



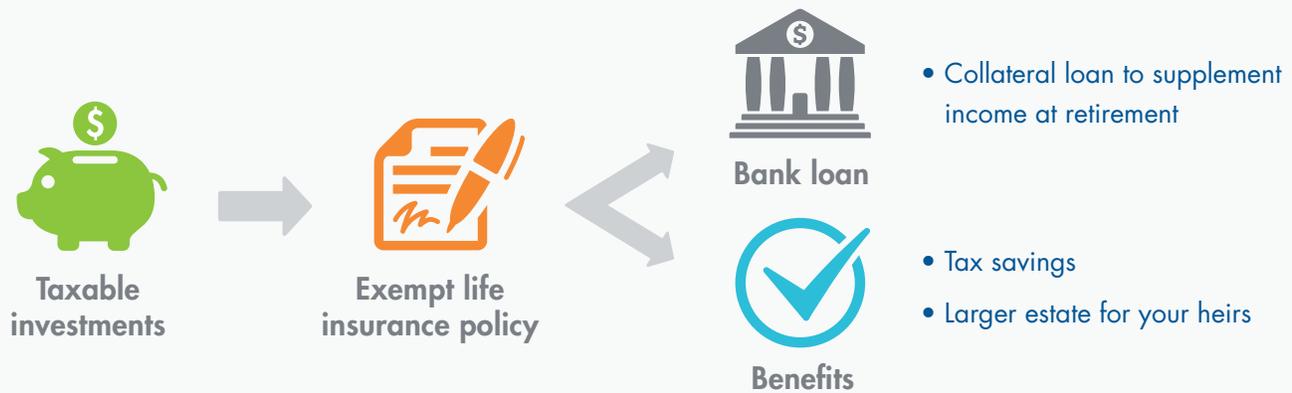
## PREFERRED RETIREMENT SOLUTION<sup>®</sup> USING WHOLE LIFE

It's the kind of preferential treatment you want. Supplement your retirement income.

When it comes to retirement ... we all want to dream big! If retirement savings alone aren't enough to make our retirement dreams a reality, the Preferred Retirement Solution can help.

Some life insurance policies have cash value you can access. Use it as collateral for a tax-free bank loan to supplement your retirement income. Unlike traditional loans, the debt is repaid using the proceeds from the life insurance policy.<sup>1</sup>

With the Preferred Retirement Solution, you redirect some of your money from taxable investments to pay the premiums for a permanent life insurance policy.



### PUT THE PREFERRED RETIREMENT SOLUTION TO WORK FOR YOU

#### Save taxes and grow your assets

- By redirecting money from taxable investments into the life insurance policy, you pay less tax today<sup>2</sup> and in the future.
- The funds within the insurance policy grow on a tax-advantaged basis.
- Payments above the required premium can accelerate the growth of the value within the policy.<sup>3</sup>

#### Enjoy your retirement

- Once the cash surrender value of the policy is large enough to meet the bank's loan qualification requirements, you may apply for a bank loan using the policy as collateral.<sup>4</sup>
- A bank loan can supplement your retirement income with tax-free dollars.

At death, the life insurance proceeds pay off the loan with the balance paid to the beneficiary.

# PREFERRED RETIREMENT SOLUTION<sup>®</sup> USING WHOLE LIFE

## THE PREFERRED SOLUTION

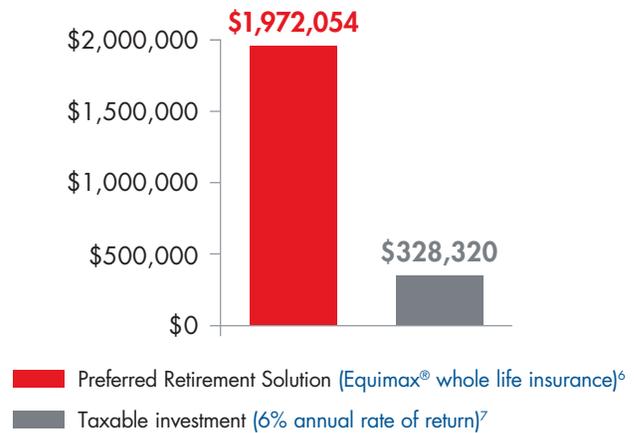
### An example: Meet Brian and Kendra

- Brian and Kendra are both 43 years old.
- They plan to retire at age 65.
- They can put aside \$24,000 each year for the next 15 years.
- At age 65, they need \$30,000 a year to supplement their retirement income until age 85.

Their options are to use their taxable investments or use the cash value of a life insurance policy as collateral for a bank loan.

Which is the more tax-efficient solution?

Net estate value at age 85  
(after loan repayment)<sup>5</sup>



Using Equimax participating whole life insurance as collateral for a tax-free bank loan, Brian and Kendra supplement their retirement **income** and create a significantly **larger estate**.

	Taxable investment (6% annual rate of return)	Preferred Retirement Solution (Equimax joint last-to-die life insurance)
At age 85	\$328,320	\$3,288,009
Minus loan balance	\$0	\$1,315,955
<b>Net estate value</b>	<b>\$328,320</b>	<b>\$1,972,054</b>

## IT COULD BE THE RIGHT SOLUTION FOR YOU IF ...

- You have taxable investments.
- You want to leave money to your loved ones or charity.
- You want to reduce the taxes you pay.
- You have an up-to-date will.
- You want to supplement your retirement income.

## Your advisor can show you how the Preferred Retirement Solution can work for you.

<sup>1</sup> Depending on the terms of the loan agreement, the lending institution may require regular or periodic loan payments. <sup>2</sup> Depends on the nature of your taxable investment. <sup>3</sup> The extra payment is limited to the amount required to maintain the tax-exempt status of the policy. Review the product illustration for full details. <sup>4</sup> With a collateral bank loan, the lender will be a third party lending institution. Availability of a loan from the third party lending institution is not guaranteed by Equitable Life and is not part of the life insurance contract. The borrower must apply for and meet the third party lending institution's loan qualification requirements. The borrower may be able to borrow from a third party lending institution an amount up to 100% of the policy's cash value. Loan minimums vary by financial institution. Some financial institutions require a minimum collateral loan of \$250,000. The ability to obtain a loan and the terms of a loan are subject to the financial underwriting policies at the third party lending institution at the time of loan and are subject to change at any time. There may be conditions, fees and costs associated with arranging the collateral bank loan. <sup>5</sup> Loan rate of 7% with assumed age of death at 100. <sup>6</sup> Equimax Estate Builder<sup>®</sup> participating whole life insurance, 20 pay, joint last-to-die. Standard non-smoker rates as of July 1, 2019. Paid-up additions dividend option. Initial death benefit \$1,053,673. The sales illustration for this case study shows a premium offset point at year 15, after which time no further payments are required. This is based on the 2019/2020 dividend scale remaining unchanged for the life of the policy. A decrease in the life insurance dividend scale may delay the premium offset point and require you to pay premiums for longer than previously illustrated; or require you to resume paying premiums for a period of time if your policy has been on premium offset. Dividends are not guaranteed and 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. <sup>7</sup> Annual rate of return of 6%. Investment portfolio (50% interest and 50% dividends). Marginal tax rate of 50%; personal dividend tax rate of 35%. Withdrawals of \$30,000 for 20 years starting at age 65.

The Preferred Retirement Solution is a concept. It is not a product or contract. It is based on current tax legislation which may change. This information does not constitute legal, tax, investment, or other professional advice. ® denotes a trademark of The Equitable Life Insurance Company of Canada.

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