Advisor
Individual insurance

Universal life

Product description

Effective from September 8, 2022

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1. Introduction

Discover our universal life insurance, a product specifically designed to meet the changing needs of your clients!

Universal life insurance effectively combines life insurance and tax-sheltered savings. By choosing our universal life insurance, your clients benefit from a flexible and easy to understand protection that offers the right set of options instead of too many choices and easily meets the needs of various types of customers. In addition, they have the opportunity to take advantage of multiple product features and its complementary benefits throughout their lifetime.

At last, a truly universal solution to help you plan the financial security of your clients!

2. Summary of key characteristics

Universal life insurance

Cost of insurance	YRT	Level T100
Issue ages	0 to 85	0 to 80
Types of policy	• Individual • Joint first to die (2 to 5 lives) • Joint last to die (2 to 5 lives)	
Insurance amount	• Minimum: $25,000 • Maximum: $10,000,000 For an insurance amount greater than $10,000,000, please contact your SSQ Insurance representative for a quote.	
Rate bands	• $25,000 to $49,999 • $50,000 to $99,999 • $100,000 to $249,999 • $250,000 to $499,999 • $500,000 to $999,999 • $1,000,000 and over	
Death benefit options	Increasing Level	Increasing
Investment options	• Daily interest account • 1, 3, 5 and 10-year guaranteed interest accounts • Index accounts • Managed accounts	
Guaranteed bonus	• 1% of the accumulation fund value • Credited from the 6th policy anniversary	
Insurance amount adjustment options for tax purposes	• No increase • Increase • Increase and decrease (minimum initial insurance amount) • Maximizer (available only with YRT)	
Surrender charges	Surrender charges over 9 years	None
Included benefits	• Insurability benefit for children • Critical illness benefit for children • Privilege in case of disability • Extreme disability benefit (available only with increasing death benefit)	
Additional benefits	• Term Plus (T10, T15, T20, T25, T30, T35 and T40) with level insurance amount* • Critical illness insurance (T10, T20, T75, T100 and T100 paid-up 20 years)* • Critical illness rider (3 illnesses, $20,000) • Child rider (life insurance for dependent children) • Waiver of minimum or billing premium (waiting period: 4 or 6 months) • Accidental death and dismemberment • Benefit in case of fracture *Available on the same life insured and with individual type of policy only.	
Policy fee	$5 per month	

Policy changes and transactions

Change from YRT to Level T100	• Available as of the 1st coverage anniversary, without evidence of insurability, before age 80 • At attained age using rates in effect at time of change • YRT surrender charges continue to apply
Change of death benefit type	• Available only with YRT and where evidence of insurability is not required
Withdrawal / Cash advance	• Minimum amount: $500 • Maximum amount: 90% of the cash value
Transfer between investment accounts	• Four transfer requests free of charge per year, transaction fees apply for each additional request
Reduction of the insurance amount	• Available with YRT and Level T100 • Partial surrender charges for YRT during the first 9 years
Change from smoking to non-smoking status	• With evidence of insurability

3. Insurance coverage

3.1. Types of policy

Individual

An individual policy means that only one person is insured under the universal life policy.

Our Term Plus (T10, T15, T20, T25, T30, T35 and T40) with level insurance amount and Critical illness insurance (T10, T20, T75, T100 and T100 paid-up 20 years) can be added as additional benefits on the same life insured and with individual type of policy. This way, your clients can benefit from a complete coverage, all under one policy with a single premium.

Joint first to die and Joint last to die (2 to 5 lives)

- A joint first to die (2 to 5 lives) coverage pays a death benefit upon the first death to occur among the insureds.
- A joint last to die (2 to 5 lives) coverage pays a death benefit upon the last death to occur among the insureds.

The premium and cost of insurance will be based on an equivalent age calculation methodology.

3.2 Cost of insurance (COI)

Our universal life insurance offers two types of cost of insurance (COI):

- YRT (Yearly Renewable Term); and
- Level T100.

The COI is deducted from the accumulation fund on each monthly policy anniversary. It is determined based on the insurance amount, risk class, sex, and the age of the insured.

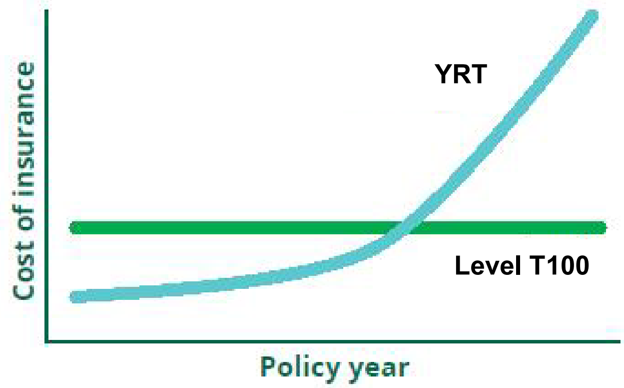
YRT (Yearly Renewable Term)

The YRT COI increases every year as it is based on the attained age of the insured. At age 100, the universal life coverage with YRT COI becomes free of any cost of insurance payment.

The COI rates are determined at the onset of the coverage and are guaranteed for its duration.

The advantage of the YRT COI is that a larger amount of premium gathers in the accumulation fund during the first policy years.

YRT COI is available with increasing and level death benefit options.



Level T100

The level T100 COI means that the cost of insurance remains level over the life of the policy.

At age 100, the universal life coverage becomes free of any cost of insurance payment.

The COI rates are determined at the onset of the coverage and are guaranteed for its duration.

The advantage of the level T100 COI is that the cost of insurance is fixed.

Level T100 COI is available with the increasing death benefit option.

Type of COI	Issue age	Death benefit option
YRT	0 to 85	Increasing or level
Level T100	0 to 80	Increasing

3.3 Death benefit options

Our universal life insurance offers a choice of two death benefit options tailored to different insurance protection needs:

- increasing death benefit; and
- level death benefit.

The death benefit amount payable, regardless of the death benefit option chosen, is equal to the net amount at risk plus the accumulation fund value. The net amount at risk is the amount of insurance on which the COI is calculated. In the case of a level death benefit, it can never fall below $5,000.

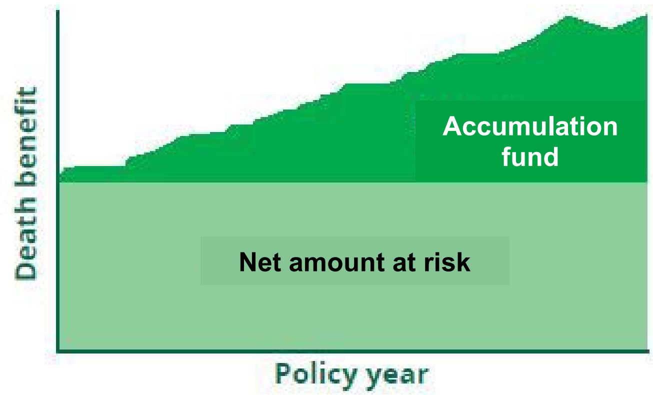
Increasing death benefit

The net amount at risk under the increasing death benefit option is equal to the insurance amount selected at issue and remains constant during the entire policy period.

The amount payable at death varies as the total fund value fluctuates.

This death benefit option allows for the amount payable at death to increase as the accumulation fund value grows, offering a well-suited option for those individuals whose financial protection needs may be increasing over time.

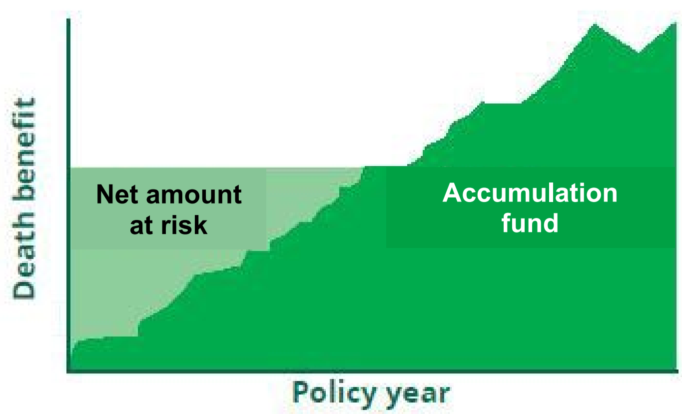
The increasing death benefit option is available with YRT and level T100 cost of insurance.



Level death benefit

The amount payable at death corresponds to the greater of the insurance amount selected at issue and the accumulation fund value plus the $5,000.

As the accumulation fund value grows, the net amount at risk decreases and may also decrease the cost of insurance. If, at any time, the accumulation fund value decreases due to unfavorable performance in the investment accounts selected by the policyowner, the net amount at risk will increase resulting in an increase of the cost of insurance to maintain the level death benefit amount.



