibility to change premium payments, insurance coverage, and savings opportunities
- Cash accessibility
- Bereavement counselling benefit
- Guaranteed investment bonus for Equation Generation IV with bonus policies
- Incentive bonus (subject to funding requirements)
- Many additional riders and benefits available to customize your clients' plans, including...
 - EquiLiving critical illness insurance riders
 - Term riders

Questions?

For more information, please refer to the policy contract, contact your Equitable Regional Sales Manager or contact [advisor services](#).

About Equitable

At Equitable we believe in the power of working together. This guides how we work with each other. How we help our clients and partners. And how we support the communities where we live and work.

Together, with partners across Canada, we offer Individual Insurance, Group Insurance and Savings and Retirement solutions. To help our clients protect today and prepare tomorrow.

We believe the world is better when we work together to build an Equitable life for all.



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