

## Preferred Estate Transfer® Using Universal Life

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

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

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



**Taxable  
investments**



**Tax-exempt life  
insurance policy**



**Benefits**

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

### PUT THE PREFERRED ESTATE TRANSFER TO WORK FOR YOU

#### Leave more money to your loved ones

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

#### Save taxes

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

<sup>1</sup> Refer to the Equitable Generations Client Guide (2062) found on equitable.ca for more detail. <sup>2</sup> Additional payments are limited to the amount required to maintain the tax-exempt status of the policy. Any amount above that will be placed in the shuttle account and subject to annual taxation. The policy may be credited positive or negative returns depending on the investment accounts selected. A negative rate of return will result in a negative interest rate (debit) whereas a positive rate of return will result in a positive interest rate (credit). Review the product illustration for full details. <sup>3</sup> Depends on the nature of your taxable investment.

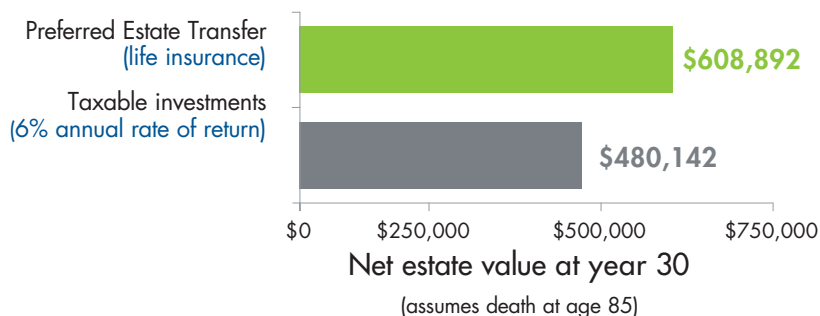
# Preferred Estate Transfer<sup>®</sup> Using Universal Life

## AN EXAMPLE: MEET SUSAN

Susan is 55 years old and a non-smoker. She's looking for a tax-efficient way to build value in her estate and increase the legacy she can leave for her loved ones. She can afford to spend \$20,000 each year for the next 10 years and is considering her options.

	Taxable investments (6% annual rate of return)	Preferred Estate Transfer (life insurance)
Net estate value at year 30 (assumes death at age 85)	Invest \$20,000 each year for 10 years  <b>\$480,142<sup>4</sup></b>	Transfer \$20,000 each year for 10 years to a life insurance policy  <b>\$608,892<sup>5</sup></b>

With a life insurance policy, Susan can create an estate over 27% **greater** than with taxable investments.



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

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

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

<sup>4</sup> Average annual rate of return of 6%. Investment portfolio (50% interest and 50% dividends). Marginal tax rate of 50%; personal dividend rate of 35%. No withdrawals. <sup>5</sup> Equitable Generations™ universal life, yearly renewable term (YRT) cost of insurance and level protector death benefit option. Female, age 55, standard non-smoker rates. Premium and cost of insurance rates as of September 26, 2022. Initial insurance coverage of \$450,000. The sum insured is automatically increased as needed at the policy anniversary, subject to the maximum percentage increase and other restrictions as prescribed in the tax legislation that applies, to assist in maintaining the exempt status of the policy. Policy illustration interest rate (assumed rate of return) of 4%. Shuttle account interest rate of 0%. After 10 years, no further payments are made. The projected account value and interest earned are not guaranteed. If starting in policy year 11 or at any time after policy year 11 the account value is not sufficient to cover the monthly charges for the universal life coverage, the policy owner will need to continue or resume premium payments in order to keep the coverage in effect. Illustrated values are not guarantees of future performance. Actual results may vary.

The Preferred Estate Transfer is a concept. It is not a product or contract. It is based on current tax legislation and may change. This information does not constitute legal, tax, investment, or other professional advice. ® and TM denote trademarks of The Equitable Life Insurance Company of Canada.