

YOUR
GUIDE
TO
EQUIMAX

CLIENT GUIDE



equimax

ABOUT EQUITABLE LIFE OF CANADA®



Equitable Life® is the largest federally regulated mutual life insurance company in Canada. For generations we've provided policyholders with sound financial protection, and we look forward to continuing to deliver long-term financial value. We're focused on the needs of our clients, and pride ourselves on the breadth and quality of our financial and insurance products and on our premier client service.

The mutual structure of our company ensures that our participating policyholders are owners with voting rights on company issues. With no shareholders imposing undue emphasis on short-term earnings, Equitable Life operates in the best interest of our policyholders.

Equitable Life is a focused, stable and strong company.

Our mutual structure is a key element of our value proposition, along with our diversified product portfolio and superior service. As an organization we're progressive, competitive and firmly committed to serving the best interests of our policyholders, through longer-term strategies that foster ongoing stability, growth and profitability.

ABOUT
THIS GUIDE

This guide provides an overview of participating whole life insurance as well as the specific features and benefits of Equimax® participating whole life insurance. For complete contractual details, please refer to your policy contract, which will govern in all cases.



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HOW INSURANCE COMPANIES STACK UP

Most insurance companies in Canada are stock holding companies owned by shareholders who have voting rights and input into how the stock holding company conducts its business. A very small number of insurance companies in Canada are mutually structured. Mutual companies have no shareholders and are run to benefit participating policyholders, who have an ownership interest in the company.

Equitable Life is the largest federally regulated mutual life insurance company in Canada.

Dividend allocation differences

While both stock and mutual life insurance companies can provide access to dividends, the allocation methods are quite different. Dividends from mutual life insurance companies are undiluted by shareholder transfers and are supported by the earnings of all lines of business. While the dividend component of the mutual life insurance policy is not guaranteed, it may provide additional death benefit and cash value amounts depending on the dividend option selected.

Dividends from stock companies are based on a surplus earned in the participating account only. The amount credited to policyholders is determined by factors including claims experience, investment returns, operating expenses and taxes attributable to the company's participating policies. Stock company policyholders do not normally participate in the distributable earnings of all lines of business. Stock company shareholders, however, dilute earnings available to policyholders through shareholder participation in the distributable earnings of all lines of business, in addition to shareholder entitlement to receive limited direct transfers from the participating account.

ABOUT EQUIMAX

Equimax is a participating (par) whole life insurance plan that provides you with:

- Guaranteed level premium
- Guaranteed cash values
- Guaranteed death benefit
- Tax-sheltered growth
- Paid-up life insurance protection
- An opportunity to increase plan values by making additional deposits to your policy
- Eligibility to receive dividends* supported by all of our lines of business, via five dividend options
- Access to a cash reserve that can accumulate within your plan on a tax-preferred basis, giving you the potential for a higher rate of return than may be available with traditional non-registered interest bearing savings vehicles that are taxed annually
- Optional riders and benefits

Note: Guaranteed death benefit amounts are subject to certain conditions. *Dividends are not guaranteed. They will vary based on investment returns in the participating account and the Company's experience and are subject to change.

Plan options

Equimax is available in two plan options:

- **Equimax Life Pay**, level premiums guaranteed for the life of the plan
- **Equimax 20-Pay**, level premiums guaranteed for 20 years (excludes premiums for additional riders and benefits that may extend beyond 20 years)

About your insurance protection

Equimax provides guaranteed life insurance coverage in the form of Basic Permanent Insurance. This insurance ensures:

- Your death benefit amount is guaranteed provided you pay the premiums outlined in your contract
- The guaranteed cash value if you cancel your policy anytime after the fifth policy year



HOW YOUR DIVIDENDS ARE CALCULATED

Dividends from your Equimax policy are based on the distributable earnings in the participating account, and you are also eligible to share in the distributable earnings of all of our lines of business. When Equitable Life outperforms the estimates used to calculate your premium and guaranteed cash values, a surplus results. Each year, Equitable Life's Board of Directors determines the amount of distributable earnings to be paid to participating policyholders in the form of dividends, while ensuring that the remaining surplus is adequate to maintain the strength and viability of the company. Factors that determine how much is paid out to the participating policyholders include investment experience, mortality and claims experience, and taxes and expenses.

Investment experience

Investment experience is based on the rate of return Equitable Life anticipates it will earn in the Participating Account when the required premiums are calculated for your policy. When the rate of return on the Par Account is higher than anticipated, impact on dividends is positive. When the rate of return is lower than anticipated, impact on dividends is negative.

