

Payout Annuity Rate Guarantees

What does it mean to have the rate guaranteed?

“I’ve received a rate guarantee from Equitable Life... is the income payment guaranteed?”



A rate guarantee **locks in the interest rate** that will be used to calculate the income payment. The income payment itself is not guaranteed as there are a number of factors in addition to the interest rate that can increase or decrease the income payment.

What other factors can change the income payment?

- **Purchase date:** This is the date that the deposit is received at Equitable Life®. To illustrate the income payment as accurately as possible, estimate the date you would expect the deposit to reach Equitable Life’s Head Office. Keep in mind the time it takes to mail the deposit or transfer the funds from another financial institution. If the deposit is received after the purchase date, the income payment will decrease.
- **Deposit amount:** When funds are being transferred from another financial institution, the deposit amount is often slightly different from what was on the original illustration. Any time the deposit amount is increased or decreased, the income payment will also adjust in the same manner.
- **First payment date:** The first payment date must occur after the deposit is received at Equitable Life. If the deposit is received after the date illustrated, a new first payment date must be selected which may result in a change to the income payment amount.
- **“Unisex” or “sex-distinct” (for locked-in funds):** Locked-in funds require the deposit to be identified as “unisex” or “sex-distinct” (or a combination of the two). It’s important that this information is accurate, as it will have a substantial impact on the calculation of the income payment. To illustrate the income payment as accurately as possible, contact the pension administrator or the transferring financial institution for the correct breakdown.

Is it worthwhile to get a rate guarantee?

Absolutely! The interest rate is a significant component in calculating the income payment. A rate guarantee will protect against a potential decline in interest rates, which would negatively impact the income payment.

The illustration, interest rate and amount of income payment must be confirmed by Equitable Life, and are all subject to Equitable Life verification and acceptance following receipt of the illustration. ® or ™ denotes a trademark of The Equitable Life Insurance Company of Canada.