



Equitable Payout Annuities

Savings and Retirement
Advisor Guide



Equitable Payout Annuities Income Guaranteed!



It's a fact;

Canadians are living longer.

The need to support a longer and more comfortable lifestyle is important to all of us. It's taken a lifetime for our clients to save for their retirement and they need to be certain their savings will be available when they need them.

An Equitable Payout Annuity provides a guaranteed income in one easy, worry-free solution.

Payment Flexibility

Do your clients want:

- Certainty that they won't outlive their savings?
- Stability of a guaranteed income?
- Portfolio diversification?
- To turn their registered savings into retirement income?

An Equitable Payout Annuity can provide the foundation for a steady and solid source of retirement income for your client. Income payments can be made to your client through direct deposit on a monthly, quarterly, semi-annual or annual basis on any day your client chooses (1-28).

Equitable also offers your client a 3-day and 45-day interest rate guarantee option. This option is available for annuities purchased with funds transferred from another institution, or from within a maturing Equitable contract. Here are the steps to follow for the rate guarantee process:

Rate Guarantee: 3-Day

Type of Deposit: Cheque

Equitable offers a 3-day rate guarantee to cover the time it takes for the application to get to Equitable's Head Office.

Rate Guarantee: 45-Day

Maturing Funds at Equitable/Transfer of maturing funds from another financial institution/Transfer of funds from another financial institution. Equitable offers a 45-day rate guarantee for the following reasons:

- To protect the rate where the source of the funds are originating from maturing deposits at Equitable or another financial institution.
- To protect the rate during the time it takes to process the transfer of funds from another financial institution to Equitable Head Office.

To obtain a rate guarantee, you must secure the interest rate by submitting the completed illustration to the rate guarantee fax line at 519.883.7428 or via EZ Upload. Your interest rate will automatically be secured based on the receipt date of the fax or upload. If you have any questions or would like more information, our Advisor Services Team would be pleased to assist you. You can reach them at 1.800.668.4095, or email them at savingsretirement@equitable.ca.

Only life insurance companies can offer Life Annuities. Once your client purchases a Payout Annuity, payments are guaranteed for life or a specific period of time. The terms of the annuity cannot be altered, cashed out or transferred to another investment.

Product Overview

Plan Issue Ages

Life Annuity (16 – 86)

Term Certain (non-registered only) (16 – 86)

Term Certain to age 90 (60 – 86)

Joint and Survivor (50 – 86)

The types of Payout Annuities available are determined by the source of funds being used at purchase.

| Source of Funds | Life Annuity | Term Certain | Term Certain to Age 90 | Joint Survivor Annuity |
|-----------------|--------------|--------------|------------------------|------------------------|
| Non-Registered | • | • | N/A | • |
| RRSP | • | N/A | • | • |
| LIRA | • | N/A | N/A | • |
| RRIF | • | N/A | • | • |
| LIF | • | N/A | N/A | • |
| RPP Unlocked | • | N/A | • | • |
| RPP Locked-In | • | N/A | N/A | • |

Minimums and Maximums

Advisors will be able to run illustrations up to the following amounts:

- Registered annuities up to \$2,000,000 (provided the income does not exceed the income maximum – see below)
- Non-registered Term Certain annuities up to \$2,000,000 (provided the income does not exceed the income maximum – see below)
- All other Non-Registered annuities up to \$1,000,000 (provided the income does not exceed the income maximum – see below)

Income maximums for registered deposits and Term Certain Annuities:

| Payment Frequency | Income Minimum | Income Maximum |
|-------------------|----------------|----------------|
| Monthly | \$50 | \$8,333.33 |
| Quarterly | \$150 | \$25,000 |
| Semi-Annually | \$250 | \$50,000 |
| Annually | \$500 | \$100,000 |

Income maximums for non-registered life annuities:

| Payment Frequency | Income Minimum | Income Maximum |
|-------------------|----------------|----------------|
| Monthly | \$50 | \$5,000 |
| Quarterly | \$150 | \$15,000 |
| Semi-Annually | \$250 | \$30,000 |
| Annually | \$500 | \$60,000 |



Payout Annuity Quotes

To obtain an annuity quote you can visit https://advisor.equitable.ca/advisorhome/secure/tools/online_annuity_quotation/. If the quote is for an amount that exceeds permitted limits or you need help with a quote, please contact our Advisor Services Team. You can reach them at 1.800.668.4095, or email them at savingsretirement@equitable.ca.

