Equitable™

Understanding Participating Whole Life Insurance

Client Guide

About Equitable

TOGETHER
Protecting Today – Preparing Tomorrow®

As one of Canada's oldest and largest mutual insurance companies, Equitable provides financial security differently by focusing exclusively on our clients. We work with you and independent advisors across Canada to find the best ways to meet your needs. Our life insurance, savings and retirement, and group benefits solutions help all of our clients protect what matters. Together, with you, our purpose is protecting today, preparing tomorrow.

At Equitable, we pay attention to all the details and deliver on our promises. Your trust in our knowledge, experience, and financial strength helps us keep our commitments to you. Our company is owned by people like you who count on us and use our services. This lets us focus on plans that help our company grow and stay strong now and in the future.

To learn more about Equitable and our financial strength, visit www.equitable.ca/en/who-we-are.

Understanding Participating Whole Life Insurance

About this guide

This guide provides information to help you understand Equimax® participating whole life insurance, including some key financial facts about the management, performance and strength of Equitable's participating account, how dividends are calculated and how they impact your policy. While Equitable has made every effort to ensure the accuracy of the information presented here, the policy contract governs in all cases.

What's a participating whole life policy?

Simply put, guaranteed lifetime insurance protection with savings.

Life insurance is an agreement between a policy owner and a company that provides insurance. If the life insured dies, the company pays a certain amount of money to the person, or beneficiary, you have chosen to receive it.

With Equimax participating whole life insurance through Equitable®, **you can plan for your estate and pass your wealth to your beneficiaries**. The policy has guaranteed cash values and the premiums for the policy are also guaranteed.

Premiums are what you pay to keep the insurance policy in place. Premiums go into what's called a participating account. The money in the participating account is used to cover benefits, expenses, and the insurance company's contributions to its surplus account. The rest of the money is then invested.

The money in the participating account can grow over time through these investments. Investment returns affect earnings in the participating account. Things like how many death benefits we pay out along with other expenses we pay also affect those earnings. Anyone whose premiums go into this account can receive some of those earnings back in the form of **dividends**. How much you are paid will depend on the dividend scale. But remember, dividends are not guaranteed. They could change and be different based on how well the investments do, how many death benefits we pay and other factors.

Dividends are paid at the sole discretion of the Board of Directors. If you take dividends in cash or access the cash value of your policy, you may pay taxes. However, if the policy is held until death, the death benefit is paid out tax-free.

Equitable manages the participating account. We pay attention to all the details and deliver on our promises, so that your insurance coverage and investment with us are kept safe today and in the future.

Want to learn more? Please visit: www.equitable.ca/en/already-a-client/participating-account-management-policy.

How do I get dividends?

You share in our success.

Each year, we watch how the participating account performs. We look at investments and other factors that affect the account. These include death benefits, taxes, expenses, policy loans and terminated polices. All these things can change how the account is doing.

We compare how we thought each of these factors might perform over the year to the actual results. We use safe assumptions to help gauge performance. The dividends declared reflect when the results outperform the assumptions. Using this, we can understand how the participating account did during the year.

If results were better than we expected for a factor, this is a good thing and has a positive effect. If results were worse than we expected for a factor, this has a negative effect. Some things may balance out others. For instance, if people live longer and less death benefits are paid out, this is good and the money that remains can help even out the dips in investment returns.

Based on the results for each of these factors in the participating account, we can calculate our dividend scale. The **dividend scale** is what we use to determine the dividend payment a policy gets.

Although dividends are not guaranteed, our track record is great.

Investment performance

The economy is always changing. As a result, the rate of Equitable's investment returns can go up or down depending on how the markets we invest in perform. We call this the **investment performance**, and we track it very closely.

We use something called the **dividend scale interest rate (DSIR)** to reflect the investment performance of the participating account. The DSIR looks at the returns from invested assets in the participating account. We smooth returns on riskier assets so the dividend scale is not drastically affected in a short time. We then use the DSIR in setting the dividend scale to determine the interest part of the dividend payment a policy gets.

Policy loans

Policy loans are a type of asset in the participating account. When you take out a loan from Equitable using your participating whole life insurance policy, this also affects the participating account. You must pay interest on the policy loan. That interest goes into the participating account as earnings. How many policy loans we have, and their interest rates, affect the participating account earnings.

The DSIR reflects how much is earned from investments in the participating account. The current policy loan rate dictates how much is earned from policy loans in the participating account. A policy loan interest rate that is lower than the dividend scale interest rate can negatively affect the participating account earnings.

We blend the applicable policy loan interest rate for your dividend class with the dividend scale interest rate to get the dividend interest factor. The **dividend interest factor** is then used to calculate the interest part of the dividend payment that your policy will get.

Mortality and terminated policies

How long people live can also affect the dividend scale. We call this mortality, and it affects how many death claims we pay. If lifespans go up or down, the amount of death claims paid out changes. This also affects how dividends are paid out. If people live longer than we expect, this has a positive effect on the dividend scale. If they die sooner than we expect, this has a negative effect on the dividend scale.

Policy owners can also decide not to keep their insurance coverage. As a result, we don't get the premium payments we were expecting.

A client may also choose to cancel their policy. By doing this, they terminate their contract with us. This is called "surrendering the policy". If the client surrenders the policy, we won't get any more premium payments for the policy. Also, they may have a cash value in the policy to which they are entitled.