Mortality and claims experience

Claims experience includes cancelled policies and paid death benefits, which can impact your dividends either positively or negatively depending on the actual experience versus the estimates used for pricing. Your policy dividends take into account the difference between what Equitable Life estimated would happen and what actually happened. Over the past few decades, medical advances have led to improved life expectancies, which have led to improved claims experience in terms of death benefits paid. It is important to note that while mortality in general has improved, a catastrophic loss can still have a negative impact on your dividends.

Taxes and expenses

Dividend calculations also consider the difference between the estimated and actual taxes and expenses required to administer policies. Significant change in the taxes and expenses can therefore have a positive or negative impact on dividends.

ABOUT YOUR DIVIDEND OPTIONS

Both Equimax Life Pay and Equimax 20-Pay provide eligibility to receive annual dividends on the Basic Permanent Insurance portion of your policy, through one of five dividend options:

1. Paid in Cash
2. Premium Reduction
3. On Deposit
4. Paid-up Additions
5. Enhanced Protection

With the exception of Enhanced Protection, the dividend option you choose can be changed as your needs change throughout the life of the policy.

Paid in Cash

This option allows you to receive dividends in cash annually, which may be subject to taxation.

Premium Reduction

This option allows you to use dividends earned to reduce and potentially pay all your premiums. If dividends are sufficient to pay your entire required premium, you will receive the excess in cash, which may be subject to taxation.

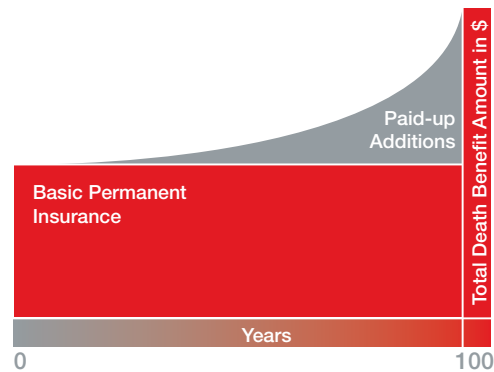
On Deposit

This option operates similar to a savings account. Dividends earned are deposited with Equitable Life and earn a competitive interest rate which is reviewed at least annually with the dividend scale. You have access to the cash and can make withdrawals at any time. Both dividends, and interest earned on dividends, may be subject to taxation.



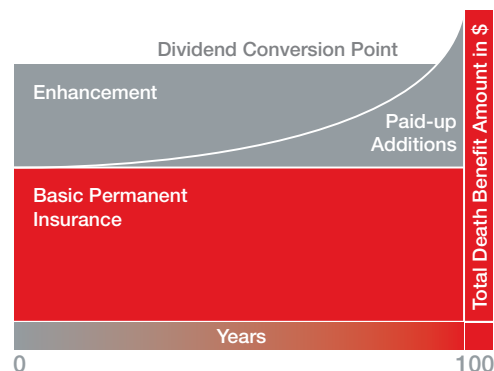
Paid-up Additions (PUAs)

This option uses dividends earned to purchase Paid-up Additions (PUAs), which are added to the basic policy to create another “layer” of permanent participating whole life insurance, which is also eligible to earn dividends. Dividends earned on PUAs combined with dividends earned on your basic permanent coverage can result in substantial increases in both the death benefit and cash value over the life of your Equimax policy. The cash value of PUAs grows on a tax-deferred basis.



Enhanced Protection

With this option, your policy begins with a combination of basic permanent coverage and yearly renewable one-year term insurance coverage (the Enhancement). On each policy anniversary, dividends earned are used first to pay for the one-year term insurance and any excess dividend is used to purchase Paid-up Additions (PUAs). Each year, any new PUAs automatically replace part of the one-year term insurance. Once all of the original one-year term insurance has been replaced by PUAs, the Dividend Conversion Point is reached. Future dividends earned are used solely to purchase additional PUAs, which increase the amount of the death benefit.



Enhancement guarantees

When you select the Enhanced Protection dividend option, there are two guarantees to choose from, which differ mainly by the ratio of Basic Permanent Insurance to one-year term enhancement.

- **10 year guarantee**, which guarantees the enhanced insurance coverage for 10 years, even if dividends earned on the policy are not enough to cover the cost of the one-year term insurance. This option has a smaller basic permanent insurance requirement, resulting in a lower premium. After the first 10 years, if dividends are not sufficient to purchase the required amount of one-year term insurance, you will have the following options:
 - Make additional premium payments to maintain the same level of one-year term insurance.
 - Reduce the one-year term insurance coverage to an amount that the current dividend will purchase.
- **Lifetime guarantee**, which guarantees the enhanced insurance coverage for life even if dividends earned on the policy are not enough to cover the cost of the one-year term insurance.



