



EquiBuild

CPB School 2016

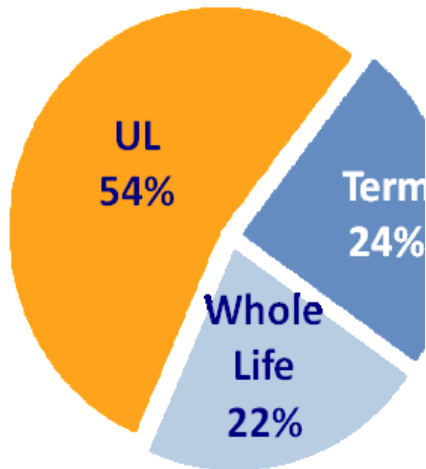
Ken Godfray BA CHS
Director of Sales



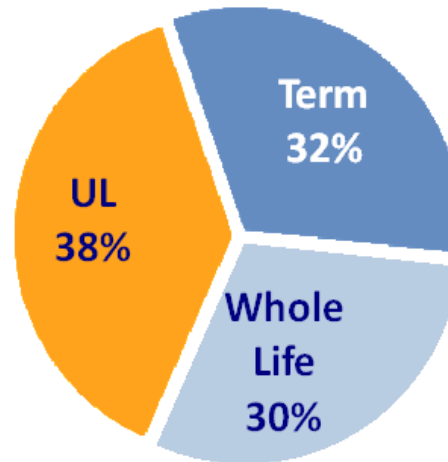
INVESTED IN YOU.

The Changing Landscape

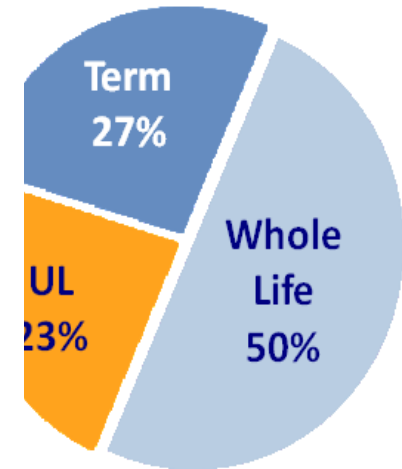
2004



2009



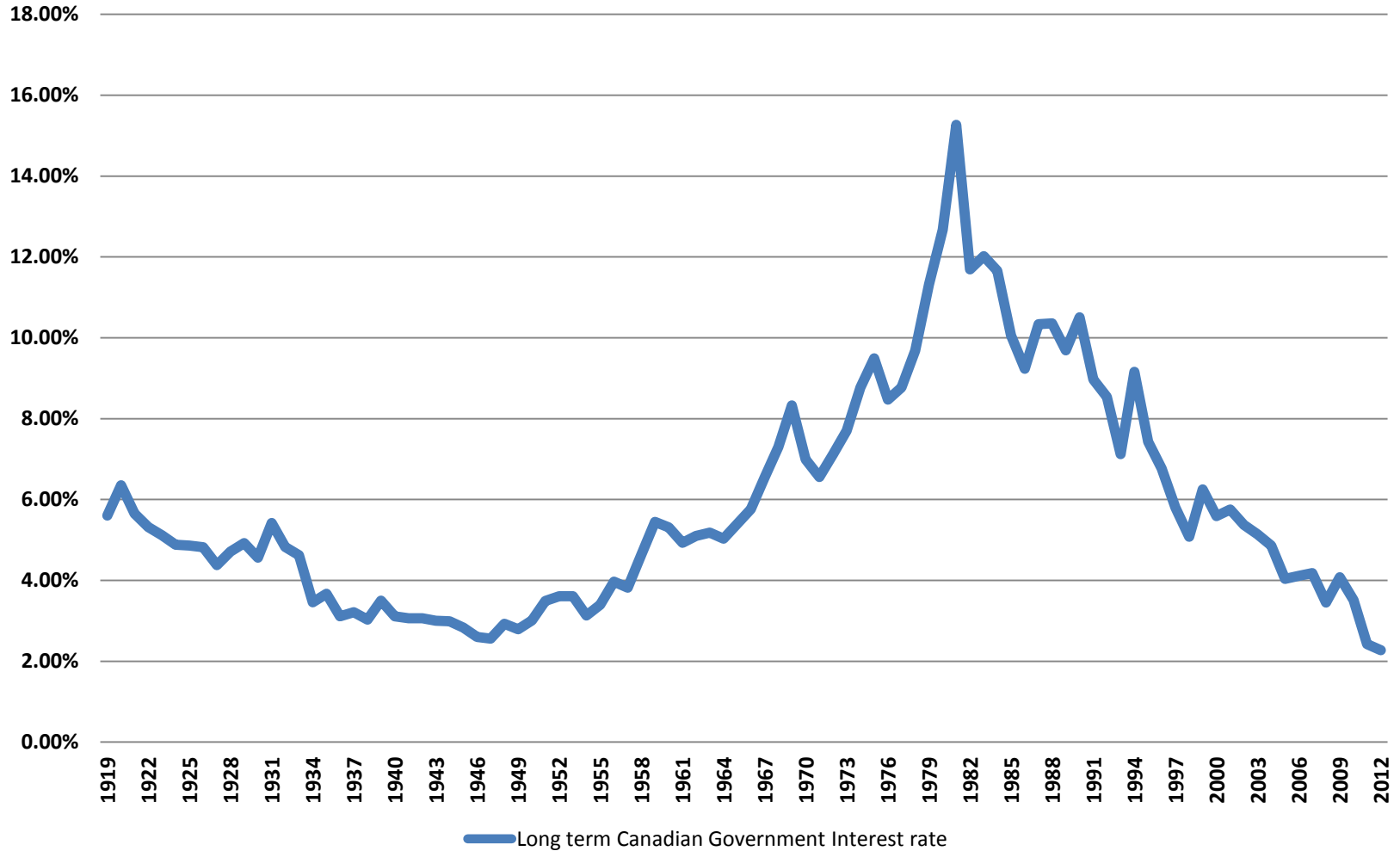
2014



Market share based on annualized premium¹

History of Long Term Interest Rates

Long term Canadian Government Interest rate 1976-2011



Interest Rates are a powerful driver

Research Association (LIMRA), grew rapidly in the early 1980s and then shrank somewhat.

The massive increase in Universal Life market share through 1985 was the result of several factors. The most significant is that the interest rates credited on Universal Life products were significantly higher than those implicit in nonpar traditional life products and those embedded in the dividend scales of par life products.

A significant portion of Universal Life sales in the early 1980s were replacement of in-force policies, because the high interest rates of the era made replace-



**What if your client's
could have the best of
both worlds!**

EquiBuild

The first universal
life insurance
that provides
strong cash
surrender values
and paid-up
insurance



Liquidity – Growth – Security



INVESTED IN YOU.

What is EquiBuild?

Hybrid UL!

- LCOI Universal Life Insurance
- Death Benefit - Face plus Fund
- Premium flexibility
- Investment options

