



# Preferred Estate Transfer<sup>®</sup>

It's the kind of preferential treatment you want. Less tax, more benefits.

A permanent life insurance policy is one of the most tax-efficient ways to build and transfer your estate. The tax-free death benefit creates an instant inheritance. Plus the policy offers tax-advantaged growth that you can access during your lifetime.<sup>1</sup>

advanced insurance planning

With the Preferred Estate Transfer, you may be able to put a policy in place with no additional out-of-pocket expense. Simply redirect some of your money from taxable investments to pay the premiums for a permanent life insurance policy. The policy will do the rest.



- Instant legacy
- Tax savings for you
- Larger estate to your heirs

## Put the Preferred Estate Transfer to work for you

### Leave more money to your loved ones

- Life insurance proceeds can be used to cover the potential tax liability on investments or on family assets like the family cottage so they do not have to be sold or erode the value of the estate.
- Life insurance allows you to leave more money than you could through a taxable investment.
- Payments above the required premium can accelerate the growth of the value within the policy.<sup>2</sup>

### Save taxes

- By redirecting money from taxable investments into the life insurance policy, you may pay less tax over your lifetime.<sup>3</sup>
- The funds within the insurance policy grow on a tax-advantaged basis.
- Life insurance proceeds are paid to your beneficiary tax free.

# Preferred Estate Transfer



advanced insurance planning

## It could be the right solution for you if...

<input checked="" type="checkbox"/>	You want to leave money to your loved ones or a charity.	<input checked="" type="checkbox"/>	You have taxable investments.
<input checked="" type="checkbox"/>	You have an up-to-date will.	<input checked="" type="checkbox"/>	You want to reduce the taxes you pay.
<input checked="" type="checkbox"/>	You have paid off your mortgage or other debts.	<input checked="" type="checkbox"/>	You want your estate to pay less tax.
<input checked="" type="checkbox"/>	You have taken care of your retirement plan.		

## Your advisor can show you how the Preferred Estate Transfer can work for you.

<sup>1</sup> Refer to the product Client Guide for more detail.

<sup>2</sup> The extra payment is limited to the amount required to maintain the tax-exempt status of the policy. For universal life, the policy may be credited positive or negative returns depending on the investment accounts selected. Review the product illustration for full details.

<sup>3</sup> Depends on the nature of your taxable investment and assumes no taxes are triggered if investments are sold to fund premiums.

The Preferred Estate Transfer is a concept. It is not a product or contract. It is based on current tax legislation and may change. This information does not constitute legal, tax, investment, or other professional advice.



Designed for: Estate Bond, Male, Non Smoker, Age 50  
Residing in: Ontario

Preferred Estate Transfer  
Equimax Estate Builder  
10 Pay  
Single Life

### Comparing the Value of Life Insurance With Alternative Investments

The internal rate of return (IRR) is a way to objectively measure the return on the dollars used to pay a life insurance premium compared to investing those dollars into an alternative taxable investment.