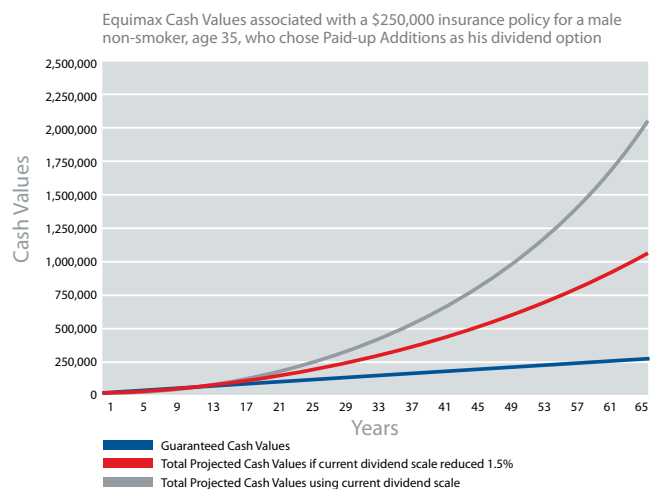
DIVIDEND IMPACT

Increases in the dividend scale will have a positive effect on your policy regardless of the dividend option you choose either through increasing values or more cash paid to you. Decreases in the dividend scale may have an adverse affect on your policy depending on the dividend option you choose.

If you select:

1. **Paid in Cash**, and the dividend scale decreases, a lower amount will be paid to you.
2. **Premium Reductions**, and the dividend scale decreases, there will be an increase in the portion of the guaranteed required premium that you will have to pay.
3. **On Deposits**, and the dividend scale decreases, a lesser amount will be left on deposit.
4. **Paid-up Additions**, and the dividend scale decreases, the projected increases in paid-up addition coverage and cash value will be decreased; however, there will be no change to your basic permanent insurance (see chart below).

For example:

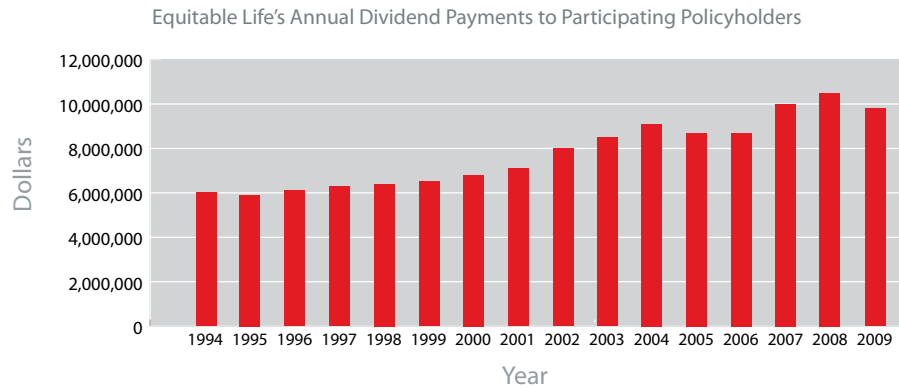


5. **Enhanced Protection**, with 10-year guarantee and the dividend scale decreases after the 10 years pass, additional premium payments may be required to maintain the same level of one-year term insurance, or a reduction in the one-year term insurance coverage to an amount that the current dividend will purchase may be required. If you've chosen the Lifetime guarantee, there will be no impact on your total coverage; however, projected increases in your death benefit and cash value will be reduced.

Note: Decreases in the dividend scale do not affect the guaranteed premium, cash value or death benefit amount.

Dividend experience

Dividend earnings are subject to company performance and are not guaranteed. The amount of distributable earnings to be paid to participating policyholders is determined annually. The following chart shows the total amounts Equitable Life has distributed to our participating policyholders since 1994:



EXCELERATOR DEPOSIT OPTION (EDO)

If you select Paid-up Additions (PUAs) or Enhanced Protection as your dividend option, you can make extra deposits to your **Equimax** policy through the Excelerator Deposit Option, subject to eligibility requirements.

If you select **PUAs** and use the Excelerator Deposit Option to make extra deposits to your policy, the total death benefit and total cash value of the policy increases immediately.

If you select **Enhanced Protection**, and use the Excelerator Deposit Option to make extra deposits to your policy, the total death benefit won't start to grow immediately. Instead, the PUAs purchased by the extra deposits will be used to replace the one-year term insurance. This will enable your policy to reach the Dividend Conversion Point earlier than if dividends alone were being used to purchase PUAs.

