



# TERM LIFE INSURANCE

The perfect balance between need and affordability

We are not a one-size-fits-all society. We like having things tailored specially for us. Now you can do just that for your clients. Mix and match various term life insurance products into one customized plan. Create the perfect balance between their need for life insurance protection and their budget.

THE SITUATION:	THE NEED:
<ul style="list-style-type: none"> <li>Jane (36), Office Manager; 2 children (age 3 and 5)</li> <li>Income of \$65,000</li> <li>Has about \$75,000 of short-term debt (car and line of credit)</li> <li>\$200,000 mortgage for 25 years</li> <li>Contributes to an education fund for her children</li> </ul>	<b>Affordable insurance to cover:</b> <ul style="list-style-type: none"> <li>Short-term debt</li> <li>Mortgage</li> <li>Final expenses</li> <li>Children's education</li> </ul>

## THE BEST VALUE SOLUTION:

Combining three term products into one plan gives Jane a customized and affordable solution that meets her short and long-term needs. With only one policy fee, Jane saves even more money.

Need	Coverage	Initial monthly premium <sup>1</sup>
To cover short-term debt	\$75,000 of term 10	\$ 5.69
To provide education funds	\$200,000 of term 20	\$14.32
To cover mortgage and final expenses	\$250,000 of term 30/65	\$ 25.09
Policy fee (only one policy fee applies regardless of the number of coverages)		\$ 4.50
<b>Total initial monthly premium</b>		<b>\$ 49.60</b>

<sup>1</sup> Assumes standard non-smoker rates. The premium for term 10 will increase after 10 years and the premium for term 20 will increase after 20 years when each coverage renews. Rates effective January 7, 2019.

## FUTURE FLEXIBILITY:

- All term plans can be switched to permanent coverage, with no evidence required.<sup>2</sup>
- A children's protection rider can be added to the policy. This would give each of Jane's children a small amount of coverage and ensure their right to purchase their own policy in the future, no additional evidence required.

Create a customized plan for your clients with the **Product Comparison Report**. It can help you determine the most cost-effective term coverage for each of your clients' needs. Available in the Equitable Sales Illustrations® software.

Find out more on the reverse.

ADVISOR USE ONLY

<sup>2</sup> Conversion must occur prior to the age specified in the contract. See contract for details. ® denotes a trademark of The Equitable Life Insurance Company of Canada. This information does not constitute legal, tax, investment or other professional advice.

# PRODUCT COMPARISON REPORT

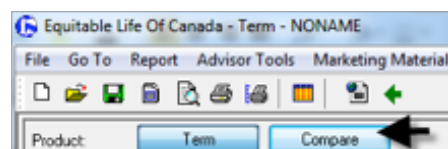
## Finding the right solution at the right cost

Term life insurance offers a choice of premium payment options. The Product Comparison Report can help you determine the most cost-effective term solution for your clients' needs.

### PRODUCT COMPARISON REPORT

The Compare button in the term illustration creates the [Product Comparison Report](#). It compares Equitable Life's three term plans and includes:

- Actual Premiums – including initial and any renewal premiums.
- Total Term Premiums Paid – accumulated premiums paid (out-of-pocket cost) at various years.
- Present Value of Premiums – current worth of accumulated premiums paid based on the interest rate selected in the illustration.



### HOW TO USE IT

Looking back at Jane's case study, she had a variety of needs including covering short-term debt, mortgage, final expenses and children's education.

Let's use her children's education need to show how the Product Comparison Report can highlight the most cost-effective term solution.

#### 1. What is the need ?

To make sure funds are available to cover her children's education should anything happen to Jane.

#### 2. How much is required ?

By 2028, a 4-year undergraduate degree from a Canadian university will cost about \$136,000\*. Since Jane has two children, she wants \$200,000 to cover the majority of the cost.

#### 3. How long is the coverage needed ?

Jane's children are 3 and 5 years old. Therefore, she needs this coverage for about 20 years, until her children graduate.

#### 4. What is the cost ?

Female, age 36, non-smoker, \$200,000

Age	Year	10 YRCT Premium	20 YRCT Premium	Term 30/65 Premium
<b>37 - 46</b>	<b>1 - 10</b>	<b>\$15.15</b>	<b>\$18.82</b>	<b>\$28.02</b>
47 - 56	11 - 20	\$58.68	\$18.82	\$28.02
57 - 66	21 - 30	\$131.04	\$188.10	\$28.02
67 - 76	31 - 40	\$348.84	\$188.10	-
77 - 85	41 - 49	\$1,051.20	\$1,051.20	-
Total term premiums paid	Year 10	\$1,818.00	\$2,258.40	\$3,362.40
	Year 11	\$2,522.16	\$2,484.24	\$3,698.64
	Year 12	\$3,226.32	\$2,710.08	\$4,034.88
	Year 13	\$3,930.48	\$2,935.92	\$4,371.12
	Year 14	\$4,634.64	\$3,161.76	\$4,707.36
	Year 15	\$5,338.80	\$3,387.60	\$5,043.60
	<b>Year 20</b>	<b>\$8,859.60</b>	<b>\$4,516.80</b>	<b>\$6,724.80</b>
	Year 21	\$10,432.08	\$6,774.00	\$7,061.04
	Year 22	\$12,004.56	\$9,031.20	\$7,397.28
	Year 23	\$13,557.04	\$11,288.40	\$7,733.52
Year 24	\$15,149.52	\$13,545.60	\$8,069.76	
Year 25	\$16,722.00	\$15,802.80	\$8,406.00	
Year 30	\$24,584.40	\$27,088.80	\$10,087.20	
Present value of premiums @ 5.00%	10 Years	\$1,441.55	\$1,790.75	\$2,666.15
	15 Years	\$3,363.46	\$2,407.16	\$3,583.87
	<b>20 Years</b>	<b>\$4,869.33</b>	<b>\$2,890.12</b>	<b>\$4,302.93</b>
	25 Years	\$7,504.18	\$6,672.28	\$4,866.34
	30 Years	\$9,568.65	\$9,635.70	\$5,307.78

	Term 10	Term 20	Term 30/65
Initial monthly premium	\$15.15	\$18.82	\$28.02
Total premiums paid at year 20	\$8,859.60	\$4,516.80	\$6,724.80
Present value of premiums paid at year 20	\$4,869.33	\$2,890.12	\$4,302.93

You can quickly see that term 20 is the most cost-effective solution for this need. Go through the same process with each of your clients' needs to determine the best term solution for them.

\* This amount assumes that the student will pursue post-secondary studies away from home and is calculated using the average annual increase in the total cost of tuition, accommodation, books, transportation and meals from 1995/1996 to 2006/2007 (5.69% and 4.53%, respectively). Source: Statistics Canada. <http://www.heritageresp.com/the-cost-of-a-higher-education>

term

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