



Participating life insurance



Stability, accountability & strength

Participate in the strength of
Canada Life's participating
permanent life insurance products



Purchasing life insurance

Purchasing permanent life insurance is an important decision that benefits you and your beneficiaries well into the future. This guide helps you understand how participating life insurance works and provides information on the features of *Wealth Achiever* and *Estate Achiever* products from Canada Life™. Both participating life insurance products are built on the strength of Canada Life's participating account.

The features and benefits of each of our participating life insurance products can be tailored to help meet your needs for protection today and into the future.

In this guide, you'll learn how *Wealth Achiever* and *Estate Achiever* can provide you with:

- Policy cash value that can grow on a tax-advantaged basis
- Cash value you can access during your lifetime
- Dividends that can be used to pay some or all of out-of-pocket premiums or to buy more life insurance
- Riders and benefits that can be added to the basic policy to tailor coverage
- A death benefit payout not subject to income tax

What is participating life insurance?

Participating life insurance combines life insurance protection with a tax-advantaged investment component. It provides insurance protection for life, as long as premiums are paid when due.

Participating life insurance is flexible permanent life insurance with:

- A core of guarantees for basic coverage – premium, death benefit and cash surrender values
- Policyowner dividends that can be used to purchase additional life insurance or reduce out-of-pocket premiums (policyowner dividends aren't guaranteed)
- A tax-advantaged investment component
- A choice of riders and benefits that can be added to the basic policy
- Premium flexibility

Understanding participating life insurance from Canada Life

Participating life insurance policies have the potential for earning policyowner dividends. When you purchase participating life insurance, the premiums paid go into an account called the participating account with funds from other Canada Life participating policies.

Premiums and other basic values for these policies are calculated using long-term assumptions for death claims, investment returns, expenses (including taxes) and other relevant factors. The guaranteed premium, guaranteed cash surrender values and guaranteed death benefit are based on these assumptions and are in place for the life of the policy.

If the overall experience in the participating account is more favourable than the conservative assumptions that support the guaranteed values (including investment returns, mortality and expense experience), a surplus is generated of which a portion will be paid to policyowners in the form of dividends.

The amount available for distribution in any year will vary upwards or downwards depending on the actual and expected experience. The amount available is also influenced by considerations such as:

- The need to retain earnings as surplus to, among other things:
 - ensure financial strength and stability
 - finance new business growth
 - provide for transitions during periods of major change
 - smooth fluctuations in experience
- Practical considerations and limits
- Legal requirements and prevailing industry practices

The Insurance Companies Act (ICA) of Canada contains a number of provisions that governs how the participating account is to be managed.

Strength in Canada Life

Performance and strength go hand-in-hand over the long term. These factors are especially important when choosing a participating policy because the net cost of a participating policy depends on the long-term performance of the participating account.

Canada Life has received very strong ratings on our claims-paying ability and financial strength from the major rating agencies.**

**as rated by A.M. Best Company, Dominion Bond Rating Service, Fitch Ratings, Moody's Investors Service and Standard & Poor's Ratings Services at the time of publication.

For more information on the management, performance and strength of the Canada Life participating account, ask your financial advisor for a copy of Canada Life's *Participating life insurance financial facts*.

Policy cash value

The cash value in a participating life insurance policy is comprised of guaranteed cash values (as they're stated in your policy), plus a cash value arising from dividends which aren't guaranteed. All, or part of the total cash value, less any indebtedness, is paid to you if you surrender all or part of your policy.

Dividends

The opportunity to earn policyowner dividends is unique to participating life insurance policies. Participating policyowners share in the experience of the pool of participating life insurance policies through the payment of policyowner dividends.

Dividends aren't guaranteed and will fluctuate from those illustrated depending on future dividend scales. The dividend scale, including dividends paid under it, is affected by a number of variables such as investment returns, mortality experience, expenses (including taxes) and other relevant factors.

Dividends credited to a policy have a cash value associated with them. This cash value, once credited to the policy, is vested and can't be reduced or used in any way without your authorization other than to pay premiums.

Choice and flexibility

Canada Life offers two participating life insurance products. You choose which product provides options that suit your financial needs and goals. *Wealth Achiever* and *Estate Achiever* each contain the key features of participating life insurance, but emphasize these features differently.

Wealth Achiever

Wealth Achiever provides higher short-term cash values than *Estate Achiever* while still providing lifetime insurance protection. You can choose to pay level basic premiums for a maximum of 20 years or to age 100. The choice of premium-paying periods impacts values such as death benefit, dividend amounts and cash values.

Is *Wealth Achiever* suited for you?

- Are you interested in using the guaranteed cash value in the early years?
- Do you own a business and require flexibility to meet the changing cash flows from your business?
- Are you near retirement and want cash values you can access in your lifetime?