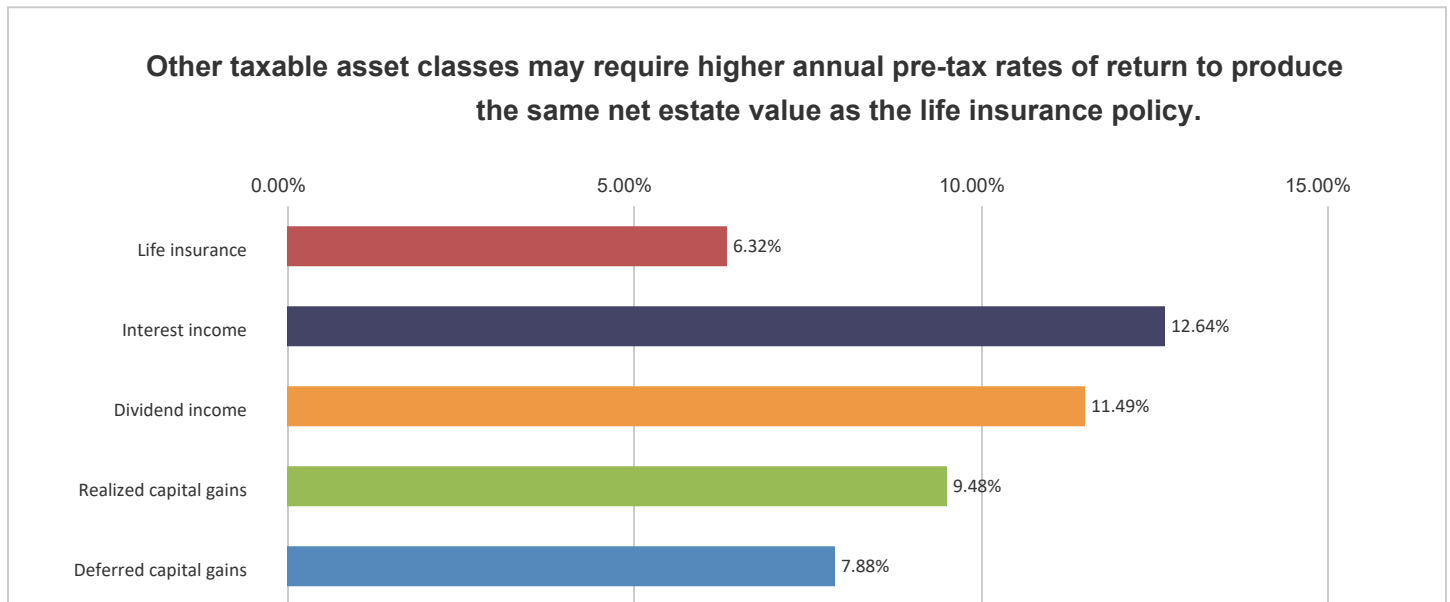
To achieve the same net estate value as an Equimax® participating whole life insurance policy, other taxable asset classes require either higher total accumulated deposits or higher annual pre-tax rates of return.

#### Selected Comparison Age: 75

Equimax whole life insurance policy:

Annual after-tax internal rate of return (IRR)	Total accumulated deposits	Net Estate Value
6.32%	\$499,999	\$1,783,176

