

Whole life vs. universal life



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 the Superintendent of Financial Institutions Canada).

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.

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

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.

Tom Caldwell Wealth Management Group

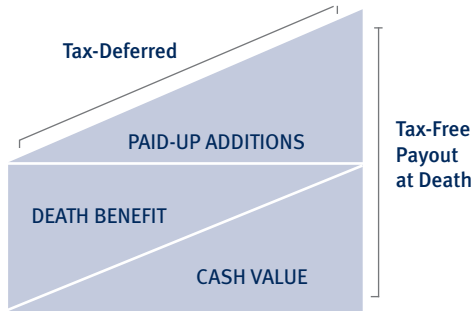
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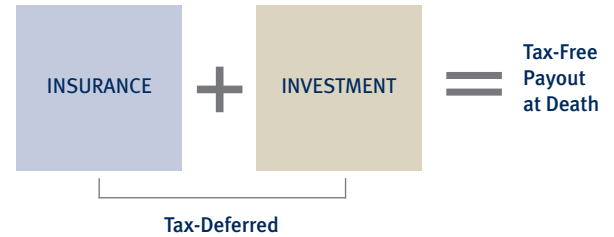
INVESTMENT STYLE

WHOLE LIFE Passive Approach



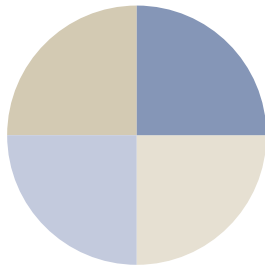
- Participating insurance coverage (PAR)
- Cost of coverage is not disclosed; death benefit can increase through credit of dividends
- Paid-up additions is the most popular dividend option for tax-deferred accumulation
- Annual costs are not disclosed but embedded in the dividend
- Guaranteed minimums – cash value and death benefit (contractual)
- No transparency

UNIVERSAL LIFE Active Approach



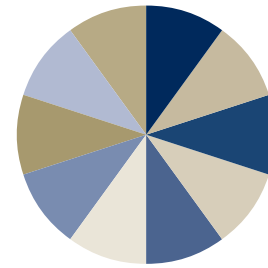
- Non-participating insurance coverage
- Yearly renewable or level cost of insurance
- Increasing, level, or minimized death benefit
- Annual costs are fully disclosed and include:
 - › MER that is between 1% and 4%
 - › Provincial Premium Tax (PPT) that varies between 2% and 4% depending on province
- Flexible product – consumer can determine both insurance and investment components
- Relatively transparent

Allocation of "Par" Fund



■ Equities ■ Real Estate ■ Mortgages ■ Fixed Income

Possible "UL" Investment Options



■ Canadian Equity ■ Foreign Bond ■ Asian Equity
 ■ European Equity ■ Balanced Portfolios ■ American Bond
 ■ Canadian Bond ■ Asset Allocation Portfolios ■ American Equity
 ■ GICs

There are several differences in the mechanics of these two products, but in the end, they both offer:
 Tax-deferred accumulation of wealth and a tax-free benefit payable to your heirs.

› To learn more, contact us today.



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