Payout Annuity Commissions

| | Deposit Amount | Commissions |
|---|-----------------|-------------|
| Life and Term Certain Annuities > 15 years and over | First \$100,000 | 3.00% |
| | Next \$100,000 | 2.00% |
| | Next \$200,000 | 1.40% |
| | Balance | 1.00% |
| Term Certain Annuities > 10 years to < 15 Years | First \$100,000 | 2.25% |
| | Next \$100,000 | 1.70% |
| | Balance | 1.00% |
| Term Certain Annuities < 10 Years | First \$100,000 | 2.00% |
| | Next \$100,000 | 1.35% |
| | Balance | 1.00% |

Equitable can offer a number of Payout Annuity options that can be set up to meet a client's specific needs, using either registered or non-registered funds with a variety of additional features.

Life Annuity

- A Life Annuity pays a periodic guaranteed income benefit for the life of the annuitant
- Issue ages are 16 – 86
- Guarantee periods range from 5 – 30 years for registered money, and from 7 – 30 years for non-registered funds (subject to certain limitations based on age)

Term Certain

- A Term Certain pays a periodic guaranteed income benefit to the annuitant for a fixed length of time ranging from 5 – 30 years (subject to certain limitations based on age)
- Issue ages are 16 – 86
- Should the annuitant die prior to the end of the term chosen, payments can continue to a named beneficiary or be paid as a lump sum
- Available for non-registered funds only

Term Certain to Age 90

- A Term Certain to age 90 pays a guaranteed income benefit until the annuitant reaches age 90
- Issue ages are 60 – 86
- Should the annuitant die prior to age 90, payments can continue to a named beneficiary or be paid in a lump sum
- If the annuity is purchased with registered funds and the beneficiary is not the annuitant's spouse, the commuted value must be paid upon death

Joint and Survivor Annuity

- A Joint and Survivor Annuity is based on the lives of two annuitants where guaranteed income payments will continue as long as at least one annuitant is living
- Issue ages are 50 – 86
- Guarantee periods range from 5 – 30 years for registered money, and from 7 – 30 years for non-registered funds (subject to certain limitations based on age)
- Upon the death of the first annuitant, the payments will continue to the surviving annuitant. Depending on the option that was chosen when the contract was issued, the payments will either:
 - a) Continue for the full amount of the original payment (or)
 - b) Reduce to a percentage of the original payment amount (between 50% – 99%).
- When a reduction of the payment is elected:
 - a) At time of issue, the owner can specify if the payment reduction will occur upon the death of either life, or specify that the reduction will only occur if a specific annuitant is the first to die.
 - b) If the first death occurs before the end of the guarantee period, the payment will continue at the full amount of the original payment until the guarantee period is over.

For all of the annuity options above, payments can be indexed up to 2% per year and payments can be deferred up to 3 years.

Taxation

The amount of tax a client will be required to pay will, in part, be determined by the source of funds used to purchase the Payout Annuity.

Registered – While saving for retirement, registered investments benefit from tax-sheltered growth. Income payments from Payout Annuities purchased with registered funds are fully taxable in the year the income is received.

Non-Registered – Payout Annuities that are purchased with non-registered funds can be set up as either prescribed or non-prescribed. A prescribed Payout Annuity provides a tremendous opportunity for tax deferral and savings while enjoying preferential treatment under the Income Tax Act* (Canada). A Payout Annuity with prescribed taxation levels out the taxable portion of the income payments over the life of the annuity. This can provide greater after-tax income in the initial years.

The taxable portion of the income payments from a non-prescribed annuity is higher in the early years. This may provide an opportunity for tax savings as other sources of income are drawn from later in retirement.

Benefits of Payout Annuities

A Payout Annuity is a lump sum investment that provides a guaranteed periodic income for life or for a specific period of time.