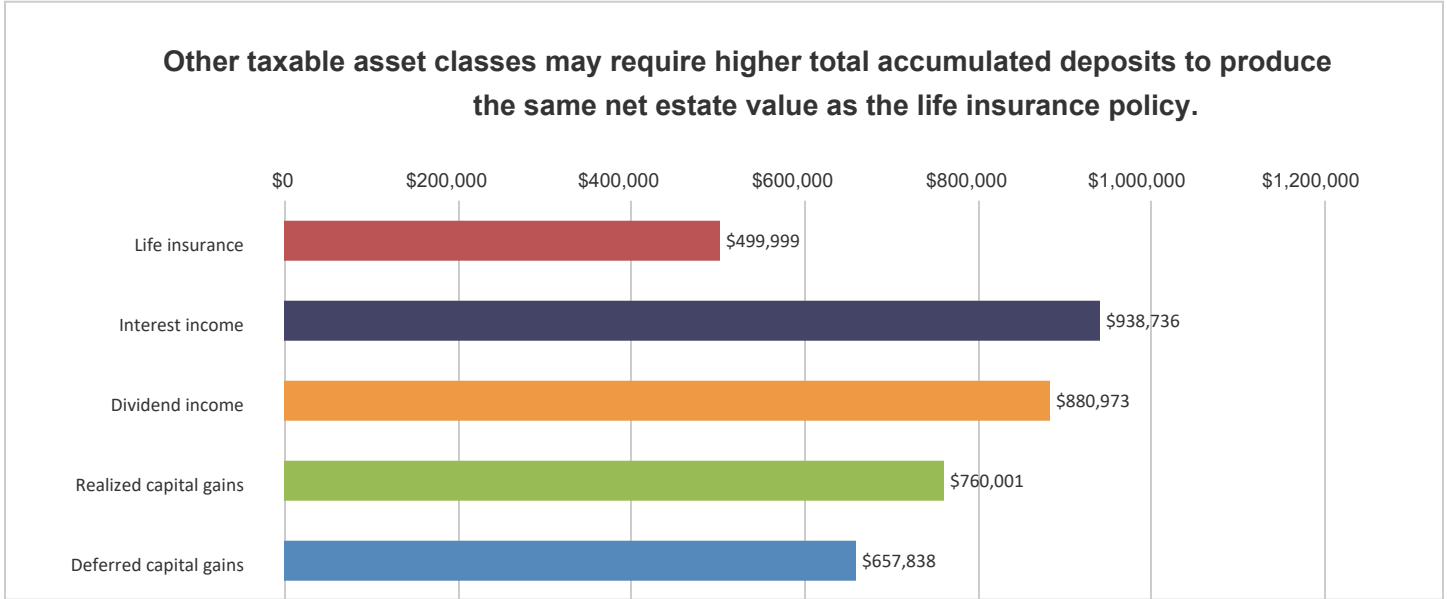
#### Comparison of rates of return



The above comparison chart sets the total accumulated deposits for each asset class to equal the already indicated total accumulated deposits of the life insurance policy to determine pre-tax rate of return required on each asset class. Rates of return are calculated by assuming that the frequency of deposits is annual for both the life insurance policy and the other taxable asset classes, regardless of the actual premium frequency specified in this illustration.



**Comparison of total accumulated deposits**



The above comparison chart sets the pre-tax rate of return for each asset class to equal the already indicated after-tax return of the life insurance policy to determine the total accumulated deposits required of each asset class. The total accumulated deposits required are calculated using an annual frequency of deposits, which may differ from the frequency of deposits for the life insurance policy.

For assumptions used, see the detailed reports.

For joint and rated single life cases, the Comparison Age is based on the Joint Age or Rated Age.



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Assumptions:

Initial Death Benefit	\$762,892	Marginal Tax Rate	50.00%
Assumed Age at Death	100	Personal Dividend Tax Rate	45.00%