We plan for these situations and expect that some policies may be terminated if they are surrendered or lapsed.

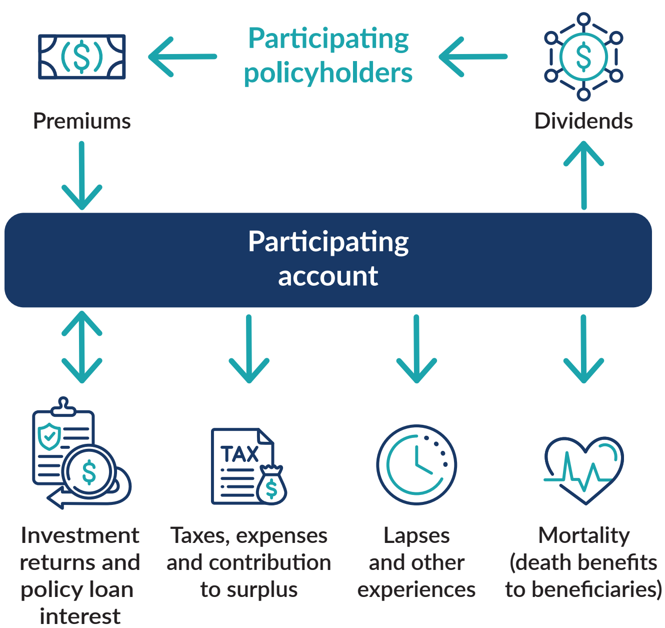
We look at our estimates for mortality and terminated policies and compare them against the actual results. We then apply those numbers to our dividend calculations. The dividend payment your policy gets also includes experience from these factors.

Taxes, other expenses, and a contribution to the company surplus

When figuring out dividends, we must also keep in mind taxes and other costs that need to be paid from the participating account. If these costs change, they can also affect whether dividends will go up or down. However, these expenses are usually a small part of determining the total dividend compared to how well investments perform and how many death claims are paid out.

Some of the money in the participating account goes into the company's surplus account. This account is used for the growth and development of Equitable. Doing this helps us maintain a strong capital base. It means that we have financial strength and allows us to invest back into our business. This benefits you as a participating policyholder. As we plan for the future, and invest in our business, we think about all this when we decide the dividend scale.

The following diagram shows how the participating account works.



Want to learn more? Please visit: www.equitable.ca/en/already-a-client/dividend-information.

A closer look at the participating account

We manage our investments with you in mind.

To manage the participating account effectively, we have ground rules. We call these rules a “mandate”. These rules guide us in how we use assets in the participating account. They support our long-term goals of growth and income to make sure:

1. We keep our product guarantees; and
2. We have enough money to pay dividends.

Who manages the investments?

The Asset Management Division within Equitable is responsible for managing investment assets. Since 1920, the Asset Management Division has been tasked with managing the company’s assets.

We take managing the participating account seriously. One way we do this is by actively investing the assets. This means we’re always looking for better ways to make money within our investment constraints and guidelines. We can do this well because we are an agile company.

Our size gives us flexibility with our investment choices. Both short-term and long-term investment opportunities are considered. This helps us to act on what’s happening in the markets. We have public investments and private investments. Public investments are broadly traded. Private investments (sometimes called alternative investments) are not broadly traded. This helps with diversification. **Diversification** means we make sure that the participating account’s assets are spread out in different places to help minimize risk.

We want to ensure we are careful and responsible with our participating account. We follow good strategies to manage risks, diversify our portfolio and support our long-term goals. Our team of professional experts are honest, accountable, reliable, and provide great service.

Want to learn more? Please visit: www.equitable.ca/en/our-products/investment-management/our-approach.

How is the participating account managed?

We follow a top-down approach to investment management. This starts with looking at what’s happening in the economy. We look at trends and forecasts that predict how financial markets will behave across different economic environments.

Changes in the economy and the politics of the time can help us figure out how financial markets will perform. We can then go into detail and focus on investing in specific industries and companies that we feel will give the best investment returns.

Basics of investing

Asset allocation

Assets are types of things that can be invested or invested in to produce income. These assets are sorted into **asset classes**. Asset classes include public bonds, private loans and bonds, mortgages, real estate, and common and preferred equity. Each type of asset class has its own risk and level of return. We think about which of these asset classes we want to invest in and how much. By investing in different asset classes, or **allocating assets** to different types, we help to diversify, or spread out, the level of risk. These types of decisions have the biggest impact on the participating account return.

Diversification

A new ice cream shop just opened in your neighborhood. They boast more than thirty different flavours of ice cream. You decide to get a triple scoop cone. That way, each scoop can be a different flavour you can try. If you don't like one flavour, you still have two other flavours you might like. This is what it means to **diversify**.

In the investment world, diversification helps to manage risk within a portfolio. Just like each flavour of ice cream tastes different, each asset class reacts differently to market conditions. If some investments do poorly, others may do well and help offset weaker returns from other asset classes. Having a wide range of investments within the participating account allows us to better manage investment risk.

There are different ways to diversify an investment portfolio. We diversify with asset classes, geographic exposures, industry sectors, and individual company exposures for the most desirable and stable investment outcomes.

How are your premium payments invested?