Guaranteed CSV

Paid up additions

Automatic premium loan provision

EquiBuild – Features and Flexibility

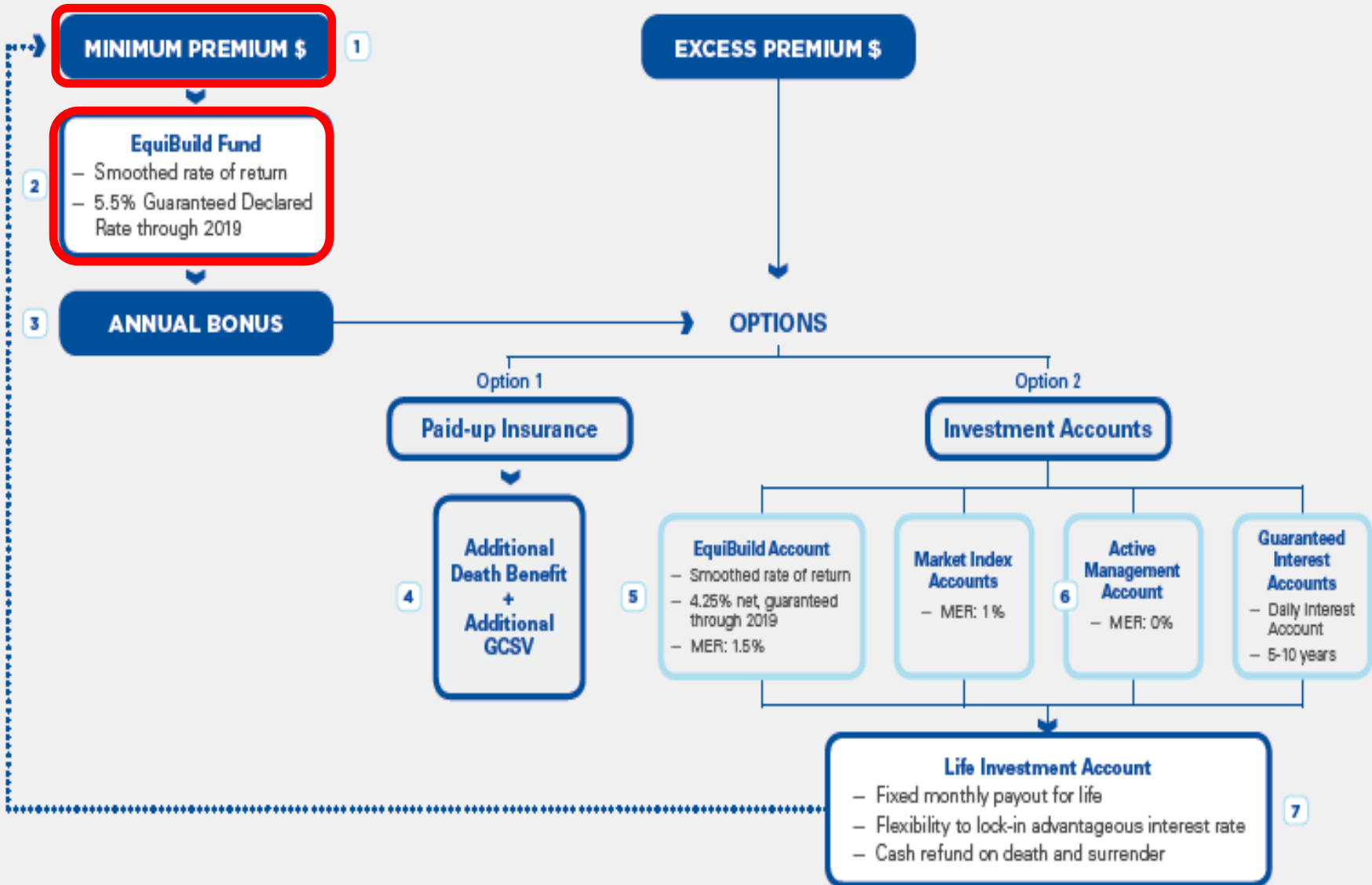
	UL	Equibuild	PAR
GCSV		X	X
Stable returns		X	X
COI	\$	\$\$	\$\$\$
Premium loan		X	X
Investment options	X	X	



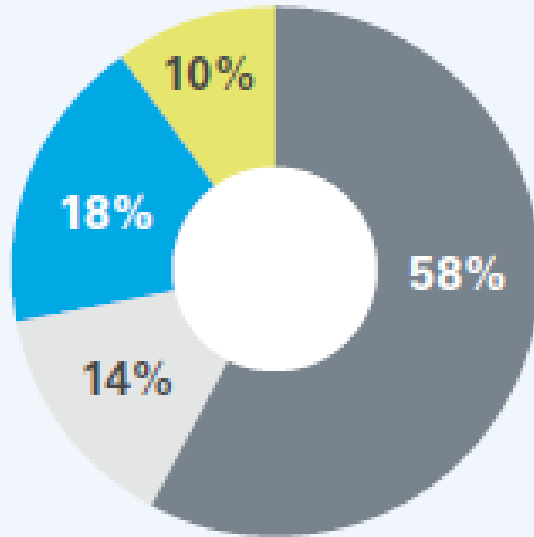
EquiBuild at a Glance

Transparency

EquiBuild at a Glance



Equibuild Fund



58% Provincial Bonds
14% Corporate Bonds
18% Stocks
10% Real Estate

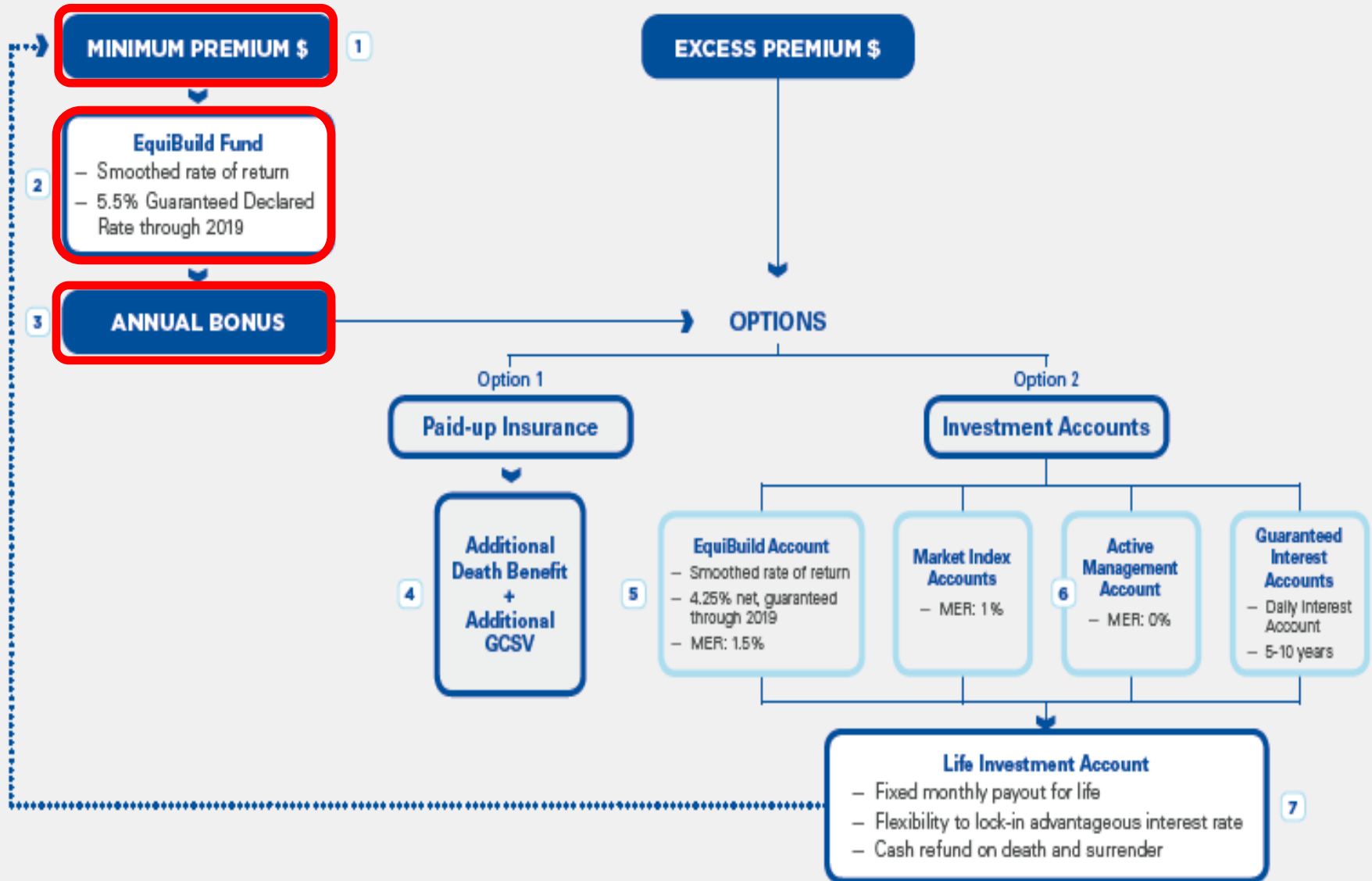
Guaranteed 5.5% rate of return through December 31, 2019