- Guaranteed income for life or for a specific period of time
- Flexibility with payment frequency, length of guarantee, type of Payout Annuity
- No need to worry about short-term market fluctuations or changes in interest rates
- Return of premium – if the annuitant dies before receiving the first annuity payment, the beneficiary will receive an amount equal to the single premium.
- Increased diversification while reducing investment risk – part of a balanced portfolio
- Creditor protection – naming a beneficiary may protect income payments from creditors, subject to certain conditions
- Preferred tax treatment – enjoy tax-sheltered advantages
- Avoids probate – naming a beneficiary may help avoid the probate process
- Assuris guarantee – Equitable is a member of Assuris, the organization that provides protection to Canadian contract holders

Using A Payout Annuity to Fund A Life Insurance Contract

To simplify paying for a life insurance contract a client can set up a term certain contract matching the payment term of their life insurance contract. On the payout annuity application a client can enter their Equitable life insurance contract number to set this up. A life annuity cannot be used for the purposes of funding a life insurance contract.

*Tax laws are subject to change.



Payout Annuity Payment Options

A client can customize a Payout Annuity with additional options – like adding features to a new car purchase. These features will allow the client to choose the best options for any lifestyle and income needs.

Guarantee Periods

On a Life Annuity or a Joint and Survivor Annuity, a client will choose a guarantee period (5 – 30 years for registered money, or 7 – 30 years for non-registered funds, subject to certain limitations based on age). In the event of death and if the guarantee period has not expired, the payments can be made to a named beneficiary or taken as a lump sum.

Indexed Payments

At the time of issue, a client has the option of indexing payments by up to 2% each year. This means that should the cost of living increase over the coming years the client can rest assured that the income payments will increase as well.

Payments to Beneficiaries

For a registered annuity, payments can continue to a surviving spouse until the end of the guarantee period. If the beneficiary is not the spouse of the annuitant, then the beneficiary receives the commuted value of any remaining guaranteed payments as a lump-sum.

For a non-registered annuity, payments can continue to the beneficiary or be taken as a lump-sum representing the commuted value of the remaining guaranteed payments.

Annuity Settlement Option

The Annuity Settlement Option is often selected by contract holders who are concerned about how their beneficiary will manage a large lump sum death benefit, particularly for beneficiaries who may be inexperienced managing money. Contract holders who select the Annuity Settlement Option are opting for their beneficiary(ies) to receive their death benefit as a controlled income stream in the form of an annuity, either for a specific period of time, or for the lifetime of the beneficiary.

This option can be added to any life insurance contract or investment contract in lieu of the beneficiary receiving a lump-sum payment.

Would the client benefit from a payout annuity?

Equitable Payout Annuities offer a simple, yet effective solution that will work to meet the client's needs. Payout Annuities are ideal for:

- Supplementing other forms of retirement income (OAS, CPP, etc.)
- Converting RRSPs and RRIFs
- A pension rollover or severance package
- Covering fixed expenses or funding major expenses
- Tuition payments for a child or grandchild
- Business owners requiring a pension
- Eliminating the worry to provide an income for a spouse

Payout annuities are ideal for many different types of investors:

- Those who are concerned about outliving their income
- Those who want a worry-free investment without the concern of stock market fluctuations
- Those who require the added stability of a guaranteed income
- Those who are looking for additional diversification within their portfolios

How Payout Annuity Payments are Determined

There are various factors that will affect the income amount including:

Age – The longer the life expectancy the lower the payments will be.

Sex – Life expectancies for males and females differ. Females are typically expected to live longer and therefore will receive lower payments.

Interest rates – The current long-term interest rate outlook.

Amount of deposit – The larger the investment the higher the income payments will be.

Guarantee period – The shorter the guarantee period, the larger the payments will be.

Indexing – The higher the indexing rate, the lower the initial payment will be. However, over time the payment level will increase and ultimately become higher than the non-indexed payments.

Deferral period – This will make the payment higher or lower depending on when the first payment begins.

About Equitable

At Equitable we believe in the power of working together. This guides how we work with each other. How we help our clients and partners. And how we support the communities where we live and work.

Together, with partners across Canada, we offer Individual Insurance, Group Insurance and Savings and Retirement solutions. To help our clients protect today and prepare tomorrow.

We believe the world is better when we work together to build an Equitable life for all.



* or ™ denotes a trademark of The Equitable Life Insurance Company of Canada.

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