The following graph and table show the assets of the participating account investment portfolio. They show what percentage of our assets are invested in a particular class. The graph shows how invested money is split, or proportioned, between the different asset classes we invest in. The percentages are based on the total assets in the participating account at that time.

The table shows details of the different assets of the participating account and the total assets. It shows the dollar amount invested in each asset along with how much that asset makes up of the total assets at that time. It also shows the investment guidelines we follow for each of these assets. The guidelines help us follow our investment mandate.

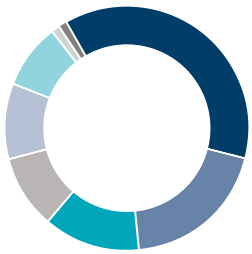
We tend to invest more in fixed income assets. Fixed income assets are types of investments that pay investors a specific payment until a given maturity date. The fixed payment is usually interest or dividends. At the maturity date the investor also gets back the amount they invested. Government and corporate bonds are the most common type of fixed income asset. Fixed income assets help to provide stability in the investment returns of the participating account.

We also invest in non-fixed income assets. Equities and real estate are common types of non-fixed income assets. These types of investments don't pay a specific fixed payment. Payments can change based on an underlying measure, like stock markets. Non-fixed income assets have greater risk. This also means they have the potential for higher returns than fixed income assets.

Having a mix of fixed income and non-fixed income assets in the participating account helps us to optimize the investment returns.

Participating account portfolio – asset classes

As of December 31, 2023.



Bonds	34%
Equities	19%
Real estate	12%
Policy loans	12%
Private placements	11%
Mortgages	8%
Cash and equivalents	4%
Other assets	0%

Participating account portfolio – details

As of December 31, 2023.

	Total Assets (in thousands)		Investment guidelines*	Percentage
Short-term				
Cash and equivalents	$	(64,290)		4%
Total short-term	$	(64,290)		4%
Fixed income				
Government bonds	$	275,340	0% - 50%	15%
Corporate bonds	$	340,179	10% - 35%	19%
Private placements	$	202,397	5% - 15%	11%
Commercial mortgages	$	136,027	6% - 26%	8%
Total fixed income	$	953,944		53%
Non-fixed income				
Real estate	$	222,554	10% - 25%	12%
Common equity	$	246,663	10%-20%	14%
Preferred equity	$	61,310	0%-10%	4%
Private equity	$	25,204	0%-5%	1%
Total non-fixed income	$	555,731		31%
Total invested assets	**$**	**1,573,965**		**88%**
Policy loans	$	201,694		12%
Other assets	$	6,954		0%
Total participating assets	**$**	**1,782,613**		**100%**

*As of December 31, 2023. Investment guidelines may change in the future.

We evaluate the assets in the participating account at specific times. We usually do this at the end of each quarter. This happens in March, June, September, and December of each year. We have assets in the participating account that provide cash inflows. After each evaluation, we estimate the cash coming in for the next quarter using our guidelines for what is needed. Sometimes there is a small difference in what we estimate will come in and the expected balance. This means cash assets could have a negative amount.

Cash is a small percentage of the assets in the participating account, so we don't worry about the negative amount. We know we need those assets to support growth in the portfolio in the first few weeks of the next quarter.

Want to learn more? Please visit: www.equitable.ca/en/our-products/investment-management/our-approach.

How do we make the participating account investments perform their best?

Mixing it up, watching it grow, and keeping it safe.

Choosing different asset classes (or **asset allocation**) is usually the best way to add value to our fund management. But the quality of our investments is also important for optimising outcomes.

Some of the ways we diversify are:

- Investing in different types of maturities for our fixed income portfolio,
- Focusing on many industries and issuers for our fixed income portfolio, and
- Spreading out our equity purchases by geographic location.

Asset classes
Public bonds Public bonds are a debt investment. Our public bond portfolio is mostly in Canadian securities. The issuers, or sellers, of the bonds, are a mix of corporations and governments. The public bonds we buy are mostly investment grade. This means the issuers have good credit quality. There is low risk they won't be able to pay us when the bond reaches the end of its term. Bond investments help to make sure there's enough money to cover any guarantees.
Private bonds and loans Like public bonds, private bonds and loans are a debt investment. These investments are not offered in the public market and are available only to buyers who meet certain requirements. Private bonds and loans usually don't trade. This makes it harder to sell if the risk changes. Because of this, they generally have higher yields, or returns. Equitable's private bond and loan investments are mostly investment grade and include many diverse types of industries.
Real Estate and Commercial Mortgages The real estate and commercial mortgages that we invest in are Canadian. They are also centered on major cities. Generally, we look for good income producing properties. These properties have stable cash flows to provide a stable return.
Equities We have both common and preferred equity investments in the participating account. These investments are in companies traded on a public stock market. Common equity investments are broad based and in North America. This means we invest in a variety of companies and industries mostly in Canada and the United States. Preferred equity investments usually offer more stable cash flows than common equities. They also have higher returns than fixed income assets. This makes them a good choice for the participating account. We also have investments in private equities. Private equities are investments in companies not traded on a public stock market. This means they can generally offer higher returns. A large amount of capital is required so only certain investors can buy these types of assets.

Investment quality

Our public and private fixed income portfolios include investment grade securities. This means the issuers are considered trustworthy and doing well. In other words, they have good credit quality.