This death benefit option provides an amount payable at death that is at least equal to the insurance amount, and is best suited for those who do not anticipate their insurance needs to increase or who plan to reduce their net amount at risk by higher deposits.

The level death benefit option is available with YRT cost of insurance only.

For both death benefit options:

- if the policy is a joint first to die type of policy, the value of the accumulation fund will be payable upon the first death.
- if the policy is a joint last to die type of policy, the value of the accumulation fund will be payable upon the last death.

Only one death benefit option may be selected per policy.

Once a death benefit option is chosen (increasing or level), it applies to all of the universal life policy's coverages. It is possible to change the death benefit option after the policy has been issued (see Administration section).

3.4 Premiums

Our universal life insurance offers great flexibility when it comes to choosing the premium payable as the policyowner can select the amount to invest in the policy, subject to a certain minimum.

Minimum premium

The minimum premium is the amount required during the first policy year. The minimum monthly premium is the minimum annual premium divided by twelve.

The minimum premium varies according to age, cost of insurance type, sex, risk class and insurance amount. It is adjusted in case of policy changes (addition or cancellation of benefits, rated premiums, increases or decreases to insurance amount etc.).

Even if the minimum premium is paid each year, it does not guarantee that the policy will stay in force.

The accumulation fund value of the policy, minus any amounts owing, must be sufficient to cover the monthly deductions. Should this not be the case, there is a risk that the policy will lapse due to insufficient funds. For more information regarding the circumstances that may result in a policy lapse, refer to section 8.1 of this document. By paying more than the required minimum premium, the risk of the policy lapsing is considerably minimized.

Billing premium

The billing premium is the premium the policyowner has chosen to pay, subject to a certain minimum, and is the premium that he is billed for. The policyowner is entitled to decrease or increase, free of charge, the billed amount at any time, as long as the chosen amount meets the minimum amount required.

Target premium for commission

The target premium for commission is the premium used to calculate the commission payable to the advisor for the first year of the universal life coverage.

Additional premiums and additional deposits

Additional premiums are all premiums that are paid by the policyowner in excess of the minimum premium. No minimum amount is required for an additional premium.

An additional deposit means an additional premium which may be paid by the policyowner at any time. A minimum of $250 is required for each deposit.

Maximum premium and maximum deposit

The maximum premium is the maximum amount that can be deposited during the first policy year to ensure that the policy maintains its exempt status according to the Income Tax Act and its regulations. If the first-year deposit is greater than the maximum premium, the excess amount is then deposited directly into the policy's transitory deposit account.

To maintain the exempt status of the policy, deposits made into the universal life policy are subject to a maximum deposit. The maximum deposit is calculated on each policy anniversary taking into account the particular features of the universal life policy. The maximum deposit is the maximum amount that can be deposited into the policy during the upcoming policy year in order for the policy's tax exempt status to be maintained. If the amount deposited is greater than the maximum deposit, the excess amount is transferred directly into the policy's transitory deposit account.

The maximum premium and the maximum deposit are adjusted based on changes made to the policy (addition or cancellation of benefits, rated premiums, increase or reduction of the insurance amount, etc.).

3.5 Provincial premium tax and monthly deductions

Provincial premium tax

A provincial premium tax is deducted from the premiums paid by the policyowner. The provincial tax differs from one province to another and may change at any time.

The premium tax applies to premiums paid into the policy but not to the amounts paid into the transitory deposit account. However, the tax is deducted if an amount is transferred from the transitory deposit account to the policy.

Province/Territory	Tax (%)*
Alberta	3.00
British Columbia	2.00

Prince Edward Island	3.75
Manitoba	2.00
New Brunswick	2.00
Nova Scotia	3.00
Nunavut	3.00
Ontario	2.00
Quebec	3.30
Saskatchewan	3.00
Newfoundland and Labrador	5.00
Northwest Territories	3.00
Yukon	4.00

* Rates in effect in September 2022.

Monthly deductions

The following deductions are made every month from the accumulation fund:

- guaranteed monthly policy fee of $5;
- guaranteed monthly cost of insurance; and
- the monthly costs and fees pertaining to additional benefits, complementary benefits and rated premiums, if any.

The monthly deductions will be deducted in proportion of the different investment accounts applicable to the policy.

4. Investment options and accumulation fund

Premiums may be credited, according to the choices made by the policyowner, to one or multiple investment accounts.

The "*Investor Profile*" questionnaire, available in the library of the illustration software, will help determine the right mix of investment accounts to meet various client needs according to their individual risk tolerance.

Our universal life insurance offers various investment options for the policyowner to choose from in order to achieve their specific saving objectives:

- Daily interest account;
- Guaranteed interest accounts;
- Index accounts; and
- Managed accounts.

The "*Investment options and percentage split*" section that forms part of the application must be completed with the investment accounts selection and their respective allocation. It is important to specify the percentage of the deposit to be allocated to each account. A minimum of 10% of the deposit must be allocated per account chosen. The total must be equal to 100%. Policyowners may request in writing that their investment accounts and the percentages be changed (see Administration section).

These investment accounts are subject to a guaranteed annual fee, which is expressed as a percentage and deducted daily. The annual fee is guaranteed at issue and does not change for the entire duration of the policy.

SSQ Insurance reserves the right to add or remove one or more of the investment accounts, but undertakes to offer at least one guaranteed interest account with a guaranteed minimum annual interest rate of 1% and at least three index accounts at all times.

4.1. Daily interest account (DIA)

The daily interest account is similar to a typical savings account. The premiums credited to this account will bear interest at a rate as determined from time to time by SSQ Insurance. The credited interest rate is equal to 100% of the yield on the Overnight Money Market Financing Rate, as published by the Bank of Canada, less 2%. The minimum guaranteed rate is 0%. The daily interest account is the default account for deposits if no alternate instructions are received.

4.2 Guaranteed interest accounts (GIAs)

These accounts provide low risk investment options that guarantee a fixed rate of return for a determined period of time. The terms offered are 1, 3, 5 or 10-year terms.

The premiums credited to guaranteed interest accounts bear annually compounded interest determined from time to time by SSQ Insurance.

Credited interest rates will correspond to 100% of the annual yield of Government of Canada bonds for the same time period, less 2%.

The table below outlines the minimum guaranteed rates:

Guaranteed interest accounts (GIAs)	Guaranteed minimum rate (%)
1-year GIA	0.00
3-year GIA	0.00
5-year GIA	0.50
10-year GIA	1.00

Upon renewal, the value of the guaranteed interest account is reinvested in the same account for an identical term and a new interest rate is determined at the time of reinvestment.

4.3 Index accounts

Premiums credited to the index investment accounts will be invested in the SSQ Insurance's general fund.

Interest rate

- The interest rate that applies to each index account is evaluated at least weekly and may be positive or negative, depending whether the index increases or decreases.
- The interest rate is 100% of the compounded yield of the index, including the dividends, if any, converted in Canadian dollars where applicable, minus the guaranteed annual fees shown in the table below. **The index account will be credited or debited in accordance with this interest rate.**

Guaranteed annual fee

- A guaranteed annual fee, in the form of a percentage, is deducted daily from the index accounts.
- The annual fee is guaranteed at issue and does not change for the entire duration of the policy.

The available index accounts and their guaranteed annual fees are the following:

Name of account	External index	Guaranteed annual fees (%)
Canadian Money Market	3-month Treasury Bill	2.00
Canadian Bonds	FTSE Canada Universe Bond	3.00
Canadian Equity	S&P/TSX	3.00
US Equity	S&P 500	3.00
US Equity, Technology	MSCI US IM Information Technology 25/50	3.00
SmallCap US Equity	S&P SmallCap 600	3.00
International Equity	MSCI EAFE	3.75
Global Equity	MSCI World Ex Canada	3.00
Emerging Market Equity	MSCI Emerging Markets	3.00

For more information, please refer to the account fact sheets available on ssq.ca.

4.4 Managed accounts

Premiums credited to managed accounts will be invested in the SSQ Insurance's general fund.

Interest rate

- The interest rate that applies to each managed account is evaluated at least weekly and may be positive or negative.
- The interest rate is 100% of the gross compounded yield of the designated fund including the dividends, if any, converted in Canadian dollars where applicable, minus the guaranteed annual fees shown in the table below. **The managed account will be credited or debited in accordance with this interest rate.**

Guaranteed annual fee

- A guaranteed annual fee, in the form of a percentage, is deducted daily from the managed accounts.
- The annual fee is guaranteed at issue and does not change for the entire duration of the policy.

