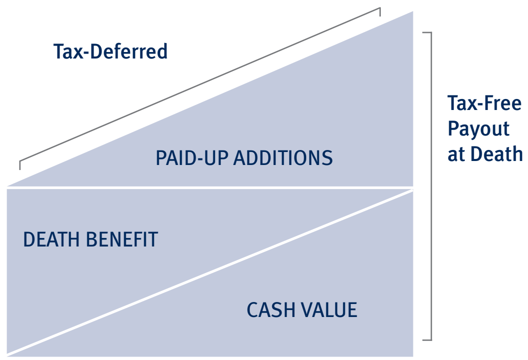
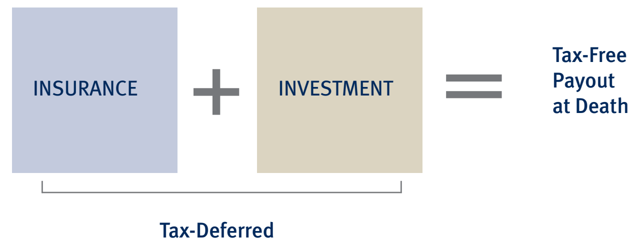
Whole Life vs. Universal Life

PASSIVE APPROACH



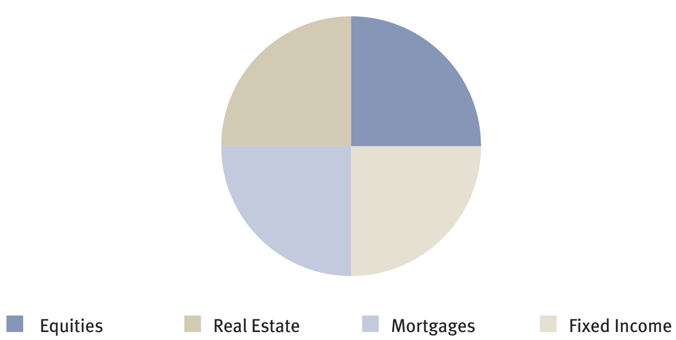
- participating insurance coverage (PAR)
- cost of coverage is not disclosed; death benefit can increase through credit of dividends
- paid-up additions is the most popular dividend option for tax-deferred accumulation
- annual costs are not disclosed but embedded in the dividend
- guaranteed minimums – cash value and death benefit (contractual)
- no transparency

ACTIVE APPROACH

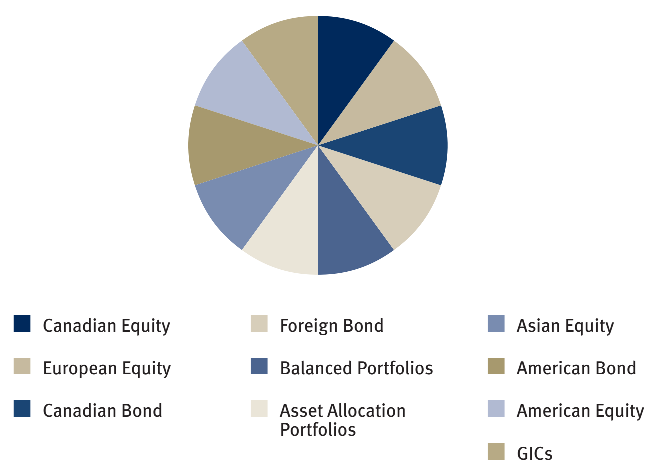


- non-participating insurance coverage
- yearly renewable or level cost of insurance
- increasing, level, or minimized death benefit
- annual costs are fully disclosed and include:
  - MER that is between 1% and 4%
  - provincial premium tax that varies between 2% and 4% depending on province
- flexible product — consumer can determine both insurance and investment components
- relatively transparent

Allocation of "Par" Fund



Possible "UL" Investment Options



There are several differences in the mechanics of these two products, but the end result is the same:

Tax-deferred accumulation of wealth and a tax-free benefit payable to your heirs.

UNIVERSAL LIFE (UL)

- UL combines basic insurance coverage with a tax-sheltered investment component that is managed by the policyholder to achieve long-term estate growth.
- UL focuses on investment capabilities within the product and the opportunities they bring to the policyholder.

UL is designed for individuals who:

– are comfortable managing their own investments

– understand the inherent risks of investing in the markets

– require flexibility to meet changing needs

– have a need to see how their product operates and grows

WHOLE LIFE (WL)

- WL generates its long-term growth by crediting policy dividends, which are largely created by the performance of the PAR fund, a diversified investment portfolio that is managed by the insurer's professional money managers.
- It focuses on slow, steady growth to create as large an estate benefit as possible.
- Investments within the PAR fund are regulated by OSFI (Office of Superintendent of Financial Institutions).

WL is designed for individuals who:

– are more risk averse

– don't necessarily require control of their investments

– are more comfortable with guaranteed products

– have predictable long-term needs

– have a stable cash flow

– prefer stable, balanced returns

Note: The chart on the reverse only shows the Paid-Up Additions (PUA) dividend option. PUAs are additional amounts of tax-exempt coverage that have their own cash values and which can earn dividends themselves. They are the dividend option most likely to create a significant accumulated benefit.

SUMMARY

Selecting the insurance solution that is right for your clients will depend on their objectives and investment styles:

- WL offers minimal contractual guarantees with little flexibility and no decision-making on the part of the individual.
- UL is a highly flexible product with the freedom to choose the various product features.

RBC Dominion Securities

IPGWLVUL (08/2005)