Investment grade securities get a rating of BBB or higher (A/AA/AAA) from a recognized rating company. The rating shows how likely it is for an investment to not be paid back or default. Investment grade securities have a lower chance of defaulting. The lowest risk is with securities that have an AAA rating.

Investments with a lower credit rating can provide higher returns. We want to optimize our returns. To do this we will choose investments based on the risk and the return they provide.

This table shows the quality of our public fixed income assets at the end of the year stated. The percentages show what portion of the investments have each rating. Most of our publicly rated fixed income securities have a rating of A or better.

Investments by quality	
Rating	Percentage
AAA (high credit quality)	23%
AA (high credit quality)	24%
A (medium credit quality)	32%
BBB (medium credit quality)	21%
BB or less (low credit quality)	0%
Total	100%

As of December 31, 2023 for publicly rated, fixed income securities.

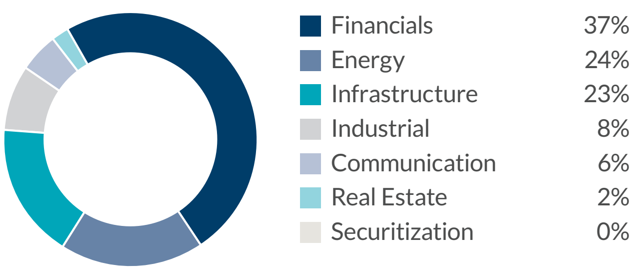
Diversification

The following graphs and tables show the investments of some of our asset classes in the participating account. What is shown is based on the assets at the end of the year stated.

They show how our fixed income investments are diversified by different industry sectors and length of term to maturity. And how our common equities are diversified geographically between Canada and the United States.

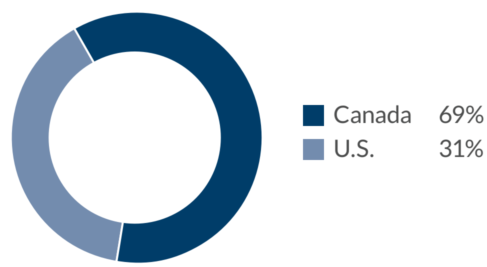
Investments by sector

As of December 31, 2023 for corporate bonds.



Geographic distribution of equities

As of December 31, 2023 for common equity.



Investments by term		
Years to maturity	$ Thousands	Percentage
0 to 5 years	$ 247,548	26%
5 to 10 years	$ 214,609	22%
Over 10 years	$491,787	52%
Total	$953,944	100%

As of December 31, 2023 for fixed income securities.

The participating account rate of return

The performance of the participating account plays a part in our success story.

The **participating account rate of return** is the return on the investments over the calendar year. It shows how investments perform over a short time. The amount of money that can be made from an investment can change depending on how the markets are doing.

The value of things like common equities and real estate are based on current market prices. This is what we would get for the asset if we sold it at that time. This way of determining the asset value is called a mark-to-market basis. Using a mark-to-market basis is a fair way to determine an asset's value. These assets are volatile. For example, changes in the stock market affect returns on common and preferred equity investments. This will affect the returns of the non-fixed income assets in the participating account. We use a smoothed return on these assets when setting the dividend scale interest rate (DSIR). This means we factor in any big changes in the returns and spread it out over time. This helps to reduce volatility in the DSIR.

With bonds, we base their value on holding them until the end of their term. Bonds have a fixed interest payment, and the investment is repaid at maturity. This means we know in advance the return we should get. There is still risk that a company may not be able to repay the debt at maturity. If this happens it will affect the returns of the fixed income assets in the participating account.

When interest rates are high, the returns of the participating account usually go up over time. Money flowing in and assets maturing allow us to invest at higher interest rates. But when interest rates are low, the returns usually go down over time. Because of the way we value the assets in the participating account, there's often a delay between these changes. This leads to more stability, and fewer ups and downs in the returns of the participating account even though markets and interest rates are always changing.

The dividend scale interest rate

The key to calculating the interest part of your policy dividend.

The **dividend scale interest rate** is one of the factors we use to decide how much is paid as a dividend to a participating policy. It is different from the participating account rate of return.

The dividend scale interest rate reflects the investment performance of the participating account. It smooths out the ups and downs of the participating account experience. It does not include investment income from policy loans.

Because we smooth the ups and downs, changes in the dividend scale interest rate will lag interest rate changes and participating account returns. If interest rates are low, the dividend scale interest rate usually goes down in the future. When interest rates rise, the dividend scale interest rate usually goes up in the future.

Dividends are not guaranteed and are paid at the sole discretion of the Board of Directors.

Previous rates of return

The following table shows Equitable's participating account rate of return and the dividend scale interest rate. It shows how each one compares to other investments and economic indicators over the last 30 years.

Your policy is meant to provide you with lifetime protection. The table shows that over time our participating account rate of return and our dividend scale interest rate are both strong and stable.

Participating account returns show returns on assets in the account over the calendar year. These returns are calculated after investment expenses are paid. They also include returns from policy loans.

The dividend scale interest rate is smoothed. It does not include returns from policy loans. Policy loans are based on the dividend class you belong to.