The available managed accounts and their guaranteed annual fees are the following:

Name of account	Designated fund	Guaranteed annual fees (%)
Conservative Strategy	SSQ Conservative Strategy GIF	2.75
Balanced Strategy	SSQ Balanced Strategy GIF	2.75
Growth Strategy	SSQ Growth Strategy GIF	2.75
Aggressive Strategy	SSQ Aggressive Strategy GIF	2.75
100% Equity Strategy	SSQ 100% Equity Strategy GIF	3.00

CI Canadian Asset Allocation	SSQ CI Canadian Asset Allocation GIF	3.00
CI Global Income and Growth	SSQ CI Global Income and Growth GIF	3.00
Guardian Conservative Monthly Income	SSQ Guardian Conservative Monthly Income GIF	3.00
Guardian Monthly Income	SSQ Guardian Monthly Income GIF	3.00
PIMCO Bond	SSQ PIMCO Bond GIF	2.75
PIMCO Global Bond	SSQ PIMCO Global Bond GIF	3.00
Triasima Canadian Equity	SSQ Triasima Canadian Equity GIF	3.00
Guardian Canadian Dividend Equity	SSQ Guardian Canadian Dividend Equity GIF	3.00
Hillsdale US Equity	SSQ Hillsdale US Equity GIF	3.00
C WorldWide International Equity	SSQ C WorldWide International Equity GIF	3.00
Fiera Capital Global Equity	SSQ Fiera Capital Global Equity GIF	3.00
TD Global Dividend Equity	SSQ TD Global Dividend Equity GIF	3.25
Fisher Emerging Markets Equity	SSQ Fisher Emerging Markets Equity GIF	3.25
Lazard Global Infrastructure	SSQ Lazard Global Infrastructure GIF	3.25
CI Global Real Estate	SSQ CI Global Real Estate GIF	3.00

For more information, please refer to the account fact sheets available on ssq.ca.

4.5 Accumulation fund

The accumulation fund consists of the total value of all investment accounts chosen by the policyowner.

As interest earned in a universal life policy is tax exempt under current federal tax legislation (subject to change), policyowners are not taxed on interest earned on the policy's accumulation fund, except for interest earned in the transitory deposit account. SSQ Insurance ensures that the policy remains exempt from taxation. An annual statement showing the rate of return generated by the selected investment accounts will be sent to the policyowner.

5. Bonus

In addition to the variety of investment options offered, policyowners may also benefit from a guaranteed and unconditional bonus, which will be credited automatically starting from the 6th policy anniversary.

Guaranteed bonus

From the 6th policy anniversary and on all subsequent anniversary dates, SSQ Insurance will credit to the accumulation fund a guaranteed bonus equal to 1% of the average value of the accumulation fund for the preceding year as long as the policy remains in effect.

The average value of the accumulation fund corresponds to the sum of the monthly values of the investment accounts for the preceding year less any cash advances and any withdrawals, if any, divided by twelve. The monthly value of the investment accounts is determined on the day immediately preceding the monthly policy anniversary date.

The bonus is distributed between the various investment accounts applicable to the policy in accordance with the allocation of premiums credited to the investment accounts.

Type of bonus	Starting on	% of the value of the accumulation fund	Conditions to meet
Guaranteed	6th policy anniversary	1.0	None

Note that no bonus is payable in the transitory deposit account.

6. Insurance amount adjustment options and transitory deposit account

Interest earned in the universal life insurance product is tax exempt under the Income Tax Act and its current regulations. The Income Tax Act and its regulations may change at any time and such changes may impact the exempt status of the universal life policy.

To the extent that tax legislation permits, SSQ Insurance undertakes to maintain the exempt status of the policy by applying the insurance amount adjustment option chosen by the policyowner. If the policyowner does not choose an option, the "No increase" option will apply by default.

The procedures pertaining to maintaining the exempt status of the policy may be modified as a result to changes made to the Income Tax Act and its regulations in such a way that this procedure would not be applicable.

6.1 "No increase" option

SSQ Insurance will transfer the excess of the cash value to the transitory deposit account. Each transfer is subject to market value adjustment, where necessary.

The "No Increase" option is the only option available if a rated premium is applied to an insured.

6.2 "Increase" option

SSQ Insurance will make adjustments in the following order:

- Automatic increase, without evidence of insurability, of the insurance amount in order to maintain the exempt status of the policy. The maximum increase is 8% per year (maximum allowed under current legislation). The insurance amount cannot however exceed three times the initial insurance amount (maximum 20 million dollars) or three times the insurance amount in force following a voluntary decrease request (maximum 20 million dollars). A Yearly Renewable Term (YRT) cost of insurance is deducted monthly on the increase of the insurance amount and varies depending on the insured's risk class, sex and attained age and on the amount of the increase of the insurance amount.
- Transfer of the excess of the cash value to the transitory deposit account. Each transfer is subject to market value adjustment, where necessary.

6.3 "Increase and decrease" option

SSQ Insurance will automatically increase, without evidence of insurability, the insurance amount in order to maintain the exempt status of the policy.

The maximum increase is 8% per year (maximum allowed under current legislation). The insurance amount cannot however exceed three times the initial insurance amount (maximum 20 million dollars) or three times the insurance amount in force following a voluntary decrease request (maximum 20 million dollars). A Yearly Renewable Term (YRT) cost of insurance is deducted monthly on the increase of the insurance amount and varies depending on the insured's risk class, sex and attained age and on the amount of the increase of the insurance amount. Following this increase, the company will transfer the excess of the cash value to the transitory deposit account. Each transfer is subject to market value adjustment, where necessary.

The company will automatically decrease the insurance amount when the policy's tax status allows for it. Any decrease of the insurance amount can never be lower than the initial insurance amount or the insurance amount in force following a voluntary decrease request. The decrease is carried out, where necessary, on the insurance amount of the last increases starting with the most recent increase.

6.4 "Maximizer" option (available with YRT COI only)

The "Maximizer" option is used to maximize a universal life policy's tax shelter potential by maintaining the insurance amount, and, as a result, the costs of insurance, at an optimal level.

The following information must be specified by the policyowner when a policy is issued:

- **Optimization of exemption test**

  Starting on the anniversary of the "Maximizer" benefit chosen by the policyowner and on every subsequent anniversary, the insurance amount is increased or decreased automatically in order to respect the minimum conditions required to maintain the exempt status of the policy. The policyowner chooses, at the issue of the "Maximizer" benefit, the minimum insurance amount that he wishes to maintain, subject to a minimum of $25,000 and a maximum which cannot be greater than the insurance amount of the universal life coverage initially chosen.

SSQ Insurance will automatically increase, without evidence of insurability, the insurance amount in order to maintain the exempt status of the policy.

The maximum increase is 8% per year (maximum allowed under current legislation). The insurance amount cannot however exceed three times the initial insurance amount (maximum 20 million dollars) or three times the insurance amount in force following a voluntary decrease request (maximum 20 million dollars). A Yearly Renewable Term (YRT) cost of insurance is deducted monthly on the increase of the insurance amount and varies depending on the insured's risk class, sex and attained age and on the amount of the increase of the insurance amount. Following this increase, the company will transfer the excess of the cash value to the transitory deposit account. Each transfer is subject to market value adjustment, where necessary.

The company will automatically decrease the insurance amount when the policy's tax status allows for it.

Any decrease of the insurance amount is carried out, where necessary, in the following order:

- on the insurance amount of the last increases starting with the most recent increase;
- on the initial insurance amount.

The "Maximizer" option is not available with level T100 cost of insurance policies.

6.5 Transitory deposit account

When there is a risk that the policy will lose its exempt policy status, the excess of the cash value is transferred to the transitory deposit account. In addition, any deposit exceeding the maximum premium or the maximum deposit is transferred to the transitory deposit account. The excess of the cash value is a disposition under the Income Tax Act and its regulations and consequently, the policyowner may be required to add certain amounts to his income for tax purposes. The company will inform the policyowner of any amount that he is required to add to his income for tax purposes, if any.

Afterwards, on each policy anniversary, if the cash value of the policy allows for it, the company will transfer amounts from the transitory deposit account into the accumulation fund. Each transfer from the transitory deposit account to the accumulation fund is subject to a premium tax.

The transitory deposit account is credited in accordance with the yield of the daily interest account. The interest credited into this account is taxable on an annual basis in accordance with the Income Tax Act and its regulations.

The policyowner may make withdrawals from the transitory deposit account and such withdrawals must not be lower than the minimum amount set from time to time by SSQ Insurance.

7. Accessibility to funds

A universal life policy offers the policyowner flexibility of easy access to cash values within the policy via withdrawals and cash advances, subject to certain conditions.

Surrenders, withdrawals and cash advances are considered a disposition under the Income Tax Act and its current regulations and therefore, the policyowner may be required to add certain amounts to his income for tax purposes. The company will inform the policyowner of any amount that is required to be added to his income for tax purposes, if any.

