Equitable™

Levelize the tax on your fixed income investments with Participating Whole Life

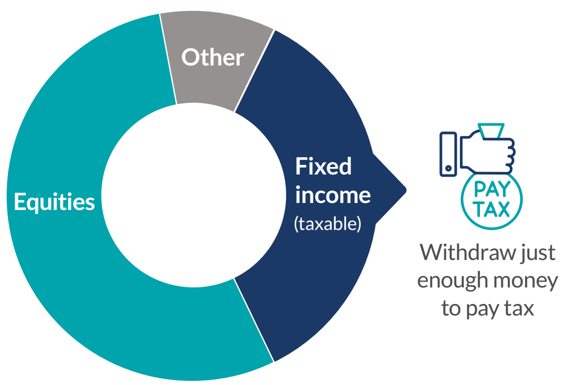
Individual clients

Are you paying more tax than you need to on your fixed income investments? By adding a whole life insurance policy to your financial plans, you could increase your wealth by redirecting some of the money you are currently paying in taxes.

What do a lot of people do with their fixed income investments?

1. Each year they withdraw only the amount of interest income earned that is required to pay the tax for that year.
2. They keep the remaining balance of the interest income in their fixed income portfolio for reinvestment and growth.

Growing investment = more tax payable.



Example #1: Fixed income investment

Client can allocate a lump sum of $3,075,000. The full amount is invested in a taxable fixed income investment.

Fixed income investment				
Years	Opening balance	Interest income earned	Amount of interest income withdrawn to pay tax[1]	Closing balance[2]
1	$3,075,000	$153,750	$ 76,875	$3,151,875
10	$3,840,254	$192,013	$ 96,006	$3,936,260
20	$4,915,849	$245,792	$122,896	$5,038,746
35	$7,119,616	$355,981	$177,990	$7,297,606
Cumulative tax paid by year 35			**$4,222,606**	

Results: By year 35, reinvesting the interest income remaining after taxes are paid results in a cumulative tax bill of $4,222,606 and fixed income investment valued at $7,297,606.

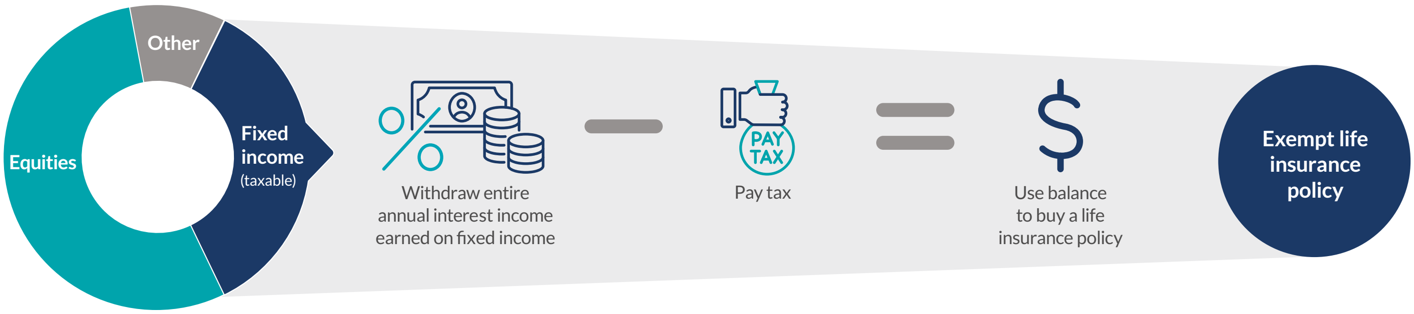
Would you like to pay less tax[3]?

You can levelize and pay less tax on your fixed income investments[1] using participating whole life insurance. The life insurance policy offers tax-advantaged growth so you can accumulate great wealth, faster. We'll show you how.

[1]Assumes an average annual rate of return of 5% and a marginal tax rate of 50%. Actual percentages may vary. [2] Assumes no withdrawals from principal. [3] Depends on the nature of your taxable investment.

Levelize the tax on your fixed income investments

1. Each year, you would withdraw the full amount of interest income earned, leaving only the principal.
2. You would use a portion of the interest income you withdrew to pay the tax for that year.
3. The remaining balance of the interest income would be used to pay the annual premiums on a tax-exempt whole life insurance policy.



Since the investment balance remains level, so does the tax.

Example #2: Fixed income investment + life insurance

Client can allocate a lump sum of $3,075,000. $75,000 is used to pay the initial annual premium of a life insurance policy and the remaining $3,000,000 is invested in a taxable fixed income investment. Each year, the interest income earned ($150,000) on the fixed income investment is used to pay the taxes ($75,000) on the investment and the next annual premium for the life insurance policy.

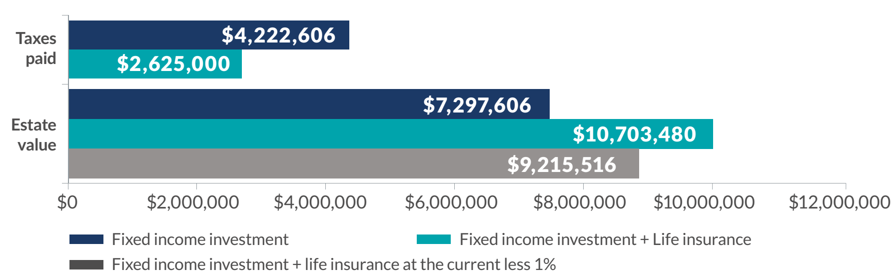
Cumulative tax paid by year 35 is $2,625,000 ($75,000 x 35 years)

Life insurance policy[4]				
Years	Total cash value (current dividend scale)[5,7]	Total death benefit (current dividend scale)[5,7]	Total cash value (current less 1%)[6,7]	Total death benefit (current less 1%)[6,7]
1	$64,592	$1,193,154	$64,061	$1,191,728
10	$910,761	$2,399,514	$864,061	$2,304,403
20	$2,392,532	$4,020,341	$2,139,699	$3,620,921
35	$6,243,345	$7,703,480	$5,023,215	$6,215,516

All illustrated values are as of year end.

Life insurance policy values are based on the dividend scale in effect when the illustration was run remaining unchanged for the life of the policy. It was neither a projection or prediction of future performance. 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 illustrated values in your policy.

Results: At year 35, buying a life insurance policy results in a cumulative tax bill that is approximately 38% lower than with the investment alone; and an estate value[8] that is 47% higher based on the current dividend scale and 26% higher based on the current dividend scale less 1%.



Using the net after-tax interest earned on your fixed income investments to buy a permanent life insurance policy levelizes the tax payable and immediately increases the value of your estate. The life insurance policy also offers tax-advantaged growth so you accumulate greater wealth, faster. **Contact your financial advisor to find out more.**

[4] All calculations are based on an Equimax Wealth Accumulator® Life Pay, male, age 50, standard non-smoker rates as of August 12, 2023. Paid-up additions dividend option. Maximum EDO initial death benefit of $1,065,341. [5] Illustrated values assume the current dividend scale as of the rates effective date remaining unchanged for the life of the policy. [6] Illustrated values assume the current dividend scale with a 1% reduction in the dividend scale interest rate remaining unchanged for the life of the policy. [7] 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. [8] The estate value only includes the closing balance in the fixed income investments and the death benefit of the life insurance policy. The value of any other investments is excluded from this example. The example used in this document assumes that registered investments have been maximized. The example is for illustration purposes only. Actual results will vary. Based on current tax legislation and may change. This information does not constitute legal, tax, investment or other professional advice. Please consult your tax, legal or financial planning professional for advice with respect to your personal circumstances.

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