Year	Equitable par account return	Equitable dividend scale interest rate	S&P/TSX total return index	Government of Canada 5 to 10 year bonds	5 year GIC	Consumer price index
1994	9.63%	10.20%	-0.18%	8.26%	7.40%	0.20%
1995	9.43%	10.20%	14.53%	7.93%	7.10%	1.80%
1996	9.14%	9.60%	28.35%	6.86%	5.60%	2.20%
1997	8.54%	10.00%	14.98%	5.87%	4.70%	0.80%
1998	8.32%	9.10%	-1.58%	5.26%	4.40%	1.00%
1999	8.23%	8.80%	31.71%	5.56%	4.80%	2.60%
2000	8.23%	8.80%	7.41%	5.96%	5.30%	3.20%
2001	7.74%	8.80%	-12.57%	5.32%	4.00%	0.70%
2002	8.02%	8.80%	-12.44%	5.08%	3.90%	3.80%
2003	7.70%	8.40%	26.72%	4.54%	3.10%	2.10%
2004	7.64%	8.20%	14.48%	4.34%	2.90%	2.10%
2005	7.48%	8.20%	24.13%	3.89%	2.70%	2.10%
2006	7.59%	7.90%	17.26%	4.18%	3.20%	1.70%
2007	7.30%	7.90%	9.83%	4.25%	3.30%	2.40%
2008	4.92%	7.90%	-33.00%	3.36%	3.01%	1.20%
2009	8.58%	7.40%	35.05%	2.84%	1.95%	1.30%
2010	7.80%	7.10%	17.61%	2.88%	2.00%	2.40%
2011	6.00%	7.10%	-8.71%	2.47%	1.87%	2.30%
2012	7.34%	6.80%	7.19%	1.63%	1.65%	0.80%
2013	8.54%	6.80%	12.99%	1.99%	1.63%	1.20%
2014	8.25%	6.80%	10.55%	1.86%	1.92%	1.50%
2015	4.03%	6.80%	-8.32%	1.19%	1.47%	1.60%
2016	7.23%	6.50%	21.08%	1.02%	1.41%	1.50%
2017	6.90%	6.50%	9.10%	1.61%	1.39%	1.90%
2018	3.70%	6.35%	-8.89%	2.22%	1.69%	2.00%
2019	7.49%	6.20%	22.90%	1.53%	2.08%	2.20%
2020	5.15%	6.20%	5.60%	0.65%	1.28%	0.70%
2021	11.07%	6.05%	25.09%	1.27%	0.99%	4.80%
2022	3.04%	6.05%	-5.84%	2.78%	2.87%	6.30%
2023	6.03%	6.25%	11.75%	3.38%	3.80%	3.40%
Average annualized returns						
5 Years	6.52%	6.15%	11.30%	1.92%	2.20%	3.46%
10 Years	6.26%	6.37%	7.62%	1.75%	1.89%	2.58%
20 Years	6.79%	6.95%	7.79%	2.46%	2.15%	2.16%
30 Years	7.35%	7.72%	8.06%	3.65%	3.10%	2.05%
Standard deviation over 30 years	1.79%	1.31%	15.57%	2.08%	1.70%	1.27%

6.03%

Participating account rate of return as of June 1, 2024.

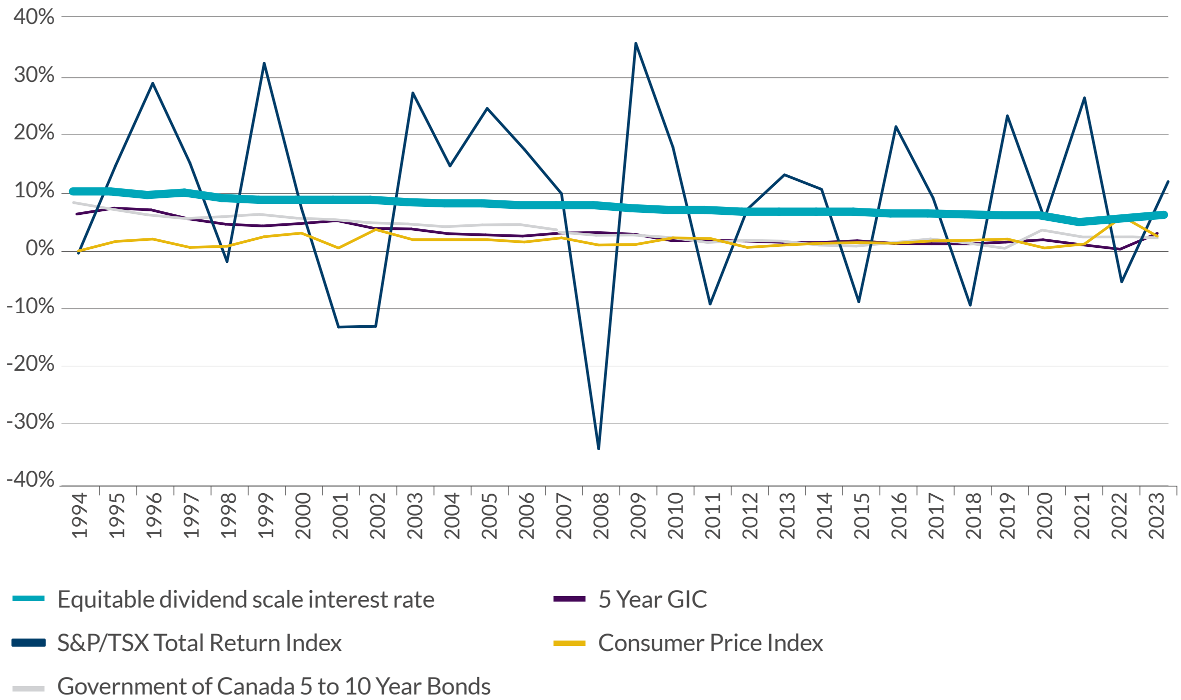
6.40%

Dividend scale interest rate from July 1, 2024 to June 30, 2025.