Guaranteed never to be negative

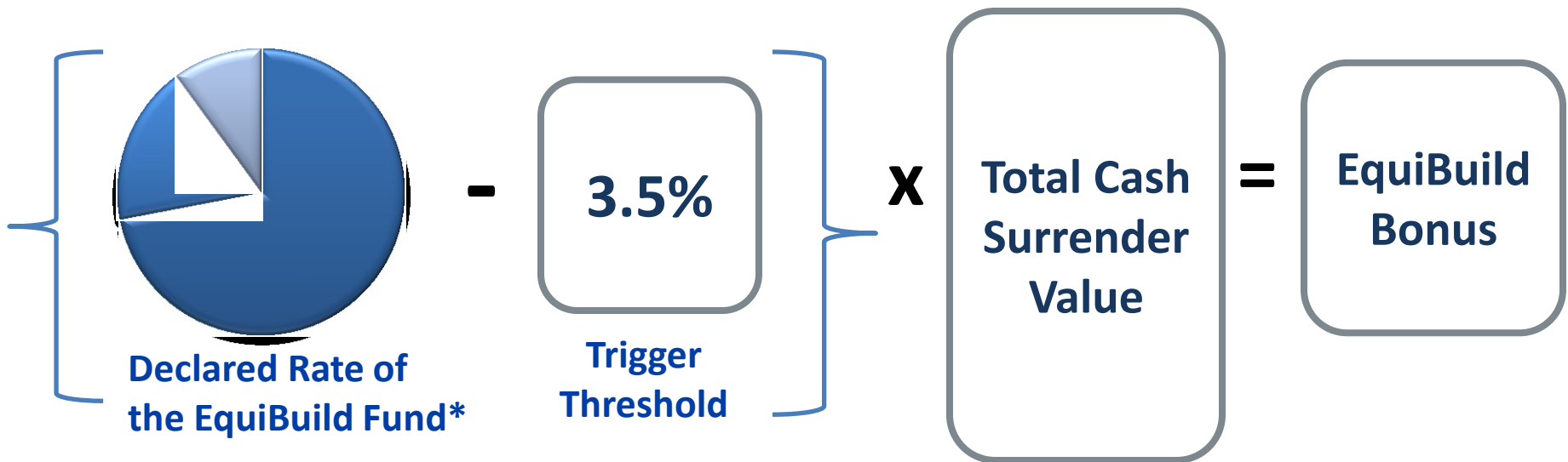
Smoothing formula is applied

- Stable returns
- Low volatility

EquiBuild at a Glance

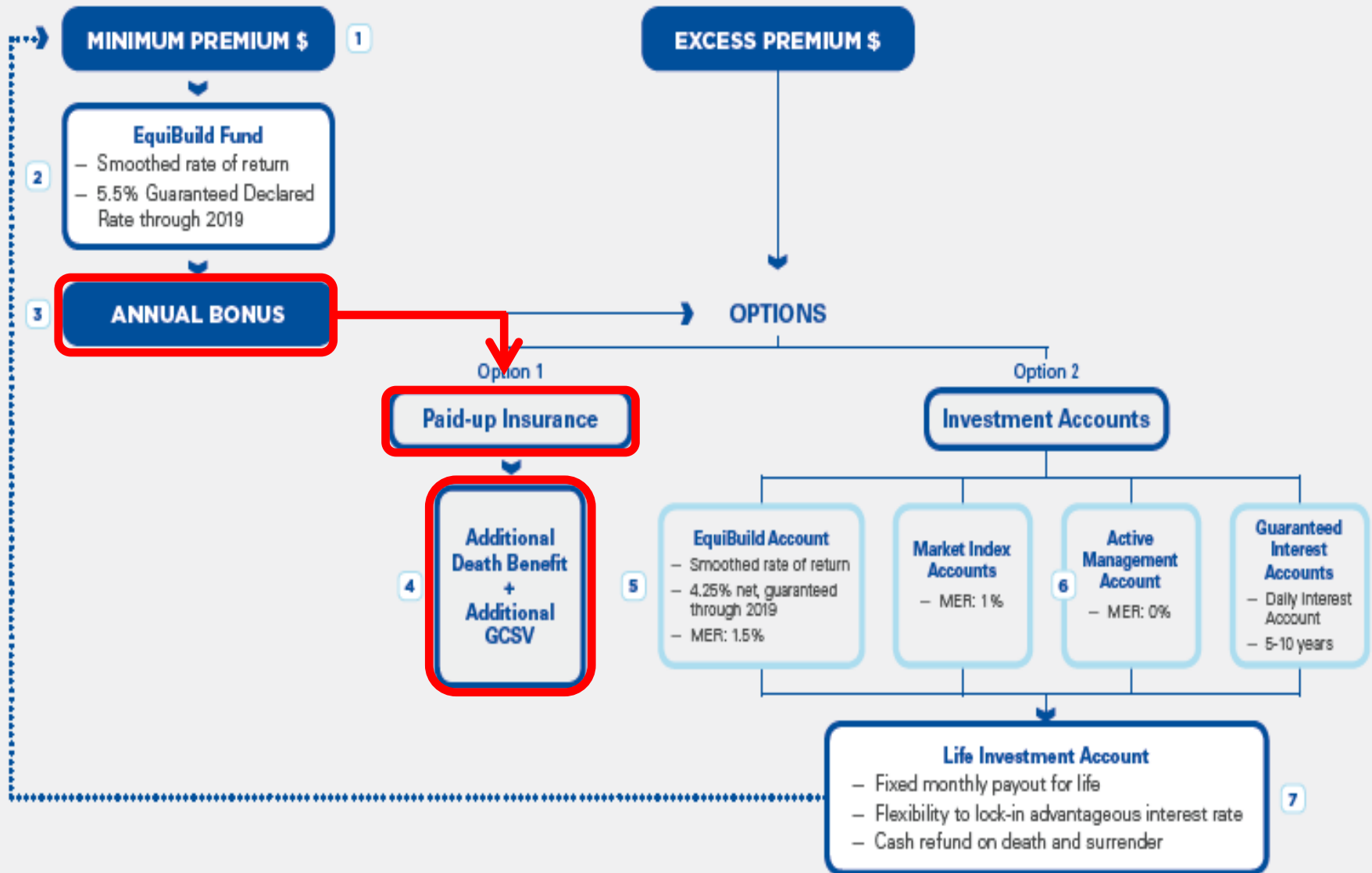


Calculating the Bonus

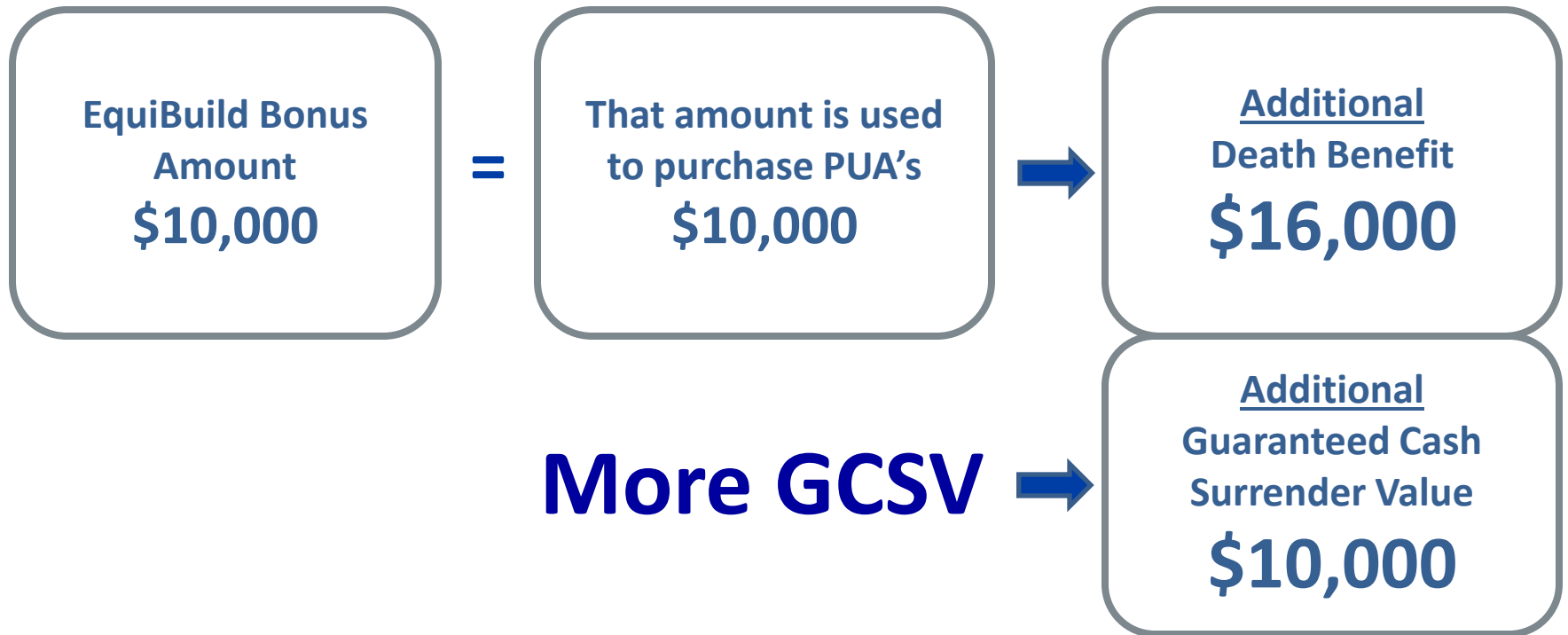


*EquiBuild Fund has a guaranteed rate of 5.5% until Dec 31, 2019

EquiBuild at a Glance

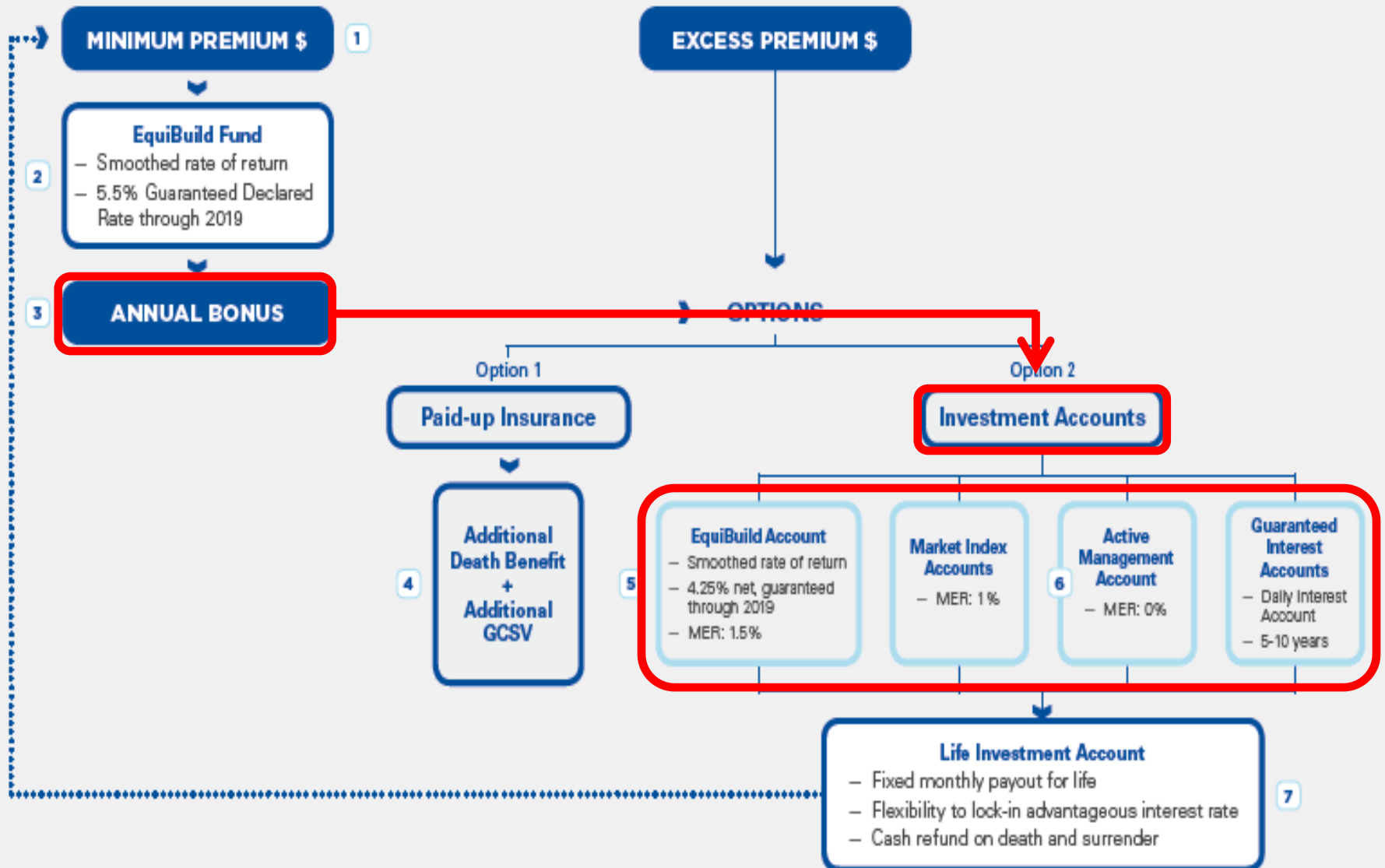


Paid-up additions (PUA's)



Cash values coming from paid-up insurance will be used to calculate future EquiBuild Bonus amounts!

EquiBuild at a Glance





Investment Options Available