7.1 Surrender

The policyowner may terminate the policy and obtain, where applicable, the cash value. The cash value must be requested by submitting a written request to the company. Once the policy is surrendered, the payment of the cash value to the policyowner by the company constitutes a final settlement of the policy and all liability of the latter terminates on the date it receives the surrender request.

The cash value of the policy is equal to the accumulation fund of the policy on the date of receipt by the company of the surrender request for the cash surrender value, less the market value adjustment, surrender charges and the amount of any outstanding cash advance plus unpaid interest accrued.

7.2 Withdrawal

The policyowner can make a partial withdrawal from the policy at any time by submitting a written request to the company, indicating the withdrawal amount and the investment account(s) from which it should be deducted. If this information is not specified, the withdrawal will be deducted by the company from the investment account(s) held by the policyowner on a proportional basis.

Each withdrawal request must be of at least $500. The maximum withdrawal amount cannot exceed 90% of the policy's cash value.

A market value adjustment will be made if the withdrawal is made from a guaranteed interest account. Transaction fees as determined from time to time by SSQ Insurance will be charged for each withdrawal (see Administration section).

The amount of the withdrawal, transaction fees and market value adjustment will be deducted from the value of the investment account(s).

If a level death benefit option is chosen, the insurance amount is automatically reduced by the withdrawal amount.

7.3 Cash advance

The policyowner may borrow against the cash value of the policy by submitting a written request to the company indicating the amount of the advance and the investment account(s) from which it should be deducted. If the policyowner does not specify the investment account(s), the advance will be deducted by the company from the investment account(s) held by the policyowner on a proportional basis.

A minimum amount of $500 per advance is required. The maximum amount for all cash advances may not exceed 90% of the cash value of the policy. Transaction fees as determined from time to time by SSQ Insurance will be charged for each advance (see Administration section).

Any cash advance will bear interest at the rate determined by the company and the interest will be payable on each policy anniversary date. Interest not paid on that date will be added to the cash advance and will bear interest at the same rate.

Any cash advance, plus interest accrued and due, constitutes indebtedness under the policy and will be deducted from the amount payable at death. If at any time the total of all cash advances and interest due exceeds the cash value of the policy, the policy will automatically terminate and the company will not be required to give notice of such termination.

When an advance is requested, a transfer will automatically be made into the daily interest account for advances. No transaction fees will be charged for such transfers although a market value adjustment may take place. No transfer from the daily interest account for advances to another investment account will be allowed before all cash advances have been repaid by the policyowner.

7.4 Surrender charges

Surrender charges apply to policies with YRT cost of insurance only. Once established, they are not affected by a change in the type of cost of insurance.

Surrender charges that apply during the first nine years of universal life coverage are equal to the policy's initial minimum annual premium multiplied by the surrender charge factor, as shown in the table below applicable to the insurance year of the policy then in effect.

Insurance year	Surrender charge factor
1	4
2	4
3	6
4	5
5	4
6	3
7	2
8	2
9	1
10	-

If, at any time, there is an increase in the amount of insurance, separate surrender charges will be determined in relation to the amount resulting from the increase.

In case of reduction of the insurance amount during the first nine years of the universal life coverage, surrender charges will be recalculated based on the new minimum premium following the decrease (see Administration section).

7.5 Market value adjustment

A market value adjustment is made to guaranteed interest accounts whenever the policyowner makes a transfer from one account to another, a cash advance or a withdrawal, or surrenders the policy. The adjustment will never result in an increase in the cash value. The adjustment amount is determined as follows:

T x (j - i) x (m/12) where:

- **T** represents the accumulated value of the premium being transferred, advanced, withdrawn or surrendered;
- **i** represents the guaranteed interest rate which is currently applicable to the accumulated value of each premium being transferred, advanced, withdrawn or surrendered;
- **j** represents the higher of the value of "i" and the current annual interest rate credited by the company for new premiums invested in the same investment account as that of the accumulated value being transferred, advanced, withdrawn or surrendered;
- **m** represents the number of months remaining (rounded off to the next lower full month) in the period during which the current interest rate is guaranteed for the accumulated value of each premium being transferred, advanced, withdrawn or surrendered.

8. Administration

8.1 Lapse

This policy lapses and the insured is no longer covered by the policy, on the earliest of the following dates:

- the date the accumulation fund less all outstanding advances and accrued and due interest, is less than zero taking into account the 30-day grace period allowed for the policyowner to bring the accumulation fund back to a positive level.
- the date, taking into account the 30-day grace period, during the first five years of insurance, when the cash value is less than or equal to zero and the sum of premiums paid less any withdrawals or advances is less than the premiums required up to this date.

8.2 Reinstatement

The policy may, upon written request by the policyowner, be reinstated within a two-year period after lapsing, subject to the following conditions:

- the policyowner must pay all outstanding premiums plus reinstatement charges and accrued interest as of the lapse date, and reimburse all outstanding cash advances and accrued and due interest, if any. Such charges and interest are determined by the company and interest rates shall not exceed the rates set out by law. If the policy had been in force for at least five years, the policyowner may pay an amount equal to the amount necessary to restore the accumulation fund to a positive level, plus at least one minimum premium, plus all reinstatement charges;
- the policyowner must provide evidence of insurability, satisfactory to the company, showing that every person who was insured when the policy lapsed is insurable at the time of the reinstatement;
- incontestability and suicide clauses are again applicable for a two-year period from the date of reinstatement;
- each policy coverage will be reinstated in accordance with the terms and conditions applicable to it.

Reinstatement may not be requested if the cash value has been paid upon surrender or upon the exercise of the Privilege in case of disability benefit under the universal life policy.

8.3 Changing the type of cost of insurance

As of the 1st policy year, up to age 80 of the insured, the policyowner can change the cost of insurance from YRT to level T100 by submitting a written request to the company, provided that the combination of cost of insurance, death benefit and the insurance amount adjustment option is permitted when the change is requested.

The change of the type of cost of insurance is made according to the cost of insurance rates in effect at the company at the time of the change request. The cost of insurance rates then applicable will be based on the net amount at risk at the time of change and risk class, sex and the attained age of the insured. No evidence of insurability is required to make this change.

8.4 Changing the death benefit option

Policyowners may request that their death benefit option be changed by submitting a written request to the company.

From	To	Conditions
Increasing	Level	No evidence of insurability is required.
Level	Increasing	No evidence of insurability is required since the change of the death benefit option is possible only if the net amount at risk remains the same or is reduced. The death benefit option will automatically be changed from level to increasing in case of a cost of insurance change from YRT to level T100.

The change will be allowed as long as the death benefit option and insurance cost combination is permitted (see Insurance coverage section for an overview of the allowed combinations).

8.5 Transfer between investment accounts

The policyowner can transfer part or all of the funds allocated to an investment account to another investment account by submitting a written request to the company.

Four transfer requests can be made per year free of charge. A transaction fee, determined by the company from time to time, is charged for every additional request for transfer.

A market value adjustment applies to all guaranteed interest account transfers.

Surrender charges do not apply to transfers between investment accounts.

8.6 Reduction of the insurance amount

The policyowner can reduce the insurance amount by submitting a written request to the company.

When there is a reduction of the insurance amount during the first nine years of the universal life coverage, other than an automatic reduction linked to the "Increase and decrease", partial surrender charges apply if the initial coverage has a YRT type of cost of insurance.

The partial surrender charges are calculated based on the surrender charge amount indicated in section 7.4 of this document, multiplied by the proportionate reduction of the insurance amount of the universal life coverage.

The policyowner will indicate, when submitting his request, the investment account(s) from which the partial surrender charges must be deducted. If no such investment account(s) is (are) specified by the policyowner, the company will deduct the partial surrender charges from the investment account(s) held by the policyowner on a proportional basis. There will be a market value adjustment if the deduction is applied to guaranteed interest accounts.

During the first nine (9) years of the benefit, the company will limit or refuse any reduction of the insurance amount if there are insufficient funds in the investment account(s) from which the partial surrender charges must be deducted.

When the insurance amount is reduced, the annual minimum premium and the monthly deductions are recalculated from the date when the reduction of insurance amount takes effect.

EXAMPLE OF PARTIAL SURRENDER CHARGES FOLLOWING A REDUCTION OF INSURANCE AMOUNT (YRT COI – First 9 years)

Insurance amount	Reduced insurance amount	Insurance amount reduction
$250,000	$100,000	$150,000

Before

Insurance amount	Fund value[2]	Surrender charges[1]	Cash value
$250,000	$3,276	$2,326	$950

$$\textbf{Partial surrender charges} = \frac{\textbf{Insurance amount reduction}}{\textbf{Insurance amount}} \times \textbf{Surrender charges}$$

$$\$1{,}396 = \frac{\$150{,}000}{\$250{,}000} \times \$2{,}326$$

After

Insurance amount	Fund value[2]	Surrender charges[1]	Cash value
$100,000	$1,880	$1,292	$588

Note: (1) The surrender charges are obtained by multiplying the annual minimum premium by surrender charge factor.
(2) The partial surrender charges are deducted from the accumulation fund.