The information in the table is from Statistics Canada, Bank of Canada, and Equitable. For the dividend scale interest rate, the data is from July 1 of the year shown. All other data is from December 31 of the year shown. We use the industry standard geometric return calculation to account for the impacts of compounding. Past results do not show what will happen in the future.

Dividend scale and the economy

The chart below shows Equitable's past dividend scale interest rates. It shows how they compare to other investments and economic indicators.



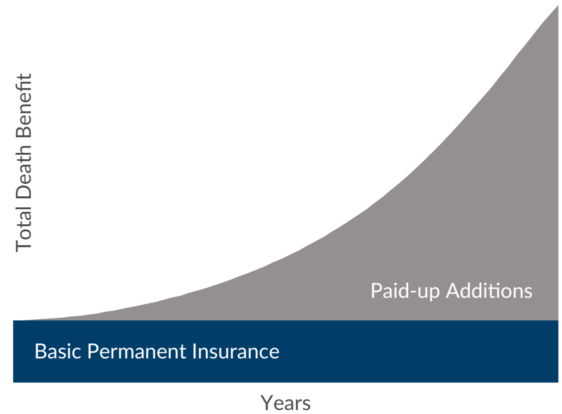
Source: Statistics Canada, Bank of Canada, Equitable. Historical results are not indicative of future performance.

Dividends and your policy

As an Equimax participating whole life policyholder, you can get some of the participating account earnings back as dividends. You can choose different dividend options. Two options we offer are paid-up additions and enhanced protection. With these options dividends are used to buy additional insurance in the policy. To learn about other dividend options, please see our Equimax Client Product Guide (1129).

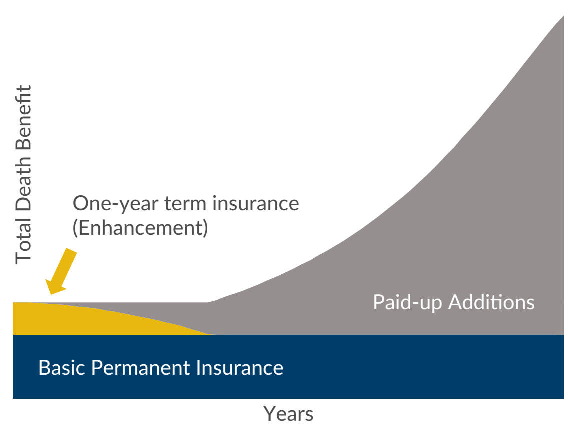
<table>
<tr><th>Dividend option</th><th>How it works</th></tr>
<tr><td>Paid-up additions</td><td>The dividend buys additional insurance called paid-up additions. With paid-up additions, the dividend pays for the additional insurance. This means there is no extra premium you need to pay.

Each time the dividend buys paid-up additions it adds another layer of insurance to the basic insurance you bought. This grows the death benefit over time. The paid-up additional insurance can also earn dividends.


</td></tr>
<tr><td>Enhanced protection</td><td>Your policy starts with an amount of basic, permanent insurance that your premium buys. With enhanced protection you choose an amount of one-year term (OYT) insurance to add to your basic coverage. We call this the enhancement. The enhancement is term insurance that's renewed every year. The dividend pays for the one-year term insurance.

The total coverage you start with is the basic coverage plus the enhancement amount. Any dividend is first used to pay for the yearly term insurance. If there's anything left, it's used to buy paid-up additional insurance, or paid-up additions. We talked about paid-up additions above.

Any paid-up additions the dividend can buy replaces some of the one-year term insurance. When all the one-year term insurance is replaced by paid-up additional insurance, we reach a point called the dividend conversion point. From this point, the dividend is used to buy only paid-up additions. This grows the death benefit over time.


</td></tr>
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Want to learn more about Equimax and dividend options? Please see the Equimax Client Guide (1129).

[1] 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.

Dividend scale changes and your policy

Changes in the dividend scale can affect your policy. The death benefit and cash value are mainly affected if you have paid-up additions or enhanced protection dividend options. You may have picked one of these two options to help grow the cash value or death benefit of your policy. A change in the dividend scale affects how these values grow in the future.

When the dividend scale changes, it affects future non-guaranteed values of your policy. Non-guaranteed values are values that depend on possible future dividends being paid. However, as we know, dividends are not guaranteed.

Any dividends you receive before a dividend scale change are yours to keep. They will not be affected in any way by changes to the dividend scale. The guaranteed cash values and death benefit are also not affected. The guaranteed values in your policy contract will continue to grow.