Market Index		
Name of Account	Financial Index Used	Current MER ¹
Bonds	FTSE TMX Canada Universe Bond Index	1%
Canadian Stocks	S&P/TSX 60, total return	1%
Global Stocks	MSCI World	1%
International Stocks	MSCI – EAFE, total net return	1%
European Stocks	MSCI – Europe, total net return	1%
U.S. Stocks	S&P 500, total return	1%
U.S. Stocks/DAQ	Nasdaq 100	1%

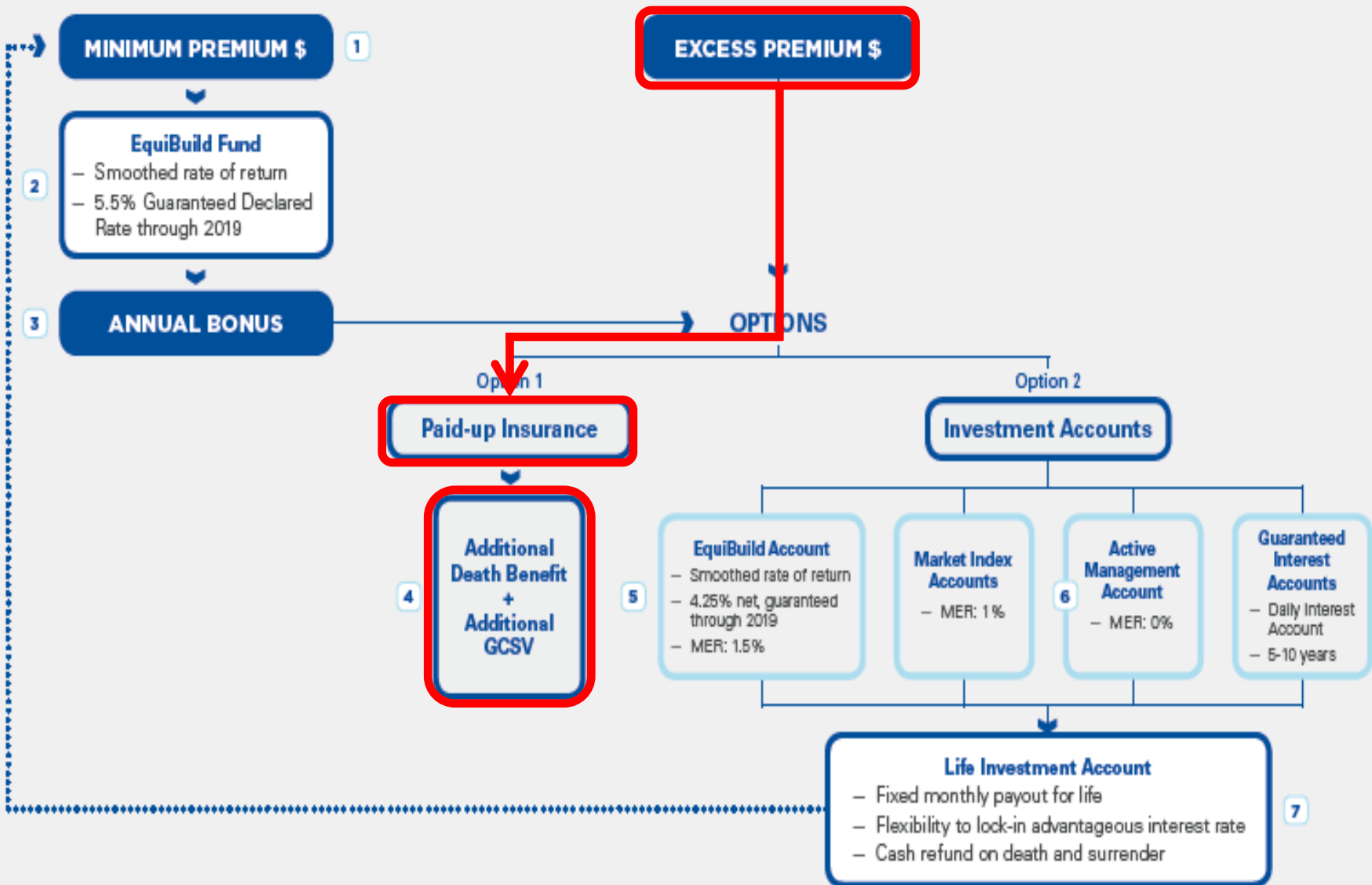
Active Management Index		
Name of Account	Underlying Fund	Current MER ¹
Canadian Stocks(Leon Frazer)	IA Clarington Canadian Conservative Equity Fund – Series A	0% ²
EquiBuild Account	EquiBuild Fund	1.5%



