

Building a stronger investment portfolio with Equimax participating whole life

(supplemental)



Equimax[®] whole life

Case study: A closer look at the numbers

Meet John and Bill

John and Bill are both 45 years old. They are looking for a tax-efficient way to leave an inheritance to their heirs and build wealth they can access to supplement their retirement income. They have each maximized their registered investments and currently have \$750,000 in non-registered savings. They can each afford to spend \$30,000 annually for the next 20 years to help them achieve their financial goals.

John's plan	Bill's plan
<ul style="list-style-type: none"> Life insurance: \$1 million Term 20 policy which will not be renewed.¹ Investment: Deposits \$28,430 annually to his existing non-registered investment. 	<ul style="list-style-type: none"> Life insurance: \$1 million total insurance coverage (\$750,000 permanent whole life insurance, with a \$250,000 Term 20 rider). The term rider will not be renewed.² Investment: Deposits \$4,918 annually to his existing non-registered investment.

End of year value...

	Non-registered investment ³	Life insurance total death benefit	Non-registered investment ³	Life insurance total death benefit ⁴
Year 1	\$796,723	\$1,000,000	\$772,659	\$1,002,757
Year 5	\$994,857	\$1,000,000	\$868,745	\$1,038,603
Year 10	\$1,269,869	\$1,000,000	\$1,002,113	\$1,136,012
Year 15	\$1,578,749	\$1,000,000	\$1,151,906	\$1,291,181
Year 20	\$1,925,670	\$1,000,000	\$1,320,147	\$1,507,089

Annual withdrawals to supplement retirement income for 20 years⁵

	\$44,214 (withdraws interest only before death at age 85)		\$81,571 (withdraws all his savings before death at age 85)	
Age 66	\$1,925,670	\$0*	\$1,267,682	\$1,306,973*
Age 75	\$1,925,670	\$0	\$736,392	\$1,836,928
Age 85	\$1,925,670	\$0	\$0	\$2,678,957

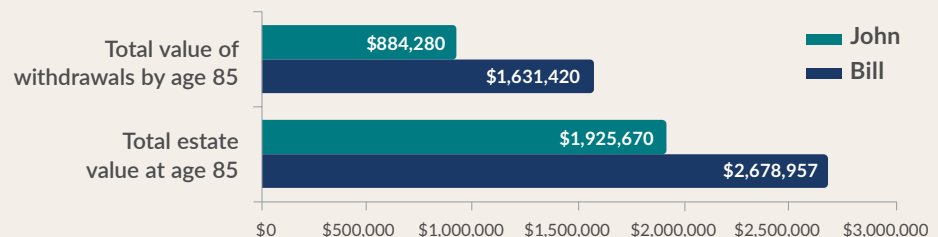
*In this example, John's Term 20 policy and Bill's Term 20 rider are not renewed.



We have an industry-leading participating account rate of return. Our participating account fund has been open—and never closed—since 1936.

The results

By age 85, Bill will have received **\$747,140** (85%) more for retirement than John; and the value of his estate will be about 40% higher than John's.



¹ Premiums paid for 20 years only. Male, age 45, standard non-smoker rates as of October 5, 2024. Exact premium is \$1,569.95.

² Equimax Estate Builder[®], 20 pay, Paid-up additions dividend option. Exact annual premium including the Term 20 rider is \$25,081.95 based on male, age 45, standard non-smoker rates as of October 5, 2024. The term rider is not renewed and premiums are paid for 20 years only.

³ Assumes an average annual rate of return of 5% in an interest only investment and a marginal tax rate of 53%. Assumes no withdrawals from the non-registered savings before age 65.

⁴ Illustrated values are for a male, age 45, standard non-smoker rates effective October 5, 2024 and the dividend scale at that time remaining unchanged for the life of the policy. It is neither a projection nor a prediction of future performance. Dividends may be subject to taxation. Dividends are not guaranteed. They could change and be different based on how well the investments do, how many claims are made, and other factors. Dividends are paid at the sole discretion of the Board of Directors.

