

WISE THINKING FOR YOUR FINANCIAL PLANS

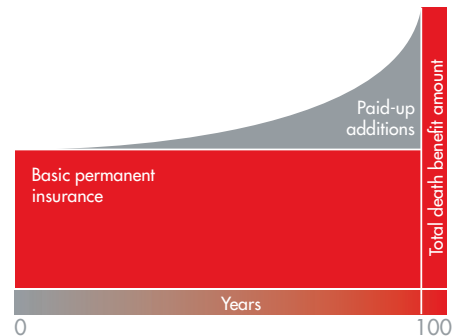
Preserving a family legacy with Equimax® participating whole life

Do your clients have assets that will result in a large capital gain when they die?
Are they concerned their heirs will have to sell the asset to cover the tax?
Equimax Estate Builder® can give them peace of mind and help preserve their family legacy.

Equimax participating whole life insurance ensures a tax-efficient transfer of assets to their heirs. Proceeds can be used to cover final expenses, capital gains taxes, probate fees¹ and any tax burden that occurs at death, keeping the inheritance intact.

HOW IT WORKS

- Equimax Estate Builder is a participating policy eligible to participate in the earnings of the participating account through dividend payments². Although dividends are not guaranteed, they will never be negative and once credited to the policy, cannot be taken away.
- The paid-up additions dividend option is ideal for covering capital gains tax on assets that increase in value over time. Annual dividends are used to purchase additional participating paid-up insurance which is also eligible to participate in the earnings of the participating account through dividend payments. The compounding effect increases both the death benefit and cash value over the life of the policy.
- Clients can further increase the long-term tax-advantaged growth within the policy by making additional deposits through the excelerator deposit option (EDO)³. The EDO amount buys more paid-up additions.



THIS CONCEPT IS IDEAL FOR CLIENTS WHO...

- Have an asset that will result in a large capital gain upon death, such as a family cottage.
- Have good cash flow and little or no debt other than their mortgage.
- Like guarantees.
- Prefer a stable, hands-off investment option that offers tax-advantaged growth.

WHY BUY NOW?

- Your clients will pay less today since the cost increases with age.
- Changes in health could make them uninsurable or subject to higher, rated premiums.

Preserving a legacy with Equimax.

Questions? Contact your Equitable Life Regional Sales Manager.

FOR ADVISOR USE ONLY

¹ To avoid potential probate fees, ensure proper beneficiary designation is made. Policy owners may need legal and tax advice. Naming the estate as the beneficiary can cause the policy to form part of the estate and may make it subject to probate fees (e.g. in Ontario, Estate Administration Tax.)

² Dividends are not guaranteed and are paid at the sole discretion of the Board of Directors. Dividends may be subject to taxation. Dividends will vary based on the actual investment returns in the participating account as well as mortality, expenses, lapse, claims experience, taxes, and other experience of the participating block of policies.

³ Limits are set on the amount of deposits that can be made to ensure the policy remains tax-exempt under the Income Tax Act (Canada).

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CASE STUDY

Keep the cottage in the family with Equimax Estate Builder®

Leaving the family cottage to their children is a dream for many. But the potential tax liability may keep the dream from becoming a reality, forcing their heirs to sell the cottage to pay the tax.

THE SITUATION:	THE NEED:
<ul style="list-style-type: none"> Andrew (48) and Cheryl (49) Recently inherited the family cottage. 30 years ago, it was worth \$150,000. Today it's worth \$500,000, an annual increase in value of about 4%. Similar appreciation in the next 40 years will create a potential tax liability of \$475,000⁴ for their heirs. 	<ul style="list-style-type: none"> They need a permanent asset with sufficient value and growth over time to help cover the potential tax liability. A plan that will be paid up around retirement. They can afford a monthly payment of about \$825.

THE SOLUTION:

A \$295,000 Equimax Estate Builder joint last-to-die plan with paid-up additions dividend option and a 20 pay premium. Monthly premiums are \$815.87.⁵

Calculating the initial face amount

To determine the initial face amount, we looked at the illustrated values for the total death benefit at policy year 40. This amount needed to be at least \$475,000, the estimated tax liability. Since the dividends used to purchase paid-up additions are not guaranteed, we recommend using the "current less 2%" illustrated values to provide a more conservative estimate.

In year 40, the illustrated total death benefit will be sufficient to cover the estimated tax liability of \$475,000.

Policy year	Current dividend scale ⁶		Current dividend scale less 2% ⁷	
	Total cash value	Total death benefit	Total cash value	Total death benefit
20	\$ 217,709	\$ 456,873	\$175,825	\$368,136
30	\$ 404,435	\$ 644,489	\$267,122	\$421,940
40	\$ 670,266	\$ 866,382	\$367,844	\$476,160
50	\$1,022,617	\$1,149,250	\$470,380	\$533,601

CUSTOMIZING THE PLAN:

Do your clients have additional funds available to invest? Add the excelerator deposit option. The additional value builds on a tax-advantaged basis. They can access the cash or leave it in the policy to increase the death benefit.

Help your clients "keep it in the family" with Equimax Estate Builder.

⁴ Assuming a marginal tax rate of 50%. ⁵ Based on a Joint Age of 40. Assumes individuals are both non smokers. Based on rates in effect as of July 1, 2021. ⁶ Values are for illustration purposes only. Based on the dividend scale as of the rates effective date remaining unchanged for the life of the policy. ⁷ Illustrated values assume that the interest rate component of the current dividend scale is reduced by 2%.