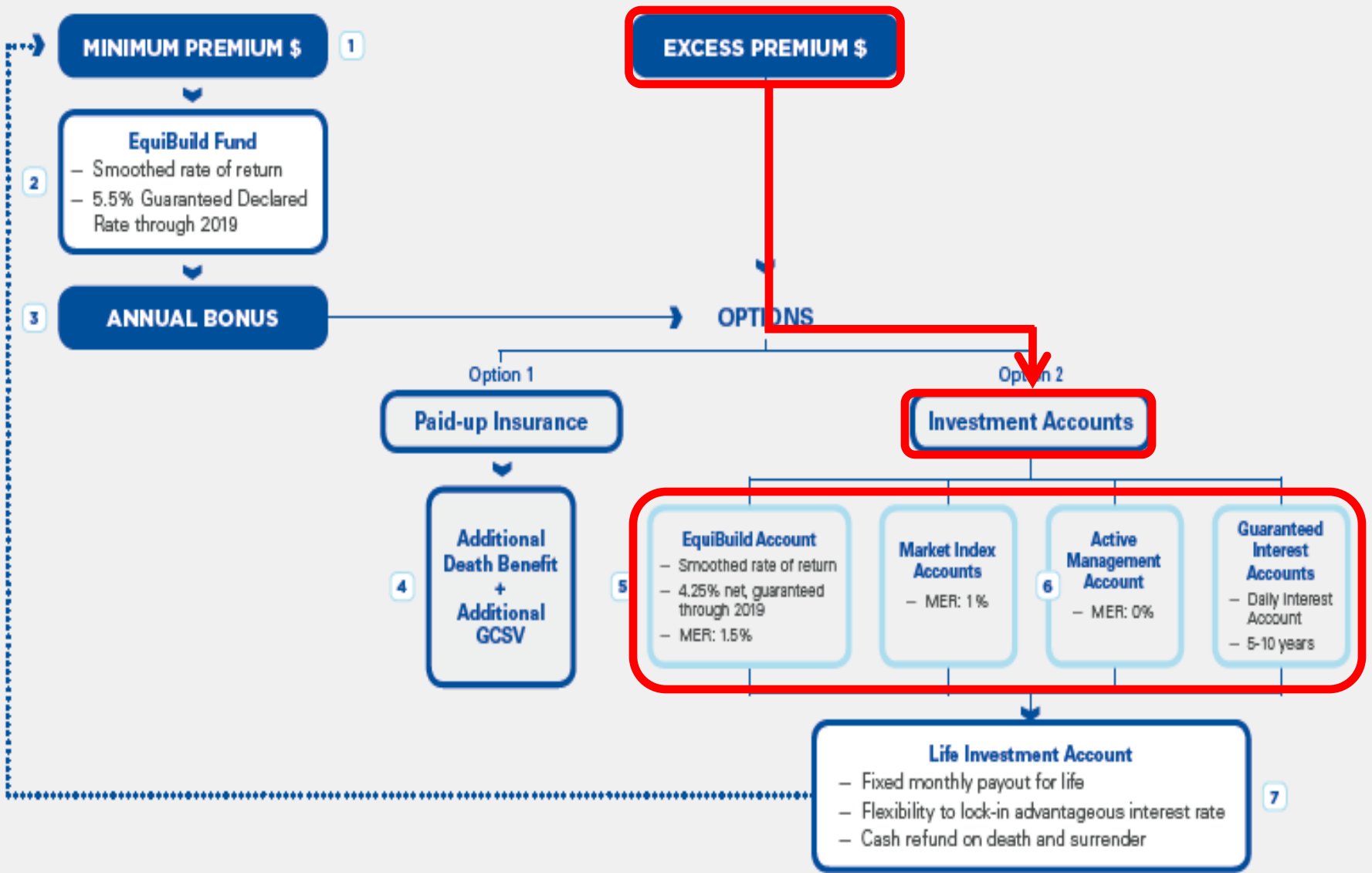
EquiBuild at a Glance

Flexibility

EquiBuild at a Glance



EquiBuild at a Glance





EquiBuild

Resilient



Question:

Why do policies Lapse?

Unexpected Job Loss

TRENDING

Federal Budget | Valeant | Bombardier | Loonie | RRSP | Oil | Apple | Housing | Alberta

More layoffs, more spending cuts in hard-hit oilpatch as job losses top 100,000



LOCAL BUSINESS

Alberta unemployment rate at highest level in more than 20 years, at 7.9%

Alberta's unemployment rate hit its highest level in more than 20 years in February, after climbing more than 2.

Marital breakdown

Alberta Divorce Documents



- New User Experience
- Over 20 years experience
- New Court Verification Process
- 100% Guaranteed Court Approval

DIVORCE




16th edition

ONLY \$39.95

Alberta Divorce Kit


This complete kit includes a step-by-step guide and all the required forms

Guide + Forms on CD-ROM



Written by a Canadian Lawyer:
Louise Campbell, LLB

- Do it yourself; no lawyer required
- Save hundreds of dollars in legal fees
- It's 100% legal and easy!



SelfCounsel Press
LEGAL SERIES

Unforeseen Illness

An unexpected illness?



**STUMBLING
BLOCKS
AHEAD**

Case scenario



**Meet Steve
40 Year Old
Non-smoker**

**Steve needs \$100,000 of
Permanent Life Insurance**

Many different options

- **Term to 100**
- **Non-par Whole Life**
- **Universal Life**
- **Par Whole Life**



**Steve was
approved for
\$100,000 of
Permanent Life
Insurance.**

Steve calls you...

He tells you he has lost his job and wants to stop his premiums for a while until he gets back on his feet.

What are Steve's options?

Steve calls you again...

He tells you he now has a job but is going through a nasty divorce brought on by the financial stress of his job loss. He needs a bit more time to get back on his feet.

What are Steve's options?

Steve calls you again...

He tells you he his divorce is done but he is depressed by the whole thing and needs a bit more time to get back on his feet.

What are Steve's options?

Finally...10 years from issue!

Steve calls...

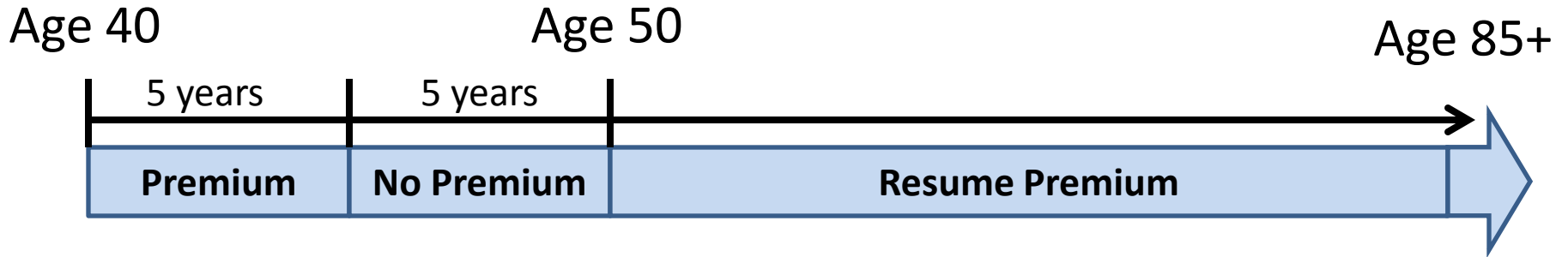
**He tells you he his
back on his feet and
is ready to resume
paying for his
insurance!**



What if we had used EQUIBUILD as the permanent insurance solution for Steve?



Equibuild



	<u>Death Benefit</u>	<u>GCSV</u>
Age 65	\$98,605	\$23,764
Age 75	\$105,581	\$44,700
Age 85	\$113,562	\$70,765
Age 100	\$122,759	\$122,759

Cost comparison for Steve?

- Term to 100 \$80/m
- Non-par WL \$85/m
- Universal Life \$75-85/m
- Par Whole Life \$200+/m
- **Equibuild \$115/m**



EquiBuild

Real life example...



Insurance planning completed for client “John” in 2008

- Long time client for 6 years.
- Successful IT consultant with a growing business.
- Needs analysis indicated \$1million life insurance.
- John liked the idea of a 20 pay Whole Life \$250K with a Term 10 rider of \$750K.
- **BENEFITS:**
 - Pay for only 20 years then fully paid up permanent insurance
 - High cash values in 20th year (CSV = 117% of premiums paid)



John's coverage placed December 2008:

Life 20	\$250,000.00
Term 10	\$750,000.00

Deposit

Your initial monthly premium is **\$212.41**.

With the selected deposit, the projection ends at age 100

This sale involves the designated representative / firm and Desjardins Financial Security Life Assurance Company. The designated representative / firm is independent and deals with different insurance companies, including Desjardins Financial Security Life Assurance Company. In return of this sale, it is possible that the designated representative / firm receives commissions as compensation plus any benefit or other incentives as additional compensation.

The Multi-Coverage Discount is applied.