⁵ Assumes the rate of return on the taxable investment during the withdrawal years is 5% assuming a marginal tax rate of 53%.

Flexibility to enjoy your retirement ... your way

What if Bill takes less money to supplement his retirement income to make it last for 30 years?

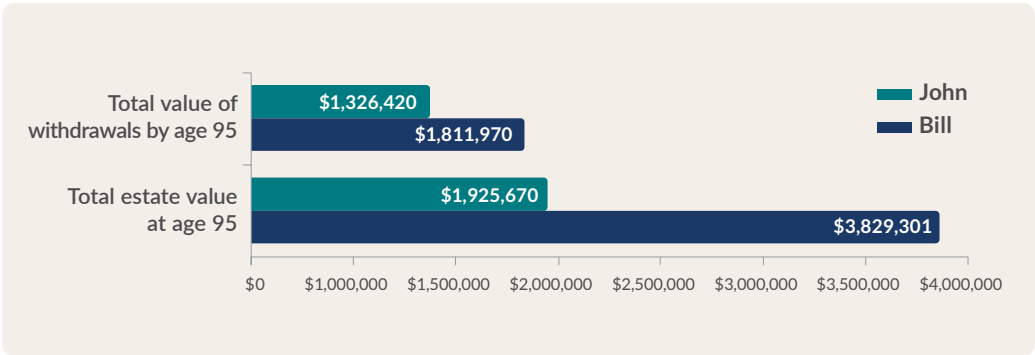
If Bill withdraws \$60,399 each year for 30 years rather than \$81,571 for 20 years, how would the total value of his withdrawals and estate value compare to John's?

	John's plan		Bill's plan	
Value at end of year 20				
	Non-registered investment ³	Life insurance total death benefit	Non-registered investment ³	Life insurance total death benefit ⁴
	\$1,925,670	\$1,000,000	\$1,320,147	\$1,507,089
Annual withdrawals to supplement retirement income for 30 years ⁵				
	\$44,214 (withdraws interest only before death at age 95)		\$60,399 (withdraws all his savings before death at age 95)	
Age 66	\$1,925,670	\$0*	\$1,289,351	\$1,306,973*
Age 75	\$1,925,670	\$0	\$977,500	\$1,836,928
Age 85	\$1,925,670	\$0	\$545,260	\$2,678,957
Age 95	\$1,925,670	\$0	\$0	\$3,829,301

*In this example, John's Term 20 policy and Bill's Term 20 rider are not renewed.

The results

By age 95, Bill will have received **\$485,550** (or 37%) more for retirement than John; and the value of his estate will be almost double the value of John's estate.



What if Bill wants more money to supplement his retirement income?

In addition to the withdrawals Bill is making from his non-registered investments, he can use the cash surrender value of his life insurance policy as collateral for a bank loan or a policy loan from Equitable®.

Bill's plan		
End of year value...		
	Non-registered investment ³ (assuming an annual withdrawal of \$81,571)	Cash value of life insurance ⁴ (available for collateral loan or policy loan)
Age 66	\$1,267,682	\$764,066
Age 75	\$736,392	\$1,307,860
Age 85	\$0	\$2,227,495

The results

Bill can receive more income per year and/or for a longer period of time by borrowing against the cash value of his policy. At death, his estate value will be decreased by any outstanding loan balance.

Adding a participating whole life policy to your financial plans gives you more options to address the “what ifs”.

Contact your financial advisor to find out more.

This information does not count as legal, tax, investment or other expert advice. The case study in this document is for illustration purposes only. Actual results will vary. Case study values are based on current tax legislation which may change. Illustrated values are based on the dividend scale in effect at October 5, 2024 remaining unchanged for the life of the policy. Your advisor can show you alternate dividend scale reports to help highlight the potential impact possible decreases in the dividend scale interest rate can have on the values in your policy. Those reports are not a prediction of the largest dividend scale change that could occur over the life of your policy.



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.



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