Comparison of Values - Current Dividend Scale

		Life Insurance Policy IRR at age 75 (Net Estate Value): 6.32%				Alternative Investment (selected rates) IRR at age 75 (Net Estate Value): 2.67%		
Age	Year	Yearly Premium / Deposit	Cash Surrender Value	Net Estate Value	IRR - Net Estate Value	Annual Deposit	Net Estate Value	IRR - Net Estate Value
51	1	\$49,999.94	\$1,373	\$766,583	1,433.17%	\$49,999.94	\$51,333	2.67%
52	2	\$49,999.94	\$4,503	\$774,619	246.77%	\$49,999.94	\$104,035	2.67%
53	3	\$49,999.94	\$9,530	\$786,896	109.82%	\$49,999.94	\$158,143	2.67%
54	4	\$49,999.94	\$16,552	\$803,362	64.31%	\$49,999.94	\$213,693	2.67%
55	5	\$49,999.94	\$44,830	\$823,930	42.81%	\$49,999.94	\$270,725	2.67%
56	6	\$49,999.94	\$83,873	\$848,527	30.71%	\$49,999.94	\$329,277	2.67%
57	7	\$49,999.94	\$133,701	\$877,166	23.17%	\$49,999.94	\$389,391	2.67%
58	8	\$49,999.94	\$194,659	\$909,801	18.13%	\$49,999.94	\$451,107	2.67%
59	9	\$49,999.94	\$268,355	\$946,435	14.62%	\$49,999.94	\$514,470	2.67%
60	10	\$49,999.94	\$354,197	\$987,070	12.08%	\$49,999.94	\$579,522	2.67%
61	11	\$0.00	\$426,905	\$1,029,659	10.99%	\$0.00	\$594,976	2.67%
62	12	\$0.00	\$502,889	\$1,073,323	10.16%	\$0.00	\$610,841	2.67%
63	13	\$0.00	\$583,009	\$1,118,157	9.50%	\$0.00	\$627,130	2.67%
64	14	\$0.00	\$647,889	\$1,164,182	8.96%	\$0.00	\$643,853	2.67%
65	15	\$0.00	\$691,626	\$1,211,646	8.51%	\$0.00	\$661,022	2.67%
66	16	\$0.00	\$737,591	\$1,260,673	8.14%	\$0.00	\$678,649	2.67%
67	17	\$0.00	\$785,566	\$1,311,143	7.82%	\$0.00	\$696,746	2.66%
68	18	\$0.00	\$836,227	\$1,363,278	7.54%	\$0.00	\$715,325	2.66%
69	19	\$0.00	\$889,423	\$1,417,151	7.30%	\$0.00	\$734,400	2.66%
70	20	\$0.00	\$945,308	\$1,472,889	7.09%	\$0.00	\$753,983	2.67%
71	21	\$0.00	\$1,004,690	\$1,530,434	6.90%	\$0.00	\$774,089	2.67%
72	22	\$0.00	\$1,066,381	\$1,590,104	6.73%	\$0.00	\$794,731	2.67%
73	23	\$0.00	\$1,130,416	\$1,652,086	6.58%	\$0.00	\$815,923	2.67%
74	24	\$0.00	\$1,198,616	\$1,716,393	6.44%	\$0.00	\$837,681	2.67%
75	25	\$0.00	\$1,270,356	\$1,783,176	6.32%	\$0.00	\$860,018	2.67%
76	26	\$0.00	\$1,344,031	\$1,852,632	6.21%	\$0.00	\$882,951	2.67%
77	27	\$0.00	\$1,422,265	\$1,924,819	6.11%	\$0.00	\$906,496	2.67%
78	28	\$0.00	\$1,502,543	\$1,999,925	6.01%	\$0.00	\$930,669	2.67%



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Comparison of Values - Current Dividend Scale continued

		Life Insurance Policy				Alternative Investment (selected rates)		
		IRR at age 75 (Net Estate Value): 6.32%				IRR at age 75 (Net Estate Value): 2.67%		
Age	Year	Yearly Premium / Deposit	Cash Surrender Value	Net Estate Value	IRR - Net Estate Value	Annual Deposit	Net Estate Value	IRR - Net Estate Value
79	29	\$0.00	\$1,588,863	\$2,077,903	5.93%	\$0.00	\$955,486	2.67%
80	30	\$0.00	\$1,676,136	\$2,159,115	5.85%	\$0.00	\$980,965	2.67%
81	31	\$0.00	\$1,769,836	\$2,243,417	5.78%	\$0.00	\$1,007,124	2.67%
82	32	\$0.00	\$1,866,630	\$2,331,062	5.71%	\$0.00	\$1,033,979	2.67%
83	33	\$0.00	\$1,965,732	\$2,422,048	5.65%	\$0.00	\$1,061,552	2.67%
84	34	\$0.00	\$2,068,787	\$2,516,384	5.59%	\$0.00	\$1,089,859	2.67%
85	35	\$0.00	\$2,174,864	\$2,614,128	5.53%	\$0.00	\$1,118,921	2.67%
86	36	\$0.00	\$2,284,848	\$2,715,144	5.48%	\$0.00	\$1,148,758	2.67%
87	37	\$0.00	\$2,397,511	\$2,819,391	5.43%	\$0.00	\$1,179,391	2.67%
88	38	\$0.00	\$2,513,837	\$2,926,646	5.38%	\$0.00	\$1,210,841	2.67%
89	39	\$0.00	\$2,634,525	\$3,036,737	5.33%	\$0.00	\$1,243,129	2.67%
90	40	\$0.00	\$2,756,493	\$3,149,655	5.29%	\$0.00	\$1,276,278	2.67%
91	41	\$0.00	\$2,884,171	\$3,265,052	5.24%	\$0.00	\$1,310,311	2.67%
92	42	\$0.00	\$3,013,621	\$3,383,071	5.20%	\$0.00	\$1,345,252	2.67%
93	43	\$0.00	\$3,146,379	\$3,503,542	5.16%	\$0.00	\$1,381,125	2.67%
94	44	\$0.00	\$3,283,217	\$3,626,409	5.12%	\$0.00	\$1,417,954	2.67%
95	45	\$0.00	\$3,426,030	\$3,751,246	5.08%	\$0.00	\$1,455,765	2.67%
96	46	\$0.00	\$3,576,353	\$3,877,595	5.03%	\$0.00	\$1,494,584	2.67%
97	47	\$0.00	\$3,736,956	\$4,004,491	4.99%	\$0.00	\$1,534,439	2.67%
98	48	\$0.00	\$3,910,380	\$4,130,229	4.95%	\$0.00	\$1,575,356	2.67%
99	49	\$0.00	\$4,112,038	\$4,251,240	4.90%	\$0.00	\$1,617,365	2.66%
100	50	\$0.00	\$4,360,719	\$4,360,719	4.86%	\$0.00	\$1,660,493	2.66%