Conditions:

- In case of contract cancellation, face amount reduction or contract change, the rate bands used for all eligible coverages will be reassessed and the discount adjusted accordingly. The discount is vested after the 7th year.
- This discount does not apply to conversions.



Monthly Premium of \$212.41

Great future CSV... \$250K paid up in Year 20.

Year 20: \$43,670 CSV

Represents 117% of premiums paid!

Life 20 (Thursday, September 18, 2008)

Projected Plan Values/Life 20

Year	Duration	Basic Premium	Premium before discount	Sum Insured (1)	Guaranteed Paid-up Insurance (1)	Cumulative Premiums (1)	Cash Surrender Values (CSV) (1)	CSV as a % of cumulative premiums
2008	1	2,022.36	2,092.56	250,000	0	2,022.36	0	0 %
2009	2	2,022.36	2,092.56	250,000	0	4,044.72	0	0 %
2010	3	2,022.36	2,092.56	250,000	0	6,067.08	0	0 %
2011	4	2,022.36	2,092.56	250,000	0	8,089.44	0	0 %
2012	5	2,022.36	2,092.56	250,000	0	10,111.80	0	0 %
2013	6	2,022.36	2,092.56	250,000	0	12,134.16	0	0 %
2014	7	2,022.36	2,092.56	250,000	0	14,156.52	0	0 %
2015	8	2,022.36	2,092.56	250,000	0	16,178.88	0	0 %
2016	9	2,022.36	2,092.56	250,000	0	18,201.24	0	0 %
2017	10	2,022.36	2,092.56	250,000	25,000	20,223.60	5,458	29 %
2018	11	2,022.36	2,092.56	250,000	37,507	22,245.96	6,800	33 %
2019	12	2,022.36	2,092.56	250,000	50,003	24,268.32	8,470	38 %
2020	13	2,022.36	2,092.56	250,000	75,011	26,290.68	10,553	43 %
2021	14	2,022.36	2,092.56	250,000	100,008	28,313.04	13,145	50 %
2022	15	2,022.36	2,092.56	250,000	125,000	30,335.40	16,375	58 %
2023	16	2,022.36	2,092.56	250,000	150,015	32,357.76	19,925	67 %
2024	17	2,022.36	2,092.56	250,000	175,016	34,380.12	24,245	76 %
2025	18	2,022.36	2,092.56	250,000	200,010	36,402.48	29,498	88 %
2026	19	2,022.36	2,092.56	250,000	225,017	38,424.84	35,893	101 %
2027	20	2,022.36	2,092.56	250,000	250,000	40,447.20	43,670	117 %
2028	21	0.00	0.00	250,000	250,000	40,447.20	45,758	122 %
2029	22	0.00	0.00	250,000	250,000	40,447.20	47,968	128 %
2030	23	0.00	0.00	250,000	250,000	40,447.20	50,298	134 %
2031	24	0.00	0.00	250,000	250,000	40,447.20	52,750	141 %
2032	25	0.00	0.00	250,000	250,000	40,447.20	55,295	148 %
2037	30	0.00	0.00	250,000	250,000	40,447.20	70,195	187 %
2042	35	0.00	0.00	250,000	250,000	40,447.20	90,878	243 %
2047	40	0.00	0.00	250,000	250,000	40,447.20	120,398	321 %
2052	45	0.00	0.00	250,000	250,000	40,447.20	155,340	415 %
2057	50	0.00	0.00	250,000	250,000	40,447.20	192,558	514 %



All is well... until year 7

John's circumstances change:

- John informs me to cancel all coverages – Sept '15.
- Going through a divorce. Some contracts for his IT company have been lost. Income down dramatically.
- Support payments to be in excess of \$60K annually
- Is closing down bank account where premiums are being deducted.
- I discuss the importance of the coverage and the excellent plan that he has significant cash values in the 20th year.
- John simply cannot make the payments now and for at least another 6 months.



Notices come in from the insurance company!

The debit in the amount of \$ 212.41 was returned by your banking institution for the following reason:
Insufficient funds.

To continue with this valuable coverage and to keep your account up to date, we will process a replacement debit on October 27, 2015. However, please note that it could take up to four additional days for the amount to be debited from your account.

If you wish to change your account information, please let us know as soon as possible and send us a new sample cheque.

You have the option of contacting your representative directly or any of our Customer Service representatives who will be pleased to assist you.

Sincerely,

Customer Service
Individual Insurance





Efforts are made to conserve the coverage...

As for your life insurance plan, you have 30 days grace period before the coverage would cease... I'm really seeing if there is any way you can get this back up and running... I'm sure you will need the coverage even if it would be for guaranteeing child support or eventually part of overall protection. Can someone help pay the premiums to bridge the financial gap? I can see if you can keep the \$750,000 Term 10 insurance?

Trying to help with some ideas to keep the insurance coverage going during this difficult period for you.

Best regards

Unfortunately options are limited:

- Pay premiums for coverage to continue, or:
- Stop paying premiums and the coverage lapses in 30 days

Cancellation letter is drawn up by advisor and coverage is cancelled.



What if EquiBuild was available to Tony 7 years ago?

- How would a \$212.41 monthly premium look for \$1Million insurance and premiums stop after 7 years?
 - \$108,721 EquiBuild base
 - \$891,279 Term 10 rider

- Would the outcome have been different for John?



If Tony had EquiBuild... with only 7 years of \$212.41 monthly premium his insurance would continue for another 34 YEARS!!

Policy Premium Payments:

1. Accumulation Fund pays premiums first.
2. Automatic Premium Loan

Year 7: \$8619 Total CSV

Year 25: \$9494 Total CSV

Year 30: \$8699 Total CSV

Policy Projected Values										
Values Based on your Investment Assumptions										
Year	Age	Annual Premiums Paid	Total Death Benefit	EquiBuild Bonus paid	Balance of Policy Loan	Base Guaranteed Surrender Value	EquiBuild PUA Surrender Value	Accumulation \$ Fund	Nettle Fund (Before Taxes)	Total Surrender Value
1	37	2,548.92	1,000,680	0	0	32	0	679	0	711
2	38	2,548.92	1,001,391	1	0	64	1	1,386	0	1,452
3	39	2,548.92	1,002,134	2	0	129	3	2,124	0	2,257
4	40	2,548.92	1,002,917	5	0	323	8	2,893	0	3,225
5	41	2,548.92	1,003,740	10	0	647	18	3,687	0	4,352
6	42	2,548.92	1,004,623	20	0	1,294	38	4,512	0	5,845
7	43	2,548.92	1,005,609	45	0	3,163	85	5,371	0	8,619
8	44	0.00	1,004,156	75	0	4,177	162	3,711	0	8,051
9	45	0.00	1,002,680	105	0	5,975	270	1,954	0	8,200
10	46	0.00	1,001,217	139	0	7,384	416	127	0	7,927
11	47	0.00	109,057	177	1,208	9,519	604	0	0	8,915
12	48	0.00	108,194	215	2,609	10,768	833	0	0	8,993
13	49	0.00	107,326	245	4,075	12,045	1,098	0	0	9,069
14	50	0.00	106,449	276	5,610	13,351	1,401	0	0	9,143
15	51	0.00	105,560	309	7,217	14,686	1,743	0	0	9,213
16	52	0.00	104,655	343	8,900	16,050	2,128	0	0	9,279
17	53	0.00	103,733	378	10,661	17,447	2,556	0	0	9,342
18	54	0.00	102,787	415	12,506	18,874	3,032	0	0	9,401
19	55	0.00	101,816	453	14,437	20,334	3,557	0	0	9,454
20	56	0.00	100,815	494	16,459	21,824	4,135	0	0	9,499
21	57	0.00	99,781	535	18,577	23,343	4,767	0	0	9,534
22	58	0.00	98,707	579	20,793	24,891	5,456	0	0	9,554
23	59	0.00	97,592	624	23,114	26,465	6,206	0	0	9,558
24	60	0.00	96,428	671	25,544	28,065	7,018	0	0	9,539
25	61	0.00	95,213	719	28,088	29,686	7,896	0	0	9,494
26	62	0.00	93,940	770	30,752	31,329	8,841	0	0	9,419
27	63	0.00	92,604	822	33,541	32,990	9,857	0	0	9,307
28	64	0.00	91,199	876	36,460	34,668	10,946	0	0	9,154
29	65	0.00	89,720	932	39,518	36,360	12,110	0	0	8,953
30	66	0.00	88,161	989	42,718	38,065	13,351	0	0	8,699
31	67	0.00	86,514	1,048	46,070	39,782	14,673	0	0	8,386
32	68	0.00	84,774	1,109	49,579	41,509	16,078	0	0	8,009
33	69	0.00	82,933	1,172	53,252	43,245	17,568	0	0	7,561
34	70	0.00	80,984	1,237	57,099	44,989	19,146	0	0	7,037
35	71	0.00	78,919	1,304	61,126	46,743	20,814	0	0	6,431
36	72	0.00	76,730	1,373	65,342	48,504	22,575	0	0	5,737
37	73	0.00	74,410	1,443	69,757	50,275	24,432	0	0	4,951



How does EquiBuild compare to the 20 pay WL?