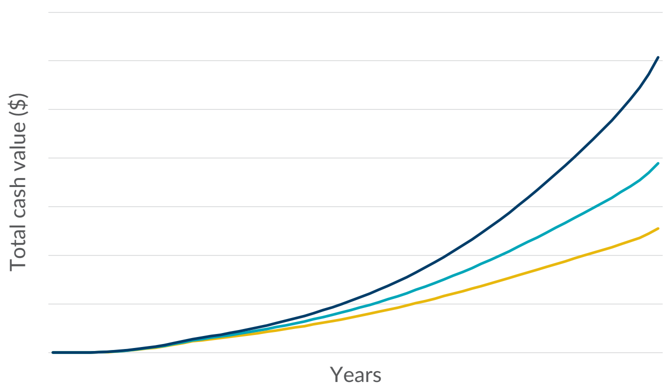
The illustration you get when you buy a participating whole life policy is based on the dividend scale in place at that time. It is not a projection or an estimate of future performance. It is meant to show that performance is based on values that are guaranteed and those that aren't. It shows how the policy would do if the dividend scale in the illustration stayed the same for the life of the policy.

The illustration also shows other examples of dividend scales that can affect non-guaranteed values. It is not meant to show the largest dividend scale change that could happen during the life of your policy.

The graphs below show what could happen if the **dividend scale interest rate** goes down.

Equimax + paid-up additions dividend option

If the dividend scale interest rate goes down, this is how it will affect total cash values.

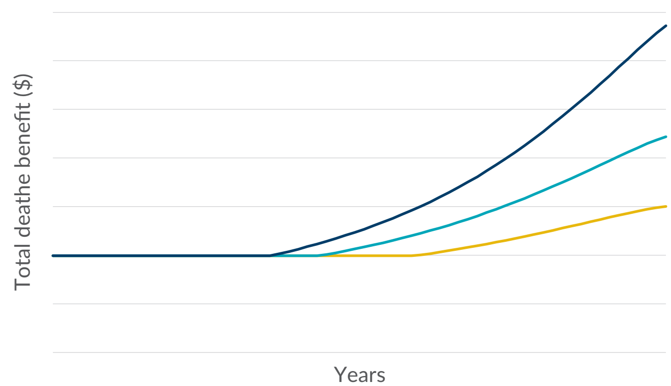


The paid-up additions coverage and cash value will be lower than illustrated.

Total cash value shown in your illustration is made up of the guaranteed cash value and the cash value of any paid-up additions the dividend buys.

Equimax + enhanced protection dividend option

If the dividend scale interest rate goes down, this is how it will affect the total death benefit.



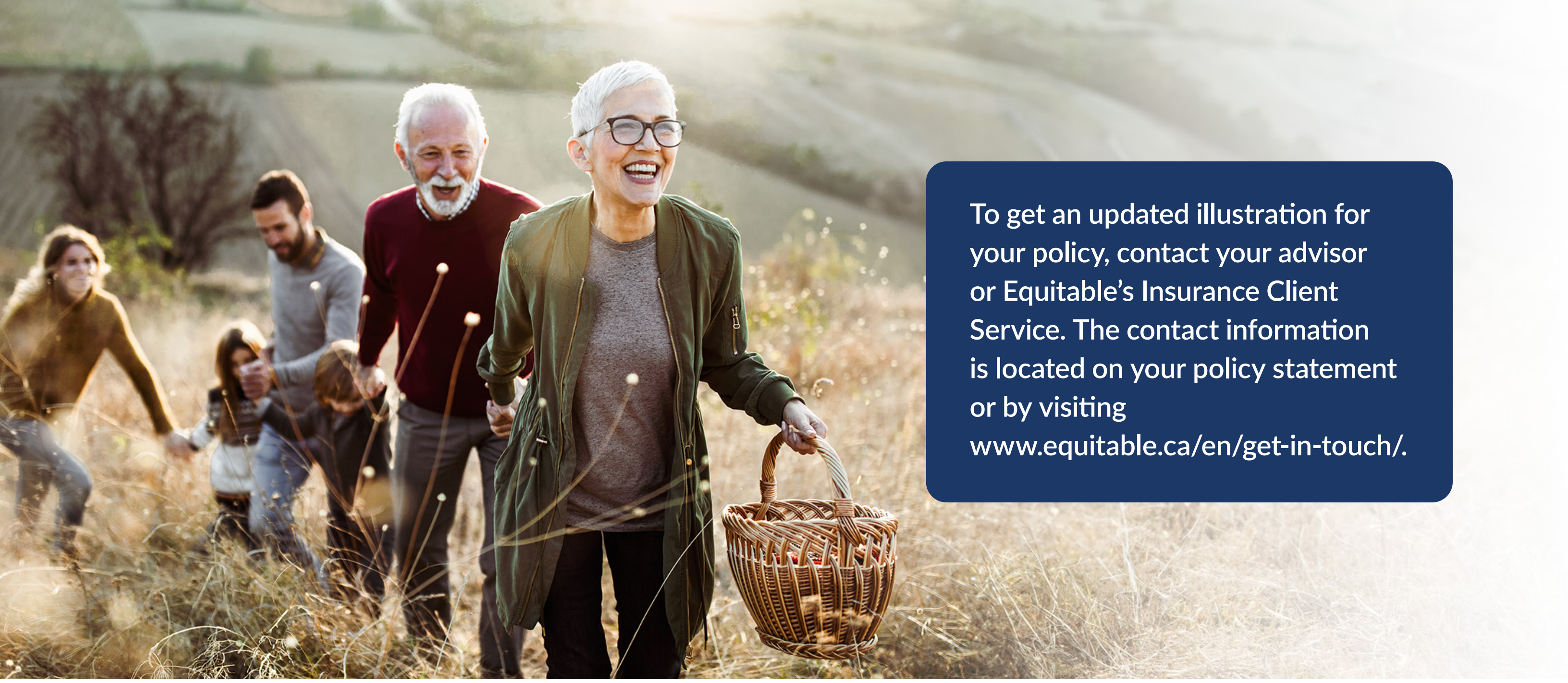
The total death benefit will be lower than illustrated. The dividend conversion point will also happen later than expected.