8.7 Changes to the billing premium

Policyowners may request in writing that the scheduled premium amount be changed. In case of a pre-authorized withdrawal, requests must be received at the company 15 days before the next withdrawal.

8.8 Eligibility for non-smoking rates

Where the insured has qualified for non-smoking status, such status shall be retained as long as the policy is not cancelled. Any insured under 65 years of age who has stopped smoking for at least 12 consecutive months may be eligible for a premium discount, subject to evidence of insurability as required by the company.

For children under age 17, the standard rates automatically apply. However, a change to non-smoker rates can be made once the child reaches age 18, provided a request for change form is completed. Applicable age 18 rates will then be used depending on the rates in force on the policy issue date, subject to evidence of insurability.

8.9 Determination of age

The age of the insured is determined based on the insured's age on his birthday nearest the date of universal life coverage issue.

For joint policies, an equivalent age formula is used to determine the age, which cannot be lower than age 18 or higher than age 85 (for YRT COI) or age 80 (for level T100 COI). If the resulting equivalent age is lower than 18, age 18 will be used to determine the rate.

8.10 Rated premium

Should a rated premium be applied to an insured, it will be expressed, in most cases, as a rated age for all universal life coverages and according to a cost per $1,000 for the Term Plus and Critical illness insurance benefits, if applicable.

8.11 Statements

Each year on the policy's anniversary date, a statement will be sent to the policyowner, describing all the activities during the last year such as premiums paid, interest credited to investment accounts, fees and taxes deducted, withdrawals, advances and transfers to the transitory deposit account.

Universal life insurance statements are accessible directly via the Advisor's secure website, under the Reports tab. The frequency at which statements are produced depends on the savings fund accumulated in the investment accounts, as follows:

Frequency	**Period**	**Target savings amount**
Annual	Contract anniversary	All contracts
Semi-annual	June 30 and December 31	$10 000 to $99 999
Quarterly	March 31, June 30, September 30 and December 31	$100 000
On request	Statement generated by clicking on the "Produce up-to-date universal life statement" from the last contract anniversary. *Statement covering a period beyond the last contract anniversary (On request to the Partner services team, In-force business).*	n/a

8.12 Application

The "*Universal life*" section that forms part of the application must be duly completed and the following items, among others, must be specified: death benefit option, type of cost of insurance, additional benefits, if applicable, and the billing premium.

8.13 Transaction fees

$50 fee will be charged for the following transaction:

- changing a joint first to die to an individual policy.

$25 fee will be charged for the following transactions:

- changes to the cost of insurance option;
- changes to the death benefit option;
- cash advance;
- withdrawal;
- change to non-smoking rates;
- reinstatement;
- transfer between investment accounts (starting from 5th transfer during the same year).

No fees will be charged for the following transactions:

- increasing the insurance amount;
- decreasing the insurance amount;
- changes to the billing premium;
- changes to the percentage allocated to the different investment options (two free changes per year);
- the first four transfers between investment accounts ($25 per additional transfer).

For any requested change to the policy, it is necessary to specify the amount of the new billing premium in the request for policy change form.

9. Benefits included in coverage

Our universal life insurance provides multiple benefits that are included at no additional cost, including:

- Privilege in case of disability;
- Extreme disability benefit;
- Insurability benefit for children; and
- Critical illness benefit for children.

9.1 Privilege in case of disability

Should the insured become disabled and remain disabled for at least thirty (30) consecutive days, the policyowner may be eligible to receive a non-taxable disability benefit not exceeding the amount of the cash value of the policy.

Under the current Income Tax Act, an amount paid as a result of a disability is not considered a disposition. Therefore, a benefit paid under the Privilege in case of disability is not subject to tax.

For the purposes of the privilege in case of disability, the insured is considered disabled if the incapacity, resulting from a sickness or an accident, that began while this benefit was in force, is such that:

a) for the insured who has a gainful occupation at the time of the commencement of the disability, the insured is unable to perform the principal duties of his or her regular occupation; or

b) the insured who is, at the time of the commencement of the disability:

- jobless;
- unemployed;
- retired;
- a student;
- on parental leave; or
- self-employed without income;

is unable to engage in any occupation that he or she is reasonably fit to engage in based on his or her education, training or experience, whether acquired before or after the commencement of disability; or

c) for the insured affected by a medical condition that renders him or her in a state of disability as a result of which the insured cannot perform one of the activities of daily living without a reasonable expectancy of recovery as determined by a physician:

- bathing – the ability to wash oneself in a bathtub, shower or by sponge bath, with or without the aid of equipment;
- dressing – the ability to put on and remove necessary clothing including braces, artificial limbs or other surgical appliances;
- toileting – the ability to get on and off the toilet and maintain personal hygiene;
- bladder and bowel continence – the ability to manage bowel and bladder function with or without protective undergarments or surgical appliances so that a reasonable level of hygiene is maintained;
- transferring – the ability to move in and out of a bed, chair or wheelchair, with or without the use of equipment;
- feeding – the ability to consume food or drink that already has been prepared and made available, with or without the use of adaptive utensils; or

d) the accident or the sickness is likely to cause the death of the insured within twenty-four (24) months following the date of diagnosis, as determined by a physician.

However, in no event shall disability be deemed to exist for any period during which the insured is not under the regular care of a physician.

The policyowner must provide written proof of the insured's disability to the company's satisfaction. The policyowner must also indicate the disability benefit amount desired. Such amount is subject, based on the amount requested, to the same rules as a withdrawal request or a surrender request.

9.2 Extreme disability benefit (EDB)

In addition to the Privilege in case of disability benefit, our universal life insurance includes an Extreme disability benefit (EDB) allowing the policyowner to receive, in advance, 50% of the insurance amount when the insured is in a state of extreme disability before the age of 60.

The maximum benefit amount payable in advance, upon request by the policyowner, given the sum of all extreme disability benefits in force with the company on the life of the insured, cannot exceed $250,000.

The benefit will be paid to the policyowner after the insured has been in a state of extreme disability for a consecutive period of 6 months from the commencement of the extreme disability. Once this benefit has been paid, no further benefit will be payable under the EDB.

Contractual definition of extreme disability

Extreme disability means the insured is affected by a medical condition that renders him or her in a state of total and irrecoverable disability as a result of which the insured cannot perform four (4) out of the following six (6) activities of daily living without a reasonable expectancy of recovery as determined by a physician:

- bathing – the ability to wash oneself in a bathtub, shower or by sponge bath, with or without the aid of equipment;

- dressing – the ability to put on and remove necessary clothing including braces, artificial limbs or other surgical appliances;
- toileting – the ability to get on and off the toilet and maintain personal hygiene;
- bladder and bowel continence – the ability to manage bowel and bladder function with or without protective undergarments or surgical appliances so that a reasonable level of hygiene is maintained;
- transferring – the ability to move in and out of a bed, chair or wheelchair, with or without the use of equipment;
- feeding – the ability to consume food or drink that already has been prepared and made available, with or without the use of adaptive utensils.

When an extreme disability benefit claim is presented:

- the policyowner must provide written proof related to the insured's extreme disability;
- 50% of the insurance amount is payable in advance after a waiting period of 6 months; and
- the amount payable at death will be reduced by the total amount paid as Extreme disability benefit related to the insured.

This benefit is included in universal life policies with the increasing death benefit option only. Offered on individual type of policy, this benefit is available with all insurance amount adjustment options except the "Maximizer" option.

This benefit is also included, at no additional cost, with Term Plus riders.

9.3 Insurability benefit for children (ages 0 to 17)

This benefit provides the policyowner with the option to increase the insurance amount, without any evidence of insurability, by an amount corresponding to the initial insurance amount.

Under the Insurability benefit, up to five increase options can be exercised on the insured's specific birthdays: 21, 24, 27, 30, 33, 36 and 39 years old. The increase in the insurance amount is subject to a maximum of $50,000 per increase, to an overall maximum increase of $250,000.

It is also possible to exercise the increase option when certain life events occur: conferral of a bachelor's or master's degree or a doctorate or the birth of a child. Each time that the policyowner exercises an event-related increase option, the next birthday-related option is cancelled.

In addition, options cannot be carried forward. If an option for a specific birthday is not used, the insured loses their right to that option.

The total annual premium due upon any increase will be determined based on the attained age of the insured and their risk class at the time the Insurability benefit became effective, in accordance with the company rates at the time the increase option is exercised.