- ▶ Year 7 Total Surrender Value: \$8619 vs. Lapse
- ▶ Year 7 Total Death Benefit: \$1,006,590 vs. Lapse
- ▶ Year 25 Total Surrender Value: \$9494 vs. Lapsed 18yrs ago
- ▶ Year 25 Total Death Benefit: \$95,213 vs. Lapsed 18yrs ago

OTHER INSURANCE OPTIONS?

Performax Gold: LAPSE in year 8 (minimum premium \$238.07)

SSQ UL: LAPSE in year 19 (premium \$212.42/ month)

Canada Life UL: LAPSE in year 17 (premium \$212.42/ month)



It's unfortunate EquiBuild didn't exist in 2008

Thank you for being a valued client.

As requested, your policy has been terminated and no longer provides any coverage.

If you have any questions please speak to your representative or call the Client Contact Centre.

Regards,

A handwritten signature in black ink, appearing to be 'A. King' or similar, written in a cursive style.



EquiBuild would have made a difference for John

This is a crazy time, and I have been having to make a lot of tough calls.

Things will settle out once I get a decent support regime sorted. I don't suppose there is the concept of a "pause coverage and payments but not cancel the policy for a few months?" That would be the most helpful device in this current situation. I assume you would have mentioned it by now if it were a possibility.

Thanks,

John

EQUIBUILD provides the **FLEXIBILITY** that clients **NEED** in an insurance program

What is EquiBuild?

Hybrid UL!

- LCOI Universal Life Insurance
- Death Benefit - Face plus Fund
- Premium flexibility
- Investment options

Guaranteed CSV

Paid up additions

Automatic premium loan provision



In Addition...

**EquiBuild can now Provide your
Clients with:**

**A Greater Initial Face Amount for
the Same Premium**

EquiBuild To build a wealthy future

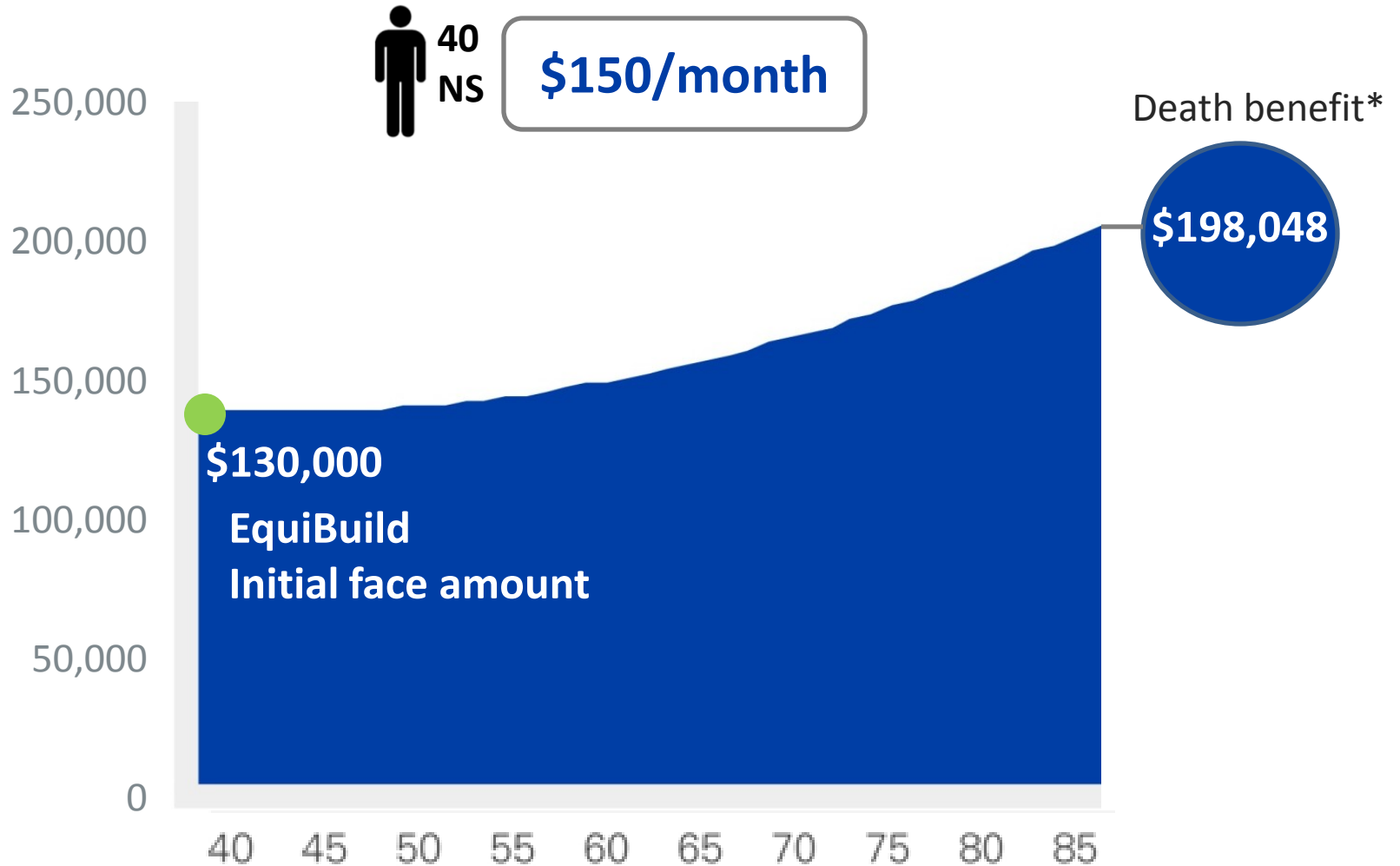
Introducing **EQUIBUILD with INTEGRATED COVERAGE**