The amount in the Yearly Premium/Deposit column is paid based on the selected premium mode for the life insurance policy. For the alternative investment, the Annual Deposit is made at the beginning of the policy year, regardless of the premium mode.



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Assumptions:

		Alternative Investment	Deposit Allocation	Assumed rate of return
Marginal Tax Rate	50.00%	Interest	0%	6.000%
Personal Dividend Tax Rate	45.00%	Dividends	0%	6.000%
Capital Gains Inclusion Rate	66.67%	Realized Capital Gains	100%	4.000%
		Deferred Capital Gains	0%	6.000%

Alternative Investment Report

Age	Year	Annual Deposit	Interest, Dividends, Realized Gains			Deferred Gains			Net Estate Value
			Annual Taxable Growth	Annual Tax Payable	Net Investment Balance	Cumulative Deferred Growth	Cumulative Deferred Taxes	Deferred Gains Balance	
51	1	\$49,999.94	\$2,000	\$667	\$51,333	\$0	\$0	\$0	\$51,333
52	2	\$49,999.94	\$4,053	\$1,351	\$104,035	\$0	\$0	\$0	\$104,035
53	3	\$49,999.94	\$6,161	\$2,054	\$158,143	\$0	\$0	\$0	\$158,143
54	4	\$49,999.94	\$8,326	\$2,775	\$213,693	\$0	\$0	\$0	\$213,693
55	5	\$49,999.94	\$10,548	\$3,516	\$270,725	\$0	\$0	\$0	\$270,725
56	6	\$49,999.94	\$12,829	\$4,277	\$329,277	\$0	\$0	\$0	\$329,277
57	7	\$49,999.94	\$15,171	\$5,057	\$389,391	\$0	\$0	\$0	\$389,391
58	8	\$49,999.94	\$17,576	\$5,859	\$451,107	\$0	\$0	\$0	\$451,107
59	9	\$49,999.94	\$20,044	\$6,682	\$514,470	\$0	\$0	\$0	\$514,470
60	10	\$49,999.94	\$22,579	\$7,527	\$579,522	\$0	\$0	\$0	\$579,522
61	11	\$0.00	\$23,181	\$7,727	\$594,976	\$0	\$0	\$0	\$594,976
62	12	\$0.00	\$23,799	\$7,933	\$610,841	\$0	\$0	\$0	\$610,841
63	13	\$0.00	\$24,434	\$8,145	\$627,130	\$0	\$0	\$0	\$627,130
64	14	\$0.00	\$25,085	\$8,362	\$643,853	\$0	\$0	\$0	\$643,853
65	15	\$0.00	\$25,754	\$8,585	\$661,022	\$0	\$0	\$0	\$661,022
66	16	\$0.00	\$26,441	\$8,814	\$678,649	\$0	\$0	\$0	\$678,649
67	17	\$0.00	\$27,146	\$9,049	\$696,746	\$0	\$0	\$0	\$696,746
68	18	\$0.00	\$27,870	\$9,290	\$715,325	\$0	\$0	\$0	\$715,325
69	19	\$0.00	\$28,613	\$9,538	\$734,400	\$0	\$0	\$0	\$734,400
70	20	\$0.00	\$29,376	\$9,792	\$753,983	\$0	\$0	\$0	\$753,983
71	21	\$0.00	\$30,159	\$10,054	\$774,089	\$0	\$0	\$0	\$774,089
72	22	\$0.00	\$30,964	\$10,322	\$794,731	\$0	\$0	\$0	\$794,731
73	23	\$0.00	\$31,789	\$10,597	\$815,923	\$0	\$0	\$0	\$815,923
74	24	\$0.00	\$32,637	\$10,880	\$837,681	\$0	\$0	\$0	\$837,681
75	25	\$0.00	\$33,507	\$11,170	\$860,018	\$0	\$0	\$0	\$860,018