The insured child must subscribe to a universal life insurance to be eligible for the Insurability benefit.

Termination of benefit

The Insurability benefit for children will terminate on the earliest of:

- the date the insured's last birthday-related option is exercised;
- the date the last of five options has been exercised;
- the date the universal life coverage, to which this benefit is attached, terminates.

9.4 Critical illness benefit for children (ages 0 to 17)

This benefit allows for the payment of 25% of the insurance amount to the policyowner, up to a maximum of $50,000, if the insured child is diagnosed with one of the following conditions:

- autism;
- blindness;
- cancer;
- deafness;

- kidney failure;
- major organ transplant;
- muscular dystrophy;
- paralysis;

and survives such diagnosis for at least 30 days.

For complete definitions of covered critical illnesses, refer to the applicable insurance policy specimen.

This benefit provides for the payment of one benefit only.

The insured child must subscribe to a universal life insurance to be eligible for the Critical illness benefit.

Termination of benefit

The Critical illness benefit for children will terminate on the earliest of the following dates:

- the policy anniversary date closest to the insured's 21st birthday or his 25th birthday if the insured is a full-time student;
- the date the policyowner asks for the payment of the benefit payable following a critical illness diagnosis;
- the date where the insured receives a diagnosis of cancer, if such a diagnosis is made within 90 days of the issue date of the policy or the date of the last reinstatement, if applicable;
- the date the universal life coverage, to which this benefit is attached, terminates.

10. Additional benefits

The following additional benefits, tailored to the family market, are available to complement a universal life insurance:

- Critical illness rider;
- Child rider;
- Waiver of minimum premium;
- Waiver of billing premium;
- Accidental death and dismemberment;
- Benefit in case of fracture;
- Term Plus life insurance; and
- Critical illness insurance.

10.1 Critical illness rider (3 illnesses, $20,000)

The Critical illness rider is offered as an additional benefit on universal life insurance. It can be added at issue on an individual basis. This benefit covers the three most common critical illnesses and completes your clients' universal life coverage.

Developed to financially support the policyowner in case of critical illness of the insured, this benefit provides a lump-sum tax-free benefit of $20,000 after the diagnosis of a covered critical illness, following a survival period of 30 days.

Issue age

The insured must be between 18 and 60 years old.

Benefit amount

A lump-sum tax-free benefit of $20,000.

Covered illnesses

- Cancer;

- Heart attack; and
- Stroke.

For contractual definitions of these illnesses, consult the "*Critical illness insurance*" product description guide, available in the library of the illustration software and on the advisor site.

Other characteristics

- Premiums are level and guaranteed.
- If the insured qualifies for universal life insurance (approved at a standard rate and without any exclusions) then he also automatically qualifies for the Critical illness rider.
- The Critical illness rider is only available when the initial universal life insurance request is submitted or when a request to increase the insurance amount for which evidence of insurability is required is submitted.

Benefit payable following a diagnosis

The insured must survive 30 days following the diagnosis of a covered critical illness to receive the benefit. The benefit is payable to the beneficiary(ies). If there is no beneficiary designation, the benefit is payable to the policyowner. Only one benefit is payable under this rider.

Assistance benefit included

The Assistance benefit is included with the Critical illness rider. Following the diagnosis of a covered critical illness, consultation services, medical support and assistance are offered through a toll-free number, 24 hours a day, 7 days a week*.

- **Second medical opinion:** this service, based on an analysis of the insured person's medical reports, assesses the key elements of the diagnosis received and produces recommendations from a doctor specializing in the relevant field.
- **Medical referral:** this service provides the insured person with the names of up to three doctors who are best qualified to deal with the case.
- **Administrative services:** this service allows the insured person to receive administrative support such as verification of billing, to ensure that bills are justified and free from any duplication, error or over billing.
- **Hospital admission and accommodation assistance outside the province or country:** this service arranges appointments with doctors, hospital admission, hotel reservations, transportation or interpreter services. It also verifies that discounts have been obtained through the Preferred Provider Organization (PPO) of the Excellence Centres.
- **Psychological assistance:** this service, upon request, provides the insured person, their spouse and their children with professional psychological services, up to a limit of $750 CDN.
- **Medical assistance:** this service, offered by registered nurses, upon request from the insured person, provides answers to health, lifestyle and medical related questions.
- **Convalescence assistance:** this service provides the insured person with health professional referrals to meet the insured person's needs in case of convalescence.
- **Concierge services:** this service provides the insured person with answers to daily questions as well as professional referrals.
- **Legal assistance:** access to legal advice including legal assistance in the event of identity theft. This service, offered by lawyers, provides the insured person with legal information about all legal related matters. The main fields are the following:
    - Civil and common law
    - Property law
    - Family and estate law
    - Consumer law
    - Criminal law

Assistance benefit services are provided even if a claim is pending or has been refused. In addition, concierge services and legal assistance are offered at all times as soon as the policy is issued. For more information, please refer to the "*Assistance benefit*" brochure (DIND0073A).

* Legal assistance is offered Monday to Friday from 9 a.m. to 8 p.m. and Saturday from 10 a.m. to 5 p.m. (EST).

Termination of benefit

The Critical illness rider ends on the first of the following events:

- the policy anniversary closest to insured's 85th birthday;
- the date the Critical illness rider is cancelled;
- the date the universal life coverage, to which this benefit is attached, is no longer in force;
- the date the policyowner presents a claim for the obtainment of the benefit following a diagnosis of a covered critical illness;
- upon the insured's death.

10.2 Child rider

Offered as an additional benefit, a Child rider offers life insurance coverage for all of the insured's dependent children from 15 days old up to age 25. This rider, combined with universal life insurance, provides a complete family protection.

Issue age

The rider is offered to policyowners between the ages of 18 to 55.

The insured must be the policyowner to subscribe to this rider.

Insurance amount

- Minimum amount: $5,000
- Additional protection can be added to the minimum protection, up to a maximum of $25,000 per child.

Conversion

Conversion to a permanent life insurance is available, without evidence of insurability, to an amount up to 5 times the coverage in force, up to a maximum of $100,000.

The conversion request must be made by the policyowner before the earliest of:

- the policy anniversary date nearest the insured's 25th birthday;
- the day the insured gets married;
- the termination date of the universal life coverage to which the Child rider was added.

Other characteristics

Additional death benefits following prolonged hospitalization

When the cause of death of a child entailed over 30 days of hospitalization in the 12 months prior to his or her death, the death benefit is increased by $75 per day of hospitalization (as of the first day), up to a maximum of 50% of the death benefit. This benefit is an additional amount added to the basic amount.

Benefit in case of death of the parents

The rider includes a waiver of premium benefit following the death of the policyowner to which this rider is added.

Automatic protection for newborns

This benefit automatically covers all of the policyowner's children born after this benefit becomes effective as soon as they reach the age of 15 days or as of the date they leave the hospital, if later. No additional premium is required for this protection.

Termination of benefit

The Child rider will terminate for an insured on the earliest of:

- the policy anniversary date nearest the insured's 25th birthday;
- the date a written request for replacement of the Child rider on the life of the insured with another policy is made;
- the date the insured gets married.

The benefit will terminate on the earliest of:

- the policy anniversary date nearest the date when all of the insureds under this benefit have reached age 25;
- The date a written request, from the policyowner, is received for the cancellation of the Child rider or the date indicated in the request, if later;
- The date no insured remains covered under the Child rider;
- The date the policy is cancelled and becomes void.

10.3 Waiver of minimum premium and waiver of billing premium

Offered as additional benefits, the waiver of premium benefits in case of total disability further complete the coverage offered by universal life insurance by waiving all policy premiums in the event of total disability of the insured or the policyowner.

Waiver of minimum premium in case of total disability

This benefit waives the minimum premium of the policy (in force six months prior to the total disability) should the policyowner or the insured become disabled for at least four or six consecutive months, according to the waiting period chosen.

Waiver of billing premium in case of total disability

This benefit waives the billing premium (not to exceed the maximum premium or maximum deposit) of the policy (in force six months prior to the total disability) should the policyowner or the insured become disabled for at least four or six consecutive months, according to the waiting period chosen.

Issue age

The insured must be between 18 and 55 years old.

Definition of total disability

Total disability means a condition of continuous incapacity affecting an insured due to sickness or accident, that began while this benefit was in force and which condition is such that:

a) for the insured who has a gainful occupation at the time of the commencement of total disability, the insured is unable to perform the principal duties of his or her regular occupation during the first twenty-four (24) months of the condition, and thereafter, while the condition subsequently continues, to engage in any occupation that he is reasonably fit to engage in based on his education, training or experience, whether acquired before or after the commencement of total disability; or

b) the insured who is, at the time of the commencement of total disability:

- jobless;
- unemployed;
- retired;
- a student;
- on parental leave; or
- self-employed without income;

is unable to engage in any occupation that he is reasonably fit to engage in based on his or her education, training or experience, whether acquired before or after the commencement of total disability.