Estate Achiever

Estate Achiever provides higher long-term growth in total cash value and death benefit than *Wealth Achiever*. You can choose to pay level basic premiums for a guaranteed maximum of 20 years or to age 100. The choice of premium-paying periods impacts values such as death benefit, dividend amounts and cash values.

Is *Estate Achiever* suited for you?

- Are you looking for long-term cash value growth?
- Are you interested in estate planning and enhancing estate values?
- Do you want to access long-term cash value for retirement income?

Choice of premium-paying periods

The premium you pay into your policy covers the cost of your life insurance protection. A policy may be eligible for premium offset prior to the end of the premium-paying period chosen depending on dividends declared and other factors. Refer to the premium offset section in this guide for more information on this option.

You have a choice of two payment options with *Wealth Achiever* and *Estate Achiever*:

Pay to age 100

With this option, the level basic premiums are payable to a maximum of age 100. This allows you to spread your life insurance costs evenly over a longer period of time.

Max 20

The max 20 premium option has a level basic premium payable for a guaranteed maximum of 20 years. As long as the required level premiums during this period are paid, the associated death benefit amount is guaranteed.

Insure more than one individual

Coverage options available

- Single life
- Joint first-to-die
- Joint last-to-die, premiums payable to first death
- Joint last-to-die, premiums payable to last death

Single life

The life of one individual is insured under the policy with the death benefit payable on the death of the life insured.

Joint first-to-die

This covers two people and provides a death benefit on the first death of the lives insured. Consider this coverage when insuring a debt such as a mortgage or a loan, or for providing income replacement.

Joint last-to-die

This covers two people and provides a death benefit on the last death of the lives insured. It's often used for estate preservation, such as providing cash to pay for taxes arising at death of the second life insured or to provide a gift for a favourite cause or charity.

There are two types of joint last-to-die policies available:

1. Premiums to first death

Premiums are payable by the premium payer to the first death of the insureds.

2. Premiums to last death

Premiums payable to the death of the last of the insureds.



Choose your dividend option

Canada Life offers a choice of five dividend options. These options give you increased flexibility. Policyowner dividends can be used to purchase additional insurance on a tax-advantaged basis or to reduce out-of-pocket premiums.

1. Paid-up additions

You can use your dividends to purchase additional life insurance, which is fully paid-up and has additional cash value.

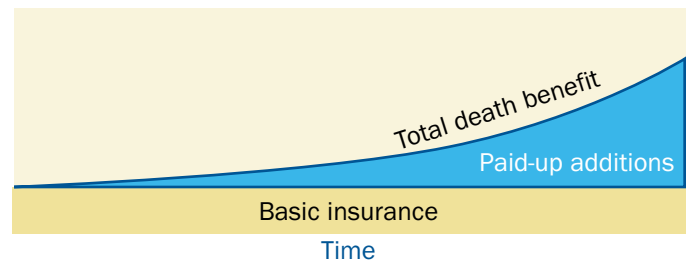
The following are key advantages of paid-up additions:

- Coverage increases annually without evidence of insurability. This is generally a good way to offset the effect of inflation so the value of your coverage isn't eroded over time.
- Dividends are used to pay for the additional paid-up coverage on a pre-tax basis. That is, dividends immediately applied to pay life insurance premiums within the same policy don't attract income tax.
- Paid-up additions are eligible for their own dividends.

- Once paid-up additions are purchased, their value at purchase is guaranteed. The associated death benefit and cash value can only be reduced if you request a partial surrender (e.g., premium offset or withdrawal) or if the premiums for the basic death benefit due are unpaid. Dividends may be used as specified in the policy to help keep the policy from lapsing (e.g., automatic premium loan).

The paid-up additions graph demonstrates how paid-up insurance coverage can grow over time to supplement the basic death benefit (i.e., face amount).

Paid-up additions dividend option*



For the same premium, the paid-up additions dividend option provides higher early cash value and lower initial death benefit than the enhanced coverage option. It provides higher death benefit growth over the long term.

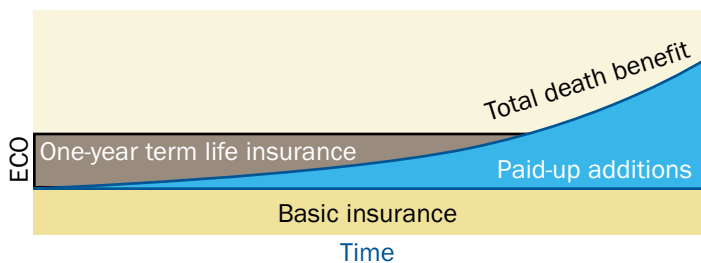


2. Enhanced coverage option

Dividends are used to buy additional life insurance that is a combination of paid-up additions and one-year term insurance. The enhanced coverage option offers five key advantages:

- Premiums for the one-year term coverage are paid by dividends using pre-tax dollars. Dividends immediately applied to pay life insurance premiums within the same policy don't attract income tax.
- A portion of the dividend is used to purchase permanent paid-up life insurance each year whenever the dividend credited to the policy exceeds the enhanced coverage option one-year term cost. Over time, the amount of term life insurance may be completely replaced by paid-up life insurance at which time, the total death benefit will begin to increase.
- The enhanced coverage option can be used to strike a balance between affordability and future growth in cash value and death benefit.
- The enhanced coverage option one-year term life insurance can be converted at the policyowner's request to any permanent life insurance policy, which Canada Life issues at the time of conversion, prior to the policy anniversary nearest to the life insured's 65th birthday (or nearest to the joint attained age for joint coverage) subject to certain restrictions.
- If the dividend scale is increased in the future, the enhanced coverage option term may be replaced at a faster rate by paid-up additions and vice versa if the dividend scale is reduced.

Enhanced coverage option*



The enhanced coverage option provides higher initial coverage for the same out-of-pocket premiums as the paid-up additions option.

**These graphs are for illustrative purposes only. Actual proportions for paid-up additions and ECO will vary by such factors as age, risk class, amount of insurance, out-of-pocket premium payments and declared dividends. Your financial advisor can provide additional information.*

Enhanced coverage option guarantees

The enhanced coverage option is available with a 10-year or lifetime guarantee of the enhancement amount. The guarantee (for lifetime or 10-years) states that:

- Canada Life will not ask for extra out-of-pocket payments to cover any premium shortfall if, during the guarantee period, current dividends are unable to completely cover the entire cost of the enhanced coverage option one-year term life insurance.
- The enhancement amount will not be reduced during the guarantee period.

Certain options available to you, if elected, can cause the enhanced coverage option guarantee to cease or be forfeited. For example, if dividends are used to support premium offset or if they are withdrawn from the policy, the enhanced coverage option guarantee ceases. A policy loan doesn't affect the enhanced coverage option guarantee.

If dividends are insufficient to pay for the enhanced coverage option term life insurance coverage and the guarantee period has expired, additional out-of-pocket premium payments may be required to pay for any shortfall, or you may choose to have the enhanced coverage option reduced.

3. Premium reduction

Dividends are used to reduce the out-of-pocket premiums for the current policy year. If the annual dividend credited exceeds the premium, the excess may be applied to one of the following dividend options of your choice: paid-up additions, cash accumulation or cash payment. Dividends paid in cash, left to accumulate or applied to pay premiums for non-life insurance riders may be subject to taxation.

4. Cash accumulation

Dividends can be left to accumulate with interest. The accumulated amount is added to the death benefit. The interest rate is adjusted from time to time. Interest is credited on each policy anniversary. The annual interest on the accumulated dividends will be taxable. In addition, all or a portion of the annual dividends may be taxable.

5. Cash payment

Dividends are paid to the policyowner each year. Cash values don't increase above the contractually guaranteed cash values with this option, and the death benefit remains level. Cash dividends may be taxable.

Flexibility

Premium offset

Premium offset is a flexible way of using current and accumulated dividends in a participating life insurance policy to pay the premiums due under the policy rather than paying these premiums out-of-pocket. It is useful when, for example, you face a short-term need for cash due to changing circumstances such as a career change, a new mortgage, or a long-term need such as retirement.

Paying premiums with dividends is a convenient way of balancing cash flow demands with the need for continuing coverage. Since premium offset relies on dividends earned and retained in the policy over time, increases and decreases in dividends credited over the life of the policy will affect when the policy qualifies for premium offset. Such increases or decreases may affect the length of time the premium is paid by dividends. Other factors can also affect the availability and sustainability of premium offset. The rate of growth in the death benefit and cash value in your policy is reduced when the premiums are paid using premium offset rather than by out-of-pocket premiums.

Access your policy cash value

Policy loan

You may obtain a policy loan from Canada Life secured by the cash value according to the terms of the policy. Interest on the policy loan will accrue from the day the loan is taken at a rate which Canada Life will set from time to time. If the accrued interest at the end of a policy year isn't paid at that time, the interest is added to the amount of the loan.

The policy will lapse if at any time, the accumulated loan amount including any accrued interest exceeds the policy cash value.

Some or the entire policy loan may be taxable.

Withdrawing cash

You may withdraw the dividend cash value from your policy without affecting the basic policy guarantees. If the dividend option is paid-up additions or the enhanced coverage option, the cash withdrawal is made available by surrendering paid-up additions that are related to that cash value. The death benefit will reduce by the paid-up addition surrendered (i.e., an amount which is greater than the cash withdrawal). Any enhanced coverage option will be forfeited by the withdrawal. Withdrawals of guaranteed cash values require an amendment to the policy which will revise the guaranteed values in the policy including a reduction in basic death benefit. Any withdrawal of cash values may be subject to taxation.