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Alternative Investment Report continued

Age	Year	Annual Deposit	Interest, Dividends, Realized Gains			Deferred Gains			Net Estate Value
			Annual Taxable Growth	Annual Tax Payable	Net Investment Balance	Cumulative Deferred Growth	Cumulative Deferred Taxes	Deferred Gains Balance	
76	26	\$0.00	\$34,401	\$11,467	\$882,951	\$0	\$0	\$0	\$882,951
77	27	\$0.00	\$35,318	\$11,773	\$906,496	\$0	\$0	\$0	\$906,496
78	28	\$0.00	\$36,260	\$12,087	\$930,669	\$0	\$0	\$0	\$930,669
79	29	\$0.00	\$37,227	\$12,410	\$955,486	\$0	\$0	\$0	\$955,486
80	30	\$0.00	\$38,219	\$12,740	\$980,965	\$0	\$0	\$0	\$980,965
81	31	\$0.00	\$39,239	\$13,080	\$1,007,124	\$0	\$0	\$0	\$1,007,124
82	32	\$0.00	\$40,285	\$13,429	\$1,033,979	\$0	\$0	\$0	\$1,033,979
83	33	\$0.00	\$41,359	\$13,787	\$1,061,552	\$0	\$0	\$0	\$1,061,552
84	34	\$0.00	\$42,462	\$14,155	\$1,089,859	\$0	\$0	\$0	\$1,089,859
85	35	\$0.00	\$43,594	\$14,532	\$1,118,921	\$0	\$0	\$0	\$1,118,921
86	36	\$0.00	\$44,757	\$14,920	\$1,148,758	\$0	\$0	\$0	\$1,148,758
87	37	\$0.00	\$45,950	\$15,318	\$1,179,391	\$0	\$0	\$0	\$1,179,391
88	38	\$0.00	\$47,176	\$15,726	\$1,210,841	\$0	\$0	\$0	\$1,210,841
89	39	\$0.00	\$48,434	\$16,145	\$1,243,129	\$0	\$0	\$0	\$1,243,129
90	40	\$0.00	\$49,725	\$16,576	\$1,276,278	\$0	\$0	\$0	\$1,276,278
91	41	\$0.00	\$51,051	\$17,018	\$1,310,311	\$0	\$0	\$0	\$1,310,311
92	42	\$0.00	\$52,412	\$17,472	\$1,345,252	\$0	\$0	\$0	\$1,345,252
93	43	\$0.00	\$53,810	\$17,938	\$1,381,125	\$0	\$0	\$0	\$1,381,125
94	44	\$0.00	\$55,245	\$18,416	\$1,417,954	\$0	\$0	\$0	\$1,417,954
95	45	\$0.00	\$56,718	\$18,907	\$1,455,765	\$0	\$0	\$0	\$1,455,765
96	46	\$0.00	\$58,231	\$19,411	\$1,494,584	\$0	\$0	\$0	\$1,494,584
97	47	\$0.00	\$59,783	\$19,929	\$1,534,439	\$0	\$0	\$0	\$1,534,439
98	48	\$0.00	\$61,378	\$20,460	\$1,575,356	\$0	\$0	\$0	\$1,575,356
99	49	\$0.00	\$63,014	\$21,006	\$1,617,365	\$0	\$0	\$0	\$1,617,365
100	50	\$0.00	\$64,695	\$21,566	\$1,660,493	\$0	\$0	\$0	\$1,660,493