In no event shall total disability be deemed to exist for any period during which the insured:

- is not under the regular care of a physician, such care being continuous and appropriate to the insured's condition; or
- engages in any gainful occupation whatsoever; or
- is a full-time student; or
- receives government benefits for training purposes.

For joint policies,

- if an insured chooses a 4-month waiting period, the same waiting period will apply to all other insureds covered under the same policy. The same rule applies to the 6-month waiting period.
- once an insured chooses a Waiver of minimum premium in case of total disability, the same option will apply to all other insureds covered under the same policy. The same rule applies to the Waiver of billing premium in case of total disability.

Termination of benefit

The Waiver of premium benefit ends at the policy anniversary nearest to the 60th birthday of the policyowner or the insured.

A benefit ceases to be covered under the Waiver of premium benefit on the earliest of the following dates:

- the date on which the premium payment period for the covered benefit terminates;
- the date a written request for cancellation of the covered benefit is received by the company from the policyowner, or the date indicated in the request, if later;
- the date the covered benefit terminates.

The Waiver of premium benefit will terminate on the earliest of the following dates:

- the policy anniversary date nearest the insured's 60th birthday, except if the insured is in a state of total disability;
- the date a written request for cancellation of the Waiver of premium benefit is received by the company from the policyowner or the date indicated in the request, if later;
- the date on which there is no covered benefit under the Waiver of premium benefit;
- the date the policy is cancelled and becomes void.

10.4 Accidental death and dismemberment

In case of dismemberment or accidental death, the following benefits are payable:

Loss	Percentage (%) of chosen coverage amount
Of life	100
Of both eyes, both hands or both feet	100
Of one hand and one foot, one hand and one eye or one foot and one eye	100
Of use of limbs (quadriplegia, hemiplegia or paraplegia)	100
Of one hand, one foot or one eye	50

If more than one loss is sustained by the insured as a result of an accident, the benefit payable shall be for the greatest loss sustained only.

The benefits are doubled when the accident occurs in public transportation, an escalator or a public elevator, during a fire in a government building, a hurricane, a cyclone or when the insured is hit by lightning.

Definition

A limb may be an arm or a leg. The loss must occur within 180 days following the accident.

Issue age

The insured must be between 0 and 60 years old.

Insurance amount

- Minimum: $5,000
- Maximum: $500,000, without exceeding the insurance amount of the coverage to which it is attached.

Termination of benefit

The Accidental death and dismemberment benefit will terminate on the earliest of:

- the policy anniversary date nearest the insured's 65^{th} birthday;
- the date a written request from the policyowner is received for cancellation of the Accidental death and dismemberment benefit or of the universal life coverage to which the Accidental death and dismemberment benefit is attached or the date indicated in the request, if later;
- the date the universal life coverage, to which Accidental death and dismemberment benefit is attached, terminates.
- the date the insured under Accidental death and dismemberment benefit dies;
- the date the policy is cancelled and becomes void.

10.5 Benefit in case of fracture

In case of accidental fracture or severance, the following benefits are payable:

Fracture	Indemnity
Skull, spine, pelvis (ilium bone) and femur	$5,000
Breastbone, larynx, windpipe, shoulder blade, humerus, ulna, radius, kneecap, tibia and fibula	$1,500
Bone not mentioned above	$750

The benefits are doubled when the accident occurs in public transportation, an escalator or a public elevator, during a fire in a government building, a hurricane, a cyclone or when the insured is hit by lightning.

Definition

Fracture means the violent rupture of a bone or a strong cartilage.

Severance means separation of the bone in at least two parts resulting in its complete and permanent loss.

The diagnosis of fracture or severance must be made within 30 days of the accident for the benefit to be payable.

Issue age

The insured must be between 0 and 60 years old.

Termination of benefit

The Benefit in case of fracture will terminate on the earliest of:

- the policy anniversary date nearest the insured's 70^{th} birthday;
- the date a written request from the policyowner is received for cancellation of the Benefit in case of fracture or of the universal life coverage to which the Benefit in case of fracture is attached or the date indicated in the request, if later;
- the date the universal life coverage, to which Benefit in case of fracture is attached, terminates;
- the date the policy is cancelled.

For more information on benefits listed above, please refer to the "*General Information*" document available in the library of the illustration software and on the advisor site.

10.6 Term Plus life insurance

Term Plus life insurance riders with level insurance amount are additional benefits that can be added to a universal life insurance policy at a minimal cost.

	Term Plus	
Available terms	10, 15, 20, 25, 30, 35 and 40 years	
Issue age	Term Plus 10 level: 18 to 75 Term Plus 15 level: 18 to 70 Term Plus 20 level: 18 to 65 Term Plus 25 level: 18 to 60	Term Plus 30 level: 18 to 55 Term Plus 35 level: 18 to 50 Term Plus 40 level: 18 to 45
Insurance amount	Minimum: $25,000 Maximum: $10,000,000 Preferred risk classes are available for term life insurance products for coverage amounts starting from: • $2,000,001 for ages 18 to 50 years old • $500,000 for ages 51 and above	
Premium	Level and guaranteed for each period	
Renewable	Renewable every 5 years, after the initial term, up to age 85	
Convertible	Before age 71	
Insurability benefit	Included at no additional cost	
Extreme disability benefit	Included at no additional cost	

Term Plus life insurance riders are offered on the same life insured and with individual type of policy only.

10.7 Critical illness insurance

The Critical illness insurance benefit allows insureds to obtain a more comprehensive protection in the event of a critical illness.

	Critical illness insurance	
Description	Critical illness insurance provides a lump-sum tax-free benefit upon a diagnosis of a covered critical illness and survival period of at least 30 days.	
Type of coverage	Basic, Enhanced and Child	
Plan types	Term 10, Term 20, Term 75, Term 100 and Term 100 paid-up 20 years.	
Issue age	Adult (Basic and Enhanced): • 18 to 65 (T10, T75, T100) • 18 to 55 (T20) • 18 to 50 (T100 paid-up 20 years)	Child: • 30 days to 17 years old (T75, T100, T100 paid-up 20 years)
Insurance amount	Adult: Minimum: $25,000 Maximum: $2,000,000	Child: Minimum: $25,000 Maximum: $250,000

Supplementary benefit	Included in the Enhanced and Child protection plans, a supplementary benefit provides for an additional 10% of the sum insured up to a maximum of $50,000 should the insured be diagnosed with one of the following conditions: • coronary angioplasty; • ductal carcinoma in situ of the breast; • Stage A (T1a or T1b) prostate cancer; • Stage 1A malignant melanoma.
Assistance benefit	Included at no additional cost (refer to section 10.1 of this document)

The Critical illness insurance benefit is offered on the same life insured and with individual type of policy only.

Here is a list of covered illnesses:

Covered illnesses	**Basic 3 illnesses**	**Enhanced 25 illnesses**	**Child 28 illnesses**
Cancer (life-threatening)	✓	✓	✓
Heart attack	✓	✓	✓
Stroke (cerebrovascular accident)	✓	✓	✓
Alzheimer's disease		✓	✓
Aortic surgery		✓	✓
Aplastic anemia		✓	✓
Bacterial meningitis		✓	✓
Benign brain tumour		✓	✓
Blindness		✓	✓
Coma		✓	✓
Coronary artery bypass surgery		✓	✓
Deafness		✓	✓
Heart valve replacement		✓	✓
Kidney failure		✓	✓
Loss of independent existence		✓	✓
Loss of limbs		✓	✓
Loss of speech		✓	✓
Major organ failure on waiting list		✓	✓
Major organ transplant		✓	✓
Motor neuron disease		✓	✓
Multiple sclerosis		✓	✓
Occupational HIV infection		✓	✓
Paralysis		✓	✓
Parkinson's disease		✓	✓
Severe burns		✓	✓

Autism	✓
Cystic fibrosis	✓
Muscular dystrophy	✓

In addition, if the return of premium upon death option is chosen, the insured's beneficiaries will receive the reimbursement of premiums paid if, upon the insured's death, no critical illness benefit has been paid. Moreover, Critical illness insurance offers additional two options regarding return of premiums: at expiry or on cancellation, that are adapted to the needs of each insured.

For more information and complete definitions of the included illnesses, please refer to the "*Critical illness insurance*" product description guide available in the library of the illustration software and on the advisor site.

11. Sales concepts

The illustration software can illustrate the following sales concepts:

- Buy term and invest the difference;
- Collateral loan;
- Rate of return;
- Estate preservation;
- Personal wealth note; and
- Corporate wealth note.