Available April 1, 2016

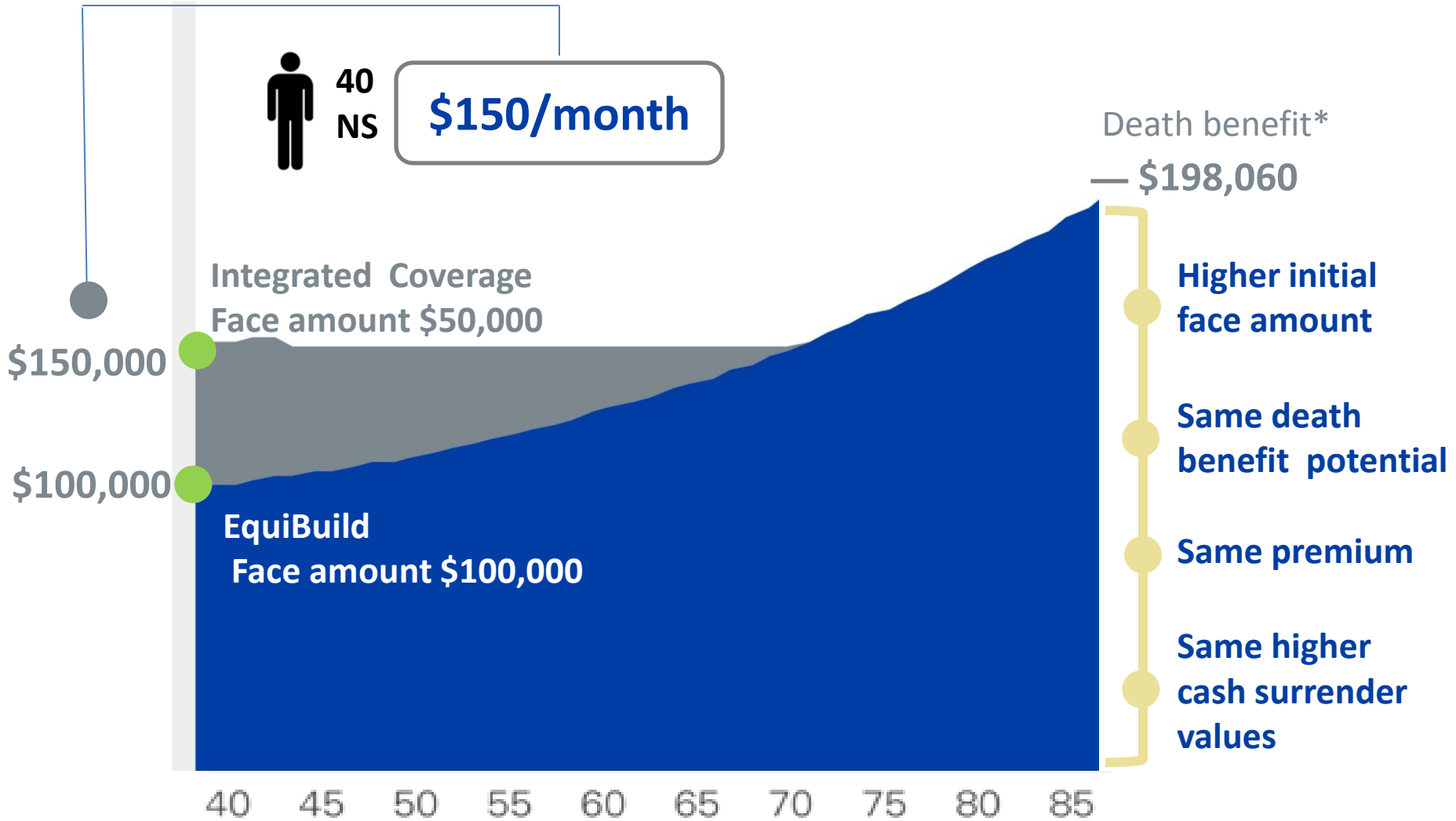


**An innovative solution for your
clients' insurance needs**

Liquidity – Growth – Security



Now: EquiBuild with Integrated Coverage



EquiBuild with Integrated Coverage

More Protection at Issue



40
NS

\$152/month

**Higher initial face amount,
same benefits**

Permanent products	Face amount	Same premium	Total surrender values* (age 65)	Total death benefit* (age 85)
EquiBuild with IC 20	\$150,000	\$150	\$52,475	\$198,060
EquiBuild	\$130,000	\$150	\$51,016	\$198,048

*Based on the EquiBuild Fund declared rate of 5.5%



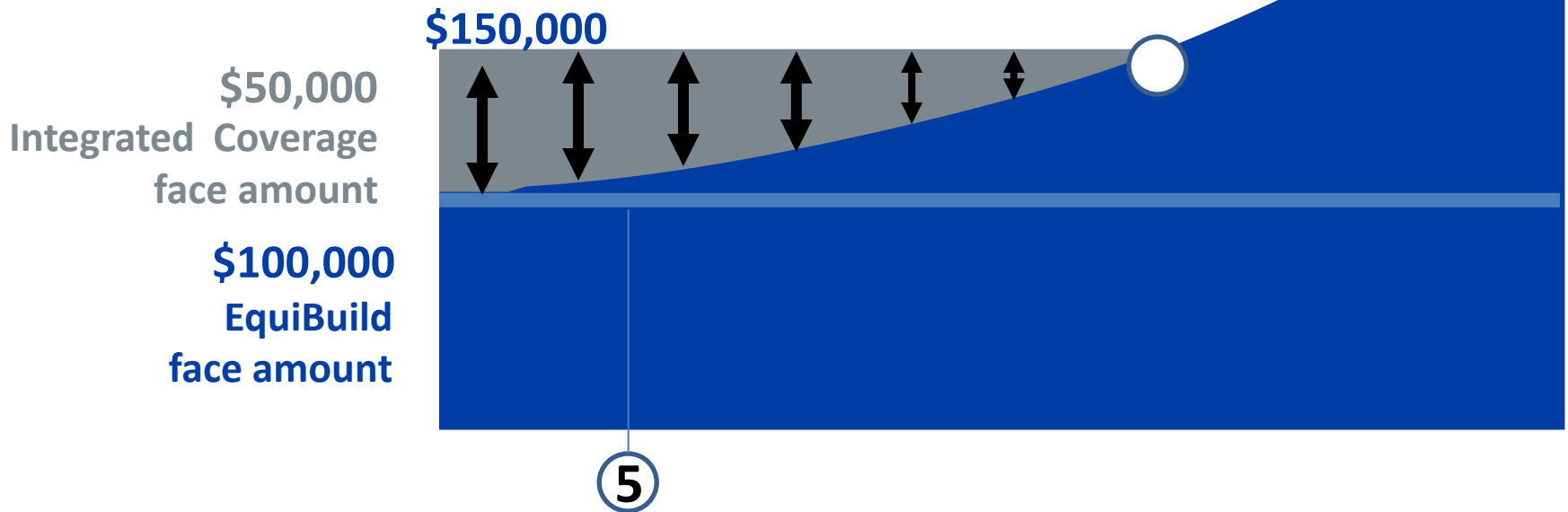
EquiBuild with Integrated Coverage

How Does it Work?

Integrated Coverage 20



The Integrated Coverage face amount is replaced by the increase of the EquiBuild face amount starting at year 5 until it reaches \$0

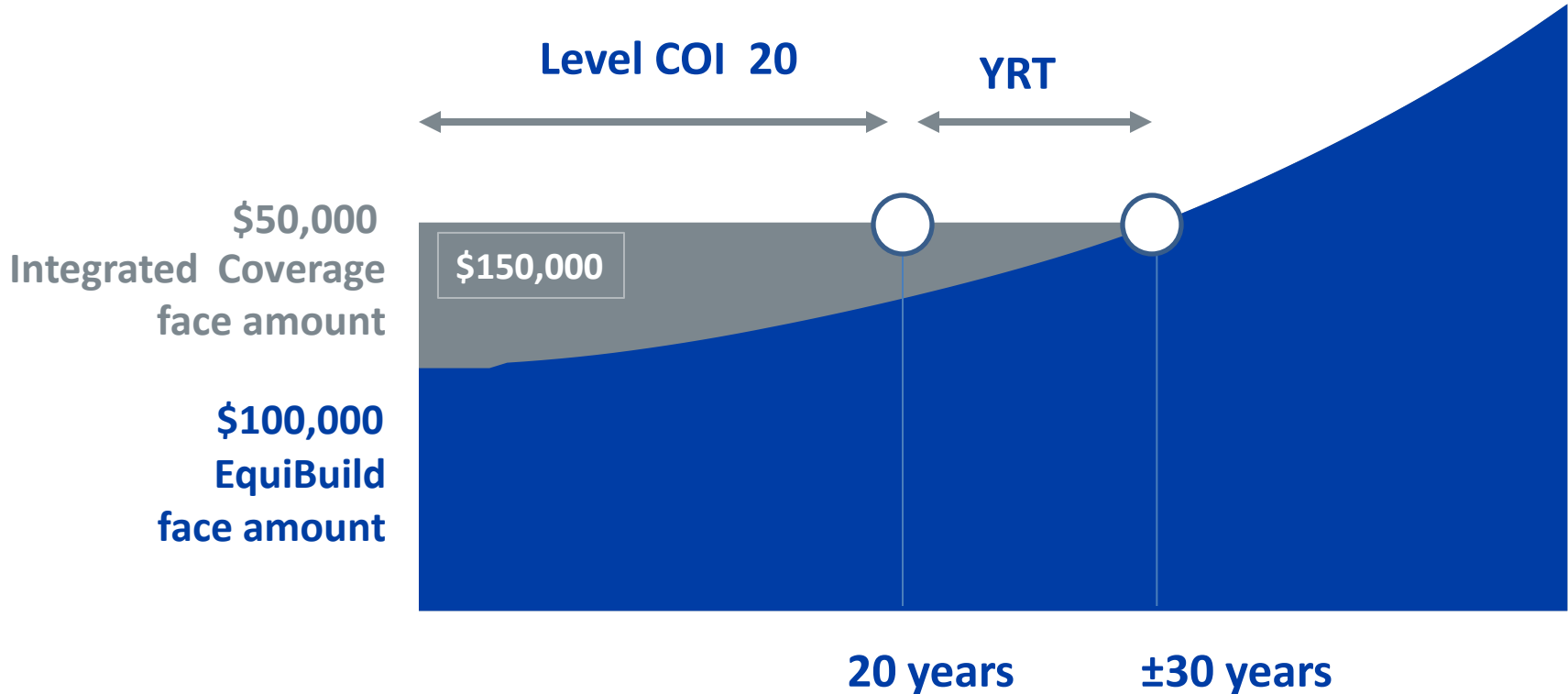


How it Works



The COI of the Integrated Coverage:

- Levelled for the first 20 years
- YRT thereafter





EquiBuild

Compensation



EquiBuild with Integrated Coverage Compensation

Broker	1st	2-10	11	
EquiBuild (minimum premium)	50%	4%	2%	
Integrated Coverage 20	50%	3%	3%	
Integrated Coverage 10	37.5%	3%	3%	
Paid-up allocation		4%	4%	4%



Double your sales credits for all EquiBuild



Issued policies up
to June 30, 2016





Thank you!