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**Comparative Table – Net Estate Value**

Age	Year	Current Dividend Scale	Alternate Dividend Scale (Current Minus 1%)	Alternate Dividend Scale (Current Minus 2%)	Alternative Investment (selected rates)
55	5	\$823,930	\$809,866	\$796,133	\$270,725
60	10	\$987,070	\$929,176	\$874,516	\$579,522
75	25	\$1,783,176	\$1,459,313	\$1,191,340	\$860,018
100	50	\$4,360,719	\$2,886,181	\$1,919,180	\$1,660,493

**Important information about this concept**

- Life insurance provides the opportunity to create a larger estate compared to similar taxable investments. The purpose of this concept illustration is to demonstrate the comparison. This is not a contract or an offer to insure. This is a concept illustration only and does not form part of the application for insurance. Illustrated values are not guarantees of future performance. Changes in the dividend scale or investment performance may adversely affect your policy and the illustrated values in this concept illustration.
- Net estate value is calculated based on the tax legislation in force on the date of this concept illustration. Any changes in legislation may affect the taxation of your life insurance policy.
- This concept illustration contains values taken from the corresponding life insurance product illustration which accompanies this concept illustration. To fully understand how the values shown in this concept illustration may vary, it is necessary to read and understand both this concept illustration and the life insurance product illustration. The life insurance product illustration must accompany this concept illustration.
- The frequency of deposits is assumed to be annual for all calculations that determine any rates of return shown throughout this concept presentation, regardless of the actual premium frequency specified in this concept illustration or the corresponding life insurance product illustration.
- Tax payable on realized capital gains may be greater than what is illustrated. For capital gains realized by an individual, a graduated rate estate, and a qualified disability trust after June 24, 2024, 50% of the first \$250,000 of capital gains realized in a year will be included in taxable income, and 66.67% of capital gains that exceed \$250,000 in the year will be included in taxable income. For all other trusts and estates, 66.67% of all capital gains will be included in taxable income. If the chosen inclusion rate is 50%, the calculation in this illustration will not increase the capital gains inclusion rate to 66.67% for capital gains that exceed \$250,000. The tax calculation does not take into consideration any other capital gains realized by the policy owner in the year and any previous year, or future capital losses that may be used to reduce the amount of capital gains for that year.

Applicant/Owner Signature:

Advisor Signature: Glenn "The Term Guy" Cooke

Date:

Date:



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### Key Terms

Annual Tax Payable	The amount of tax payable on the annual taxable growth.
Annual Taxable Growth	The growth in interest, dividends and capital gains which is subject to annual taxation.
Cumulative Deferred Tax	The cumulative amount of tax payable on deferred capital gain investments once they are realized.
Deferred Growth	The investment return that is not subject to taxation until the investment is liquidated. This is applicable on earnings from deferred capital gain investments that are not yet realized.
IRR	The Internal Rate of Return. The average annual rate earned over the course of an investment. It is calculated by determining the interest rate which makes the present value of the cash inflow of an investment equal to the present value of the cash outflow.
Net Estate Value	The after-tax amount retained by the estate after the life insurance proceeds or balance in the alternative investment have been paid out upon death.
Net Investment Balance	The after-tax balance in interest, dividends, realized gains investments.