11.1 Buy term and invest the difference

The "Buy term and invest the difference" concept illustrates the advantage of buying a universal life policy instead of term insurance for 10 years and investing the premium difference in an investment account with taxable interest.

Our universal life insurance becomes even more advantageous when the policy's cash surrender value after taxes is higher than the amount accumulated in the investment account after taxes.

The advantage of this concept lies in the fact that upon death of the insured the death benefit amount of universal life policy is greater than the death benefit amount of the term insurance coverage, to which the value of the after-tax investment account is added.

This concept demonstrates the advantage of accumulating funds tax-free under a universal life policy. The difference in returns can become quite significant in the long run.

Basics

Our Term Plus 10 rates are used to illustrate the comparison. The rate of return applied to the "Invested difference", which corresponds to the difference between the universal life premium and the term premium, is the rate that has been used to illustrate the universal life policy.

To illustrate this concept, select "Buy term and invest the difference" in the "Custom report" of the illustration software. Once the illustration is produced, you must compare the amounts available during the insured's lifetime by comparing the "After tax invested difference" column with the "After tax cash surrender value" column of the universal life policy illustration.

Among the advantages, the accumulation is tax exempt and the cash value is available in case of immediate needs.

11.2 Collateral loan

Subject to credit approval, the policyowner of the universal life policy can post the cash value of the policy as collateral when taking out a loan with a financial institution. In most cases, the interest is capitalized on an annual basis and is payable at death, at the same time the death benefit is paid.

For example, at retirement, the policyowner can choose a series of annual loans, thereby building up an additional tax exempt retirement income.

Basics

The policyowner takes out a universal life insurance policy and makes large deposits within the limits prescribed in tax legislation.

The policyowner takes out a loan with a lending institution of his choice, which is guaranteed by the universal life policy's cash value. This agreement authorizes the policyowner to make one or several loans that must respect the criteria outlined by the lending institution. The balance of the loan (principal and interest) will never be reimbursed during the insured's lifetime (however, the policyowner can always decide to repay the loan). The loan is repaid upon the death of the insured and the balance is distributed to the designated beneficiary(ies). SSQ Insurance checks on a regular basis to ensure the balance of the loan is less than or equal to the desired funding ratio and that it does not exceed the authorized maximum.

The policyowner benefits from non-taxable liquid assets, which is the greatest advantage of this concept.

11.3 Rate of return

This concept illustrates the profitability of a universal life policy, year after year. The first option compares the premium paid for the policy to its cash value, thus showing the policyowner's return on investment. The second option compares the premium paid for the universal life policy to the death benefit. So, the concept shows if it is beneficial to invest in a universal life policy.

Basics

In the "Custom report" tab, the two following reports are available:

- The rate of return based on cash value allows you to show the cash value's gross rate of return compared to the universal life premium or compared to the policy's premium including all policy riders. If a rated premium is added to the policy, you can include it in the calculation. If an investment outside universal life product is made, you may specify the tax rate applicable to this investment. This report is available with all types of policies.
- The rate of return based on death benefit enables you to show the death benefit's rate of return compared to the universal life premium. This report is available with individual, joint first to die and joint last to die types of policies.

Furthermore, you can choose to compare the death benefit's return to the policy's premiums including all riders attached or including only Term Plus life insurance riders. If a rated premium is added to the policy, you can include it in the calculation.

11.4 Estate preservation

An estate is created throughout a lifetime and can, at the time of death, be faced with a significant tax bill. The effects of which will reduce the value of the estate, affecting the beneficiaries in several ways. As heirs, their inheritance can be reduced or they may be forced to sell some or all of their inheritance to pay this tax bill. A situation that was surely not intended by the deceased.

The Income Tax Act states that, immediately prior to the time of death, all assets are disposed at their fair market value.

In the year of death, the following factors are added to the deceased's taxable income:

- the value of all registered plans;
- the taxable portion of all capital gains;
- the recapture of any capital cost allowance.

Fortunately, the Income Tax Act allows for an exception to this rule: registered plans and investments subject to capital gains can, at the time of death, be transferred to the spouse, without immediate tax consequences. Therefore, it defers paying this tax until the death of the spouse. The truth is that it can never be completely avoided.

The preservation of an estate is achieved in a three-step process:

- the analysis of the fiscal impact at death;
- the appropriate estate plan;
- the implementation of tax-efficient funding for the taxes at death.

11.5 Personal wealth note

The client purchases on his or her life an exempt universal life policy, with an increasing death benefit. The client deposits amounts in excess of the minimum premium into the policy. With time, the funds of the policy increase substantially since their growth is not taxed annually. At the time of death of the insured, the total death benefit (including the funds of the policy) will be paid tax free to the beneficiary of the policy.

The taxes payable on investment income considerably reduce the value of the net estate the client wants to leave to their heirs. For every type of investment income earned there is a tax bill to be paid. The various types of investment income are: interest, dividends, and capital gains. There is a “savings” component to universal life insurance that allows to earn investment income that is “tax-free upon death” and deferred until withdrawal or surrender.

In view of the tax advantage that universal life insurance offers, the concept shows that it can be beneficial financially to invest savings in an exempt universal life policy.

The concept shows a comparison with:

- investing savings in a tax exposed environment, it is possible to compare different investment types using this concept; and
- investing the same amount in an exempt universal life policy.

A comparison of the net estate values that will be left to the heirs will illustrate how universal life insurance can be an effective estate planning tool.

11.6 Corporate wealth note

A corporation purchases, on the life of a shareholder, an exempt universal life policy, with an increasing death benefit where the corporation is the owner and the beneficiary of the policy. The corporation deposits amounts in excess of the minimum premium into the policy. At time of death of the insured shareholder, the total death benefit (including the funds of the policy) will be paid tax free to the corporation (the beneficiary of the policy).

The life insurance proceeds paid to the corporation, minus the adjusted cost base of the policy, will be credited to the capital dividend account of the corporation. Tax free dividends (from the capital dividend account) can then be paid to the shareholders of the corporation.

The taxes payable on investment income considerably reduce the value of the net estate the client wants to leave to their beneficiaries. For every type of investment income earned there is a tax bill to be paid. The various types of investment income are: interest, dividends, and capital gains. There is a “savings” component to universal life insurance that allows to earn investment income that is “tax-free upon death” and deferred until withdrawal or surrender.

In view of the tax advantage that universal life insurance offers, the concept shows that it can be beneficial financially to invest savings in an exempt universal life policy.

The concept shows a comparison with:

- investing savings in a tax exposed environment, it is possible to compare different investment types using this concept; and
- investing the same amount in an exempt universal life policy.

A comparison of the net estate values that will be left to the heirs will illustrate how universal life insurance can be an effective estate planning tool.

To learn more about the Personal and Corporate wealth note concepts, please refer to the document entirely dedicated to these concepts. Just click on the “Details” button in the “Concepts” tab of the universal life illustration software module.

12. Glossary

Term	Definition
Accumulation fund	The total value of all investment accounts selected by the policyowner.
Beneficiary	The person appointed as such in the application or, as the case may be, in the latest beneficiary designation made by the policyowner.
Cost of insurance (COI)	The total monthly amount deducted from the accumulation fund of the policy to pay for the insurance component of the coverage. It varies according to the insurance amount, risk class, sex and the age of the insured.
Insured	The person who is insured under the coverages.
Market value adjustment	An adjustment is made according to the market value for guaranteed interest accounts when the policyowner transfers between accounts, asks for a cash advance, withdrawal or surrender.
Net amount at risk	The net amount at risk is the amount of insurance for which the cost of insurance is calculated.
Policyowner	Any person designated as such in the application or any person who has subsequently substituted the original policyowner.
Transitory deposit account	If there is a risk that the policy will lose its tax-exempt status, the transitory deposit account is used to hold funds that exceed the maximum amount that can be deposited into the policy. Also, any deposit paid in excess of the maximum premium or the maximum deposit will be deposited to the transitory deposit account.
SSQ Insurance, our, the company	SSQ, Life Insurance Company Inc.

Note: The masculine form is used to simplify the text and without prejudice to the female form.

About SSQ Insurance

Founded in 1944, SSQ Insurance is a mutualist company that puts community at the heart of insurance. With assets under management of $13 billion, SSQ Insurance is one of the largest companies in the industry. Working for a community of over three million customers, SSQ Insurance employs 2,000 people. Leader in group insurance, the company also sets itself apart through its expertise in individual life and health insurance, general insurance and the investment sector.

For more information, go to ssq.ca.

The purpose of this document is to provide a summary description of an insurance product offered by SSQ, Life Insurance Company Inc. It is not intended to describe all the provisions, exclusions and limitations applicable to a benefit or to a specific insurance policy. For a complete description of the provisions, exclusions and limitations, please refer to the policy.

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