In addition to increasing your death benefit, the extra deposits build up a cash reserve you can use for:

- Supplementing your retirement income
- Cash emergencies
- Investing in your children's or grandchildren's education
- Paying all or a part of your **Equimax** premiums

Use of the Excelerator Deposit Option is subject to eligibility requirements, and limits are set on the amount of deposits you can make to ensure the policy remains tax-exempt under the Income Tax Act (Canada). These limits also prevent the use of the Excelerator Deposit Option on **Equimax 20-Pay** policies issued to Juveniles (age 0 – 15).



ACCESSING YOUR CASH VALUE

The cash value of your policy is accessible via a withdrawal, a policy loan or both, and may be subject to taxation.

Via a withdrawal

For the following dividend options, a withdrawal can be used to access the policy's cash value.

- If your dividend option is **Paid-up Additions (PUAs)** or **Enhanced Protection**, a withdrawal is made by surrendering PUAs, resulting in a reduction of the death benefit of the policy that exceeds the amount of the withdrawal, because approximately one dollar of PUAs translates to one dollar of cash value, and to more than one dollar of death benefit.
- If your dividend option is **On Deposit**, the withdrawal is made from the Equitable Life deposit account held outside your policy.

Via a policy loan

Regardless of the dividend option you choose, while your **Equimax** policy is in force and has a guaranteed cash value, you can borrow up to 100% of the cash value, less any outstanding policy loans and one year's loan interest.

ADDITIONAL FEATURES

Your **Equimax** policy also provides you with the following built-in features:

Bereavement Counselling

Upon the death of a life insured under the **Equimax** policy, and payment of the death benefit, Equitable Life will provide a Bereavement Counselling Benefit to the beneficiary(ies) of your **Equimax** policy. The benefit is reimbursement of up to \$500 of the cost of counselling, subject to requirements as outlined in your contract.

Reduced Paid-up Insurance

If at anytime you need to stop paying premiums on your policy, the Reduced Paid-up Insurance feature of your **Equimax** policy allows you to maintain some of your insurance coverage, per the schedule of guaranteed Reduced Paid-up values outlined in your contract.

Survivor Benefit

Available on Joint First-to-Die plans. After the first death of the lives insured, the surviving life insured has the option to purchase, without evidence of insurability, a new single life permanent plan for an amount up to a maximum of the total insurance in effect at the date of the first death. As well, an additional death benefit is paid if the two lives insured die within 60 days of each other.

OPTIONAL RIDERS AND BENEFITS

Optional riders and benefits available with your Equimax policy include:

Disability Waiver of Premium

This benefit will provide you with the assurance that, in the event of a total disability lasting six months or more, your premiums will be paid by Equitable Life for as long as the disability lasts. This rider is available for Juvenile plans as an Applicant's Disability Waiver of Premium-Death and Disability rider.

Additional Accidental Death Benefit

In the event of accidental death, this benefit provides for the payment of an additional death benefit equal to the original sum insured, subject to a maximum of \$500,000.

Guaranteed Insurability Option

This option provides the opportunity to purchase additional life insurance policies at specified future dates, without providing Evidence of Insurability.

Flexible Guaranteed Insurability Option

This option allows the juvenile life insured to have the option to buy additional life insurance policies at specified dates in the future, without providing Evidence of Insurability. You select a variety of option dates at time of issue.

Children's Protection Rider

This rider provides term insurance protection for all of your children, aged 15 days to 18 years, under one convenient plan. The protection remains in force to the child's age 25. In addition, this coverage may be converted to any permanent or term plan for up to five times the original coverage amount when the child is between the ages of 21 and 25, without having to provide Evidence of Insurability.

Term Riders

These 10 and 20 Year Renewable and Convertible Term (YRCT) riders give you the opportunity to add term life insurance coverage for you, your spouse or a third party with whom you share an insurable interest.

QUESTIONS?

If you would like more information about Equimax or participating whole life insurance, please contact your advisor and/or refer to your policy contract for full details.

EQUITABLE LIFE OF CANADA. A wise choice.

Through personal service, superior products and an ongoing commitment to mutuality, Equitable Life makes reaching your financial goals easier. Whether you're making your first investment, building your financial plan, or looking for ways to protect what is most important to you, we have the solutions you need. With customer-centred staff, and a prudent investment strategy focused on long-term stability, growth and profitability, we also have the focus and expertise you need. In all aspects of your life, we're committed to delivering the financial future you're looking for, by putting you first.



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