Customize your policy with features and riders

Wealth Achiever and *Estate Achiever* offer a broad range of benefits that can be added or removed to customize your policy as your needs change. Check with your financial advisor for availability of these features and riders.

Additional deposit option (ADO)

Policy values are enhanced by allowing the purchase of additional paid-up life insurance over and above paid-up additions purchased by policy dividends from the base policy.

Paid-up life insurance purchased under the ADO rider is participating and, therefore eligible for policy dividends.

Two versions of this rider are available:

- 1. Scheduled** involves a regular premium payment (monthly or annual) to purchase additional paid-up life insurance.
- 2. Single premium** involves a one-time purchase of additional paid-up life insurance.

Your coverage has the potential to increase annually, providing an excellent way to increase your policy value.

Simply Preferred term life insurance term 10 and 20 riders

The *Simply Preferred term life insurance* rider provides low-cost additional term life insurance protection to age 85. Premiums renew automatically every 10 or 20 years. Term 10 and term 20 riders may be converted to a permanent plan, up to the later of age nearest 70 or two years after the coverage issue date. These riders offer preferred risk rates for face amounts of \$250,000 and greater if you qualify. You save a policy fee and you increase the tax-advantaged amount within the whole policy.

Child's life insurance rider

The child's life insurance rider provides term life insurance protection on the children in your immediate family. The amount of this coverage increases four per cent every year, and additional children born after the rider is issued are automatically insured. The coverage may be converted to a permanent policy of five times the original coverage amount for each child when he or she reaches a specified age.

Death or disability waiver of premium

In the event of death or disability (as defined in your policy) of the individual with the waiver of premium coverage, all future premiums due up to the end of the specified period will be waived.

Guaranteed insurability rider

The guaranteed insurability rider allows you to purchase additional amounts of permanent life insurance, without providing any medical evidence of insurability. You can get up to \$1,200,000 of additional coverage in the future without providing medical evidence.

Business growth protection (BGP) rider (10 or 15 years)

The business growth protection (BGP) rider gives business owners the option to purchase additional life insurance coverage at attained age to protect their business without providing additional medical evidence of insurability.

This rider is designed to make it easier for business owners to increase their insurance when the value of their business grows.

Accidental death benefit

The accidental death benefit provides for an additional death benefit to the beneficiary in addition to the original base insurance amount, if the death of the covered insured occurs by accidental means as defined in your policy's contract.

Track your policy's progress

Canada Life sends you an annual statement detailing the status of your policy. If you have a question about your life insurance policy or would like a copy of Canada Life's *Participating life insurance financial facts*, contact your financial advisor.

Whom do I call for service?

Contact your financial advisor. As your life insurance and investment needs change over time, regular reviews of your coverage with your financial advisor help keep your participating life insurance policy on track with your objectives. You may want to keep this guide with your policy as a reference. You can also call Canada Life directly at 1-888-CLA-1847 (1-888-252-1847). A client service representative will answer your questions and resolve any service issues you might have.

Tax considerations

Tax information provided in this guide is based on current Canadian legislation as at the time of printing and is subject to change. This information is of a general nature only. For further information, you should discuss the tax implications of your policy with your accountant or tax advisor.

Assuris

The Canada Life Assurance Company is a member of Assuris (formerly CompCorp). Assuris is a not-for-profit corporation, funded by the life insurance industry, that protects Canadian policyholders against loss of benefits due to the financial failure of a member company. Details about the extent of Assuris' protection are available at www.assuris.ca or in its brochure, which can be obtained from your financial advisor, life insurance company or Assuris from info@assuris.ca or by calling 1-866-878-1225.

Why Canada Life?

The Canada Life Assurance Company provides insurance and wealth management products and services. Founded in 1847, Canada Life was Canada's first domestic life insurance company.

Twenty years prior to Confederation, Canada Life began serving the needs of people who inhabited the land that would become Canada. Over 150 years later, through offices from coast to coast, Canada's first domestic life insurance company continues to provide Canadians and their families with financial protection. Canada Life is a subsidiary of The Great-West Life Assurance Company and a member of the Power Financial Corporation group of companies. Visit our website at www.canadalife.com.



Stability, accountability & strength

If you're looking for a life insurance product built on the foundation of stable investment returns from year-to-year, participating life insurance may be the right choice for you. The long-term investment strategy of the Canada Life participating account is an important component in determining the value of your policy.



While every effort has been made to ensure the accuracy of the information in this guide at the date of printing, some errors and omissions may occur. In the event of a discrepancy, the terms of your insurance contract will prevail.

Helping people achieve more™