The total death benefit shown in your illustration is made up of the guaranteed death benefit and the death benefit of the yearly renewable term insurance. It also includes any paid-up additions the dividend buys.

- Values based on current dividend scale interest rate
- Values based on a decrease in the dividend scale interest rate of 1%
- Values based on a decrease in the dividend scale interest rate of 2%

These graphs are for illustration purposes only and not a prediction of the largest dividend scale change that could occur over the life of the policy. Actual results will vary.

The non-guaranteed values shown in your illustration are based on the dividend scale staying the same for the life of the policy. The graphs above are to help you understand how changes in the dividend scale interest rate can affect the non-guaranteed values. They do not show the largest dividend scale change that could happen during the life of your policy. The actual results will be different than what is shown.



To get an updated illustration for your policy, contact your advisor or Equitable's Insurance Client Service. The contact information is located on your policy statement or by visiting www.equitable.ca/en/get-in-touch/.

Updating illustrations

After you buy your policy, it's a good idea to get updated illustrations once in a while. This will show you how the values in your policy may look in the future based on the current dividend scale in place. This is important because dividend scales can change. If there was a change in the dividend scale since you bought your policy, it affects the non-guaranteed values. Getting an updated illustration can help you keep your financial plans on track.

Want to get an updated illustration for your policy? Reach out to your advisor. You can also speak with Equitable's Customer Service team. You can find the contact details on your policy statement. Visit us at www.equitable.ca/en/get-in-touch.

Dividend scale and premium offset

If you chose paid-up additions or enhanced protection as your dividend option, dividends help grow the non-guaranteed cash values in your policy. At some point, if those non-guaranteed cash values along with future projected dividends are enough to pay for the policy, you may be able to stop paying premiums. If this happens, we call it the **premium offset point**.

To get to the premium offset point, the future dividends and the non-guaranteed cash value within the policy must be enough to pay for all future premiums. You must ask us to put your policy on premium offset. We check to see if it qualifies. If it does, any premiums still needed are paid from the non-guaranteed cash value in your policy, not from your bank account.

The illustration your advisor gives you when you buy your policy may show a premium offset point. It is a point in the future when your policy might qualify for premium offset. It is based on the dividend scale at that time staying the same for the life of your policy. But we know dividend scales will change during the life of your policy.

Since the premium offset point depends on dividends, it's not guaranteed. Any change in the dividend scale can affect it. If the dividend scale goes down, it can::

- Move the premium offset point to a later time. This means you'll pay premiums for longer than expected.
- Make you start paying premiums again if your policy was on premium offset.

For added security, it is best to look at alternative illustrations based on a lower Dividend Scale Interest Rate. This will help you assess the premium offset risk. Doing this can help you plan if the experience is worse than expected.

The mutual difference

Many life insurance companies in Canada are stock companies. Very few are mutually structured, which means ownership by policyholders with participating contracts rather than shareholders. Equitable is one of Canada's largest mutual life insurance companies. As a mutual, we ensure we provide service, value, and security. To this end, we keep our policyholders and distribution partners at the core of everything we do.

The benefits of dealing with a mutual company

- As a mutual company, we provide financial security differently — by focusing exclusively on our clients.
- We believe in the power of together. We work with advisors to provide the right advice and solutions to meet client needs. We are focused on the client and deliver impact and positive outcomes.
- Participating whole life through Equitable can earn dividends. Dividends are not guaranteed. Dividends may be taxed.

Questions?

Want to know more about Equimax participating whole life insurance? Reach out to your advisor!

A Good Corporate Citizen

Equitable is a Canadian company. It values its clients, its employees, and the communities in which they live and work. Equitable employees volunteered over 1030 hours in the past year to help more than 40 organizations in our communities.

2023 Charitable Donations

- The Registry Theatre
- Drayton Entertainment
- Kitchener-Waterloo Art Gallery
- Wilfrid Laurier University
- University of Waterloo
- Earth Rangers
- Conestoga College
- Lang School of Business, University of Guelph
- KidsAbility Foundation
- Autism Speaks
- Chamber Health Care Resources Council
- Cambridge Memorial Hospital Foundation
- Parkinson Canada (Southwestern Ontario Chapter)
- St. Mary's Hospital
- Heart and Stroke Foundation
- Social Services and Disaster Relief
- United Way
- Adopt-a-family Christmas Support
- Family and Children's Services Foundation
- Waterloo Region Community Foundation
- Canadian Red Cross
- Sexual Assault Support Centre
- Action Against Hunger
- Food4Kids

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.

Equitable™

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