

GDA Auto-laddering Option

A Guaranteed Deposit Account (GDA) can be ideal for investors who are looking for security and a guaranteed interest rate. With interest rates so low, is now the right time to choose this type of investment?

Getting the most for your money

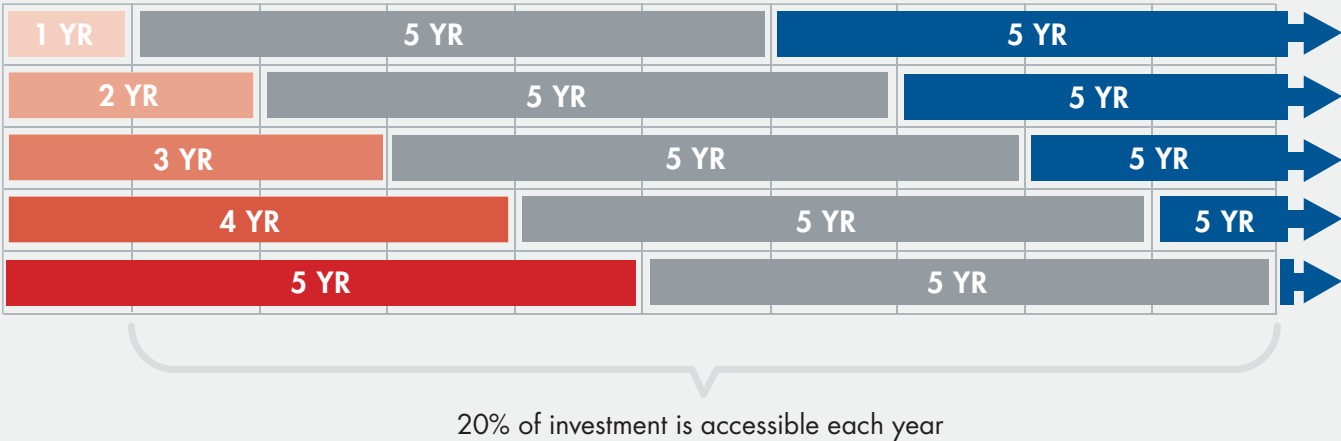
When interest rates are low it can be tempting to delay investing, or to invest for short periods of time while waiting to see if interest rates increase. Unfortunately, by taking a “wait and see” approach you risk missing out on the interest you could be earning while waiting for interest rates to rise. On the other hand, if you put your money in an investment with a term of five years or more, you risk missing the opportunity to invest at a higher interest rate if rates rise within the next few years.

Equitable Life’s GDA auto-laddering option helps to mitigate both of these risks. It allows you to start earning interest right away, and removes the guesswork of determining the “right time” to invest.

How does auto-laddering work?

You have the option to choose either a 5 or 10 year auto-laddering term. If the “5 year” option is selected, your lump sum deposit is divided equally between 1, 2, 3, 4, and 5 year terms. At maturity, each deposit is automatically reinvested for a 5 year term. If the “10 year” option is selected, your lump sum deposit is divided equally between 1 to 10 year terms. At maturity, each deposit is automatically reinvested for a 10 year term.

Example: Auto-laddering option (5 years)



For illustration purposes only.

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What are the advantages of the auto-laddering option?

- **Manage the interest rate risk:** By using the disciplined approach of auto-laddering, you don't have to worry about guessing the right time to invest – you can start earning interest now. If interest rates do increase, you have access to up to 20% of your investment each year to reinvest at a higher interest rate. If interest rates go down, you will be glad to have the majority of your investment earning a higher interest rate.
- **Potential for higher returns:** By investing across multiple GDA terms, you have the potential to access higher interest rates than if you were to invest in short-term GDA terms only.
- **Flexible cash flow:** You have access to a portion of your investment every year. The funds can either be reinvested or can be withdrawn without incurring a market value adjustment. If the "Simple Interest" option is selected, the interest is paid out on a monthly or annual basis, providing a guaranteed income stream.

You can elect the auto-laddering option by completing the Investment Direction form # 693Ann, or selecting the option on the Guaranteed Interest Account application. Contact your financial advisor to explain how this strategy can be incorporated into your savings plan.

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