



Understanding Equitable's

Pivotal Select™
Preferred Pricing Program

For advisor use only



How does Equitable calculate the management fee reduction (MFR) rate?



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Equitable will calculate the MFR daily and apply the amount of the MFR at the end of each month. The calculation is based on the daily market value of the contract. For the contract to be eligible for the program, the daily market value must meet the minimum “market value threshold”. The total of all daily calculated MFR amounts in a calendar month will be applied monthly as a “purchase of units” to each fund within the contract.

Management Fee Reduction Rates Table

Level	Market Value Threshold	Annual Management Fee Reduction*
Tier One	\$250,000 to \$499,999	0.10%
Tier Two	\$500,000 to \$749,999	0.15%
Tier Three	\$750,000 to \$999,999	0.20%
Tier Four	\$1,000,000 to \$1,999,999	0.25%
Tier Five	Greater than \$2,000,000	0.30%

*Management Fee Reduction percentage does not include applicable HST. All the funds held within the account will be considered in determining the Tier the account may qualify for; however, certain funds held may be ineligible for the management fee reduction. Currently all sales charge options and all funds other than Equitable Life Money Market Fund Select are eligible for the management fee reduction. The management fee reduction set out in the Management Fee Reduction Schedule applies to the entire opening value of all eligible funds held within your account.

Will the MFR affect Retirement Savings Plan (RSP) or Tax-Free Savings Account (TFSA) contribution room?

The MFR does not count towards RSP or TFSA contribution room.

Will the MFR affect the death or maturity guarantees?

The MFR units allocated do not affect death or maturity guarantees.

What if the account value of my client's policy falls below \$250,000?

If the client's contract value drops below the minimum market value threshold of \$250,000, the MFR will not be calculated for that day. MFR is not earned on days when the opening contract value is below \$250,000.

Will Canada Revenue Agency consider the management fee reduction rate taxable?

Yes. For non-registered contracts, the management fee reduction will be considered taxable by Canada Revenue Agency.

Will the management fee reduction appear on the client's statement?

Yes. The management fee reduction will appear on the client's statement under Transaction Details.

Transaction Details – Segregated Fund holdings				
Equitable Life Active Canadian Bond Fund Select (NL)				
Transaction Date	Description of Transaction	Units	Unit Value	Amount (\$)
30 Nov	Opening Balance	43256.337	\$11.559	\$500,000.00
30 Nov	Management Fee Reduction	0.374	\$11.559	\$4.32
30 Nov	Guarantee Fee	-14.419	\$11.559	-\$166.67
30 Nov	Closing Balance	43242.292	\$11.559	\$499,837.65

Does Equitable's Preferred Pricing Program consider investor householding?

No. There is no householding of contracts between spouses, family members, or multiple contracts owned by the same individual. The management fee reduction only applies to eligible funds within a single Pivotal Select contract.

MFR calculation when there are multiple sales charge options, chargeback and deferred sales charge schedules

Multiple sale charge option example: A client has 50% of their units invested in No Load funds and 50% invested in No Load Chargeback (NL-CB5) funds. The resulting MFR credited to the contract will be split 50% No Load and 50% NL-CB5. Any NL-CB5 units credited will follow the same NL-CB5 chargeback schedule as the existing units held in the contract used in the calculation.

Multiple chargeback schedule example: A client is invested in No Load Chargeback (CB5) funds; 50% has four years remaining in the chargeback schedule, and 50% has 2 years remaining in the chargeback schedule. The resulting MFR credited will be split 50/50 between the remaining four-year schedule and remaining two-year schedules.

Multiple deferred sales charge example: A client is invested in funds with deferred sales charges (e.g. DSC or Low Load); 50% has four years remaining in the deferred sales charge schedule, and 50% has 2 years remaining in the deferred sales charge schedule. The resulting MFR credited will be split 50/50 between the remaining four-year schedule and remaining two-year schedules.

How does the daily calculation work?


$$\frac{\text{Daily market value} \times \text{annual management fee reduction percentage}}{365} \div 100$$

Example A

The value of the contract is \$501,872 on April 13. On April 16, the stock market falls and the contract value becomes \$485,691. The lower market value reduces the contract value from Tier Two (annualized rate of 0.15%) to Tier One (annualized rate of 0.10%).

On April 30, the MFR is applied based on the opening market value from April 1 to April 13 at an annualized rate of 0.15% and the remainder of the month with the new annualized rate of 0.10%.

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	Daily Value \$505,010	Daily Value \$505,026	Daily Value \$505,039	Daily Value \$505,045	Daily Value \$505,033	7
8	Daily Value \$505,023	Daily Value \$505,010	Daily Value \$506,872	Daily Value \$505,872	Daily Value \$501,872	14
15	Daily Value \$485,691	Daily Value \$498,346	Daily Value \$498,671	Daily Value \$498,576	Daily Value \$498,761	21
22	Daily Value \$498,865	Daily Value \$498,968	Daily Value \$499,120	Daily Value \$499,347	Daily Value \$499,659	28
29	Daily Value \$499,894					5



We know the importance of reaching your investment goals. By offering lower management fees on our Pivotal Select™ products, we can help you achieve your goals sooner.

Example B

All units in fund Z are withdrawn or transferred out in the month of June; the remaining fund balance equals zero. The contract still has Fund B with an opening market value that meets the MFR threshold.

On June 30, the MFR is applied as follows:

- **Fund Z:** MFR was calculated using the opening market value from June 1 to June 15.
- **Fund B:** MFR was calculated using the opening market value from June 1 to June 30.

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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