

Your guide to Great-West Life

# Participating life insurance



**This guide provides a high-level overview of key features of *Great-West Life participating life insurance*.**

After you review this guide, talk with your financial security advisor about which features are most relevant to your current situation, needs and goals.



## **This guide has two sections.**

**The value of participating life insurance** – Explains how participating life insurance works. It describes key components that contribute to the performance of your policy and its long-term value.

**The choice and flexibility to tailor your coverage** – Provides information on the many options available to customize *Great-West Life participating life insurance*.



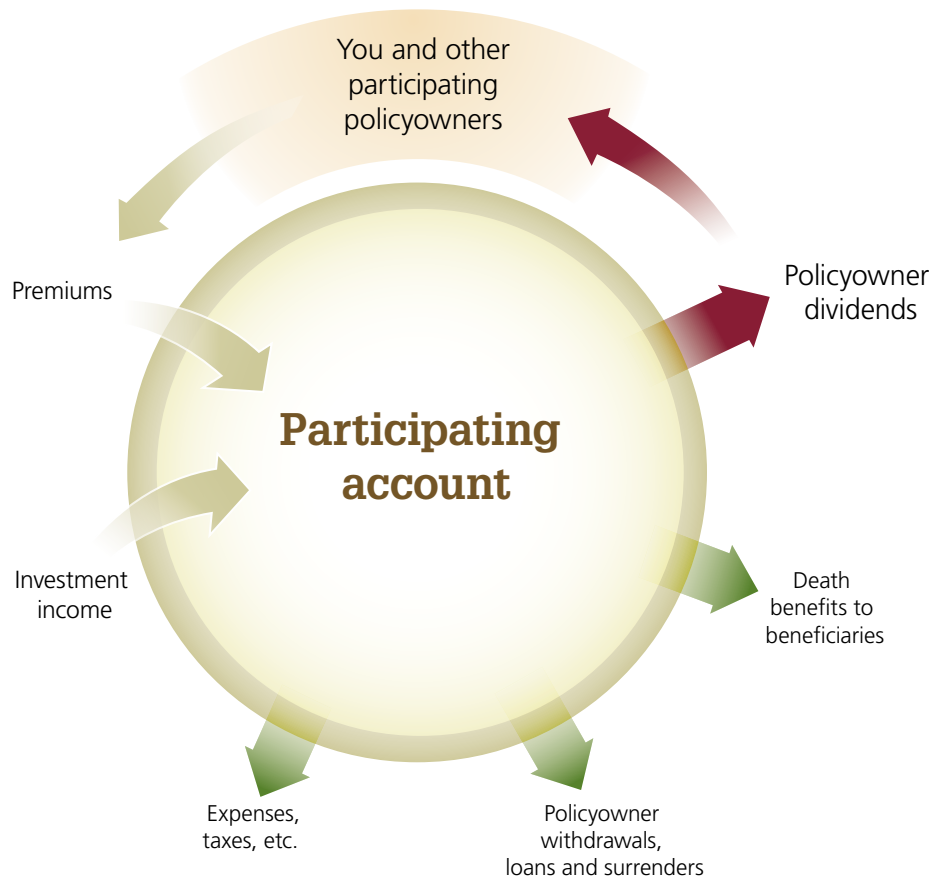
What is

# Participating life insurance

Participating life insurance combines permanent life insurance protection with a tax-advantaged growth component.

It provides a core of guaranteed values, plus the opportunity to receive policyowner dividends.





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## Guarantees

Participating life insurance is built on a foundation of guarantees:

- Guaranteed premium
- Guaranteed cash value
- Guaranteed death benefit

## Assumptions

To determine your guaranteed values, Great-West Life uses long-term assumptions for investment returns, mortality rates, expenses, taxes and other factors.

## Participating account

Your premiums go into an account called the participating account, together with premiums from other participating policyowners. You share with them in the performance of the account. You can also participate in annual meetings of policyowners and shareholders, and you have specific voting rights.

## Participating account asset mix

Assets in the participating account are invested for the long term. The account is managed primarily as a fixed-income account, with approximately 80 per cent invested in fixed-income investments and 20 per cent in common stock and real estate investments.

## Actual performance


If the actual performance of the participating account is better than the assumptions underlying the guaranteed values, then the participating account generates additional earnings.

## Dividends

Great-West Life may distribute some of the earnings to participating policyowners as dividends.

## Surplus

Great-West Life may retain some of the earnings in the participating account. This surplus helps maintain the account's strength and stability into the future.



## Here is an overview of key components that determine the value of your policy.

### Death benefit

Your policy provides a death benefit, just at the time your beneficiaries may need it most.

- **Death benefit** – This is the basic amount of insurance coverage you purchased, which is guaranteed. The death benefit may also grow beyond the guaranteed amount, depending on which dividend option you select.

Dividends credited to your policy have immediate cash value. This cash value is vested, which means it cannot be reduced or used in any way except as you have specifically authorized, or as provided in the policy (e.g., to pay premiums).

Dividends are not guaranteed. They fluctuate, depending on the dividend scale. The dividend scale is affected by investment returns, mortality rates, expenses, taxes and other factors.

### Cash value

Your policy accumulates cash value, which you can access during your lifetime. This consists of:

- **Guaranteed cash value** – Starting in year one, if you choose an enhanced wealth policy, or in year seven, if you choose an enhanced legacy policy.
- **Total cash value** – In addition to the guaranteed cash value, this includes non-guaranteed cash value from dividends, depending on which dividend option you select.

If you surrender your policy, you receive the total cash value, less any outstanding amounts owed, such as a policy loan.

### Tax advantages

The growth of the values in your policy is not taxed, for as long as they stay in the policy and do not exceed legislative limits. This can make your policy a tax-efficient vehicle for accumulating wealth and savings.

The death benefit is paid to your beneficiaries tax-free.

### Access to cash value

You can access your policy's cash value to take advantage of personal and business opportunities and provide cash flow.

- **Withdrawals** – Withdraw dividends from your policy. This reduces the death benefit and cash value.
- **Loans** – Access your cash value through a policy loan or collateral loan.

These withdrawals or loans may be subject to tax.

### Dividends

A unique benefit of participating life insurance is the opportunity to receive policyowner dividends.

# The choice and flexibility to tailor your coverage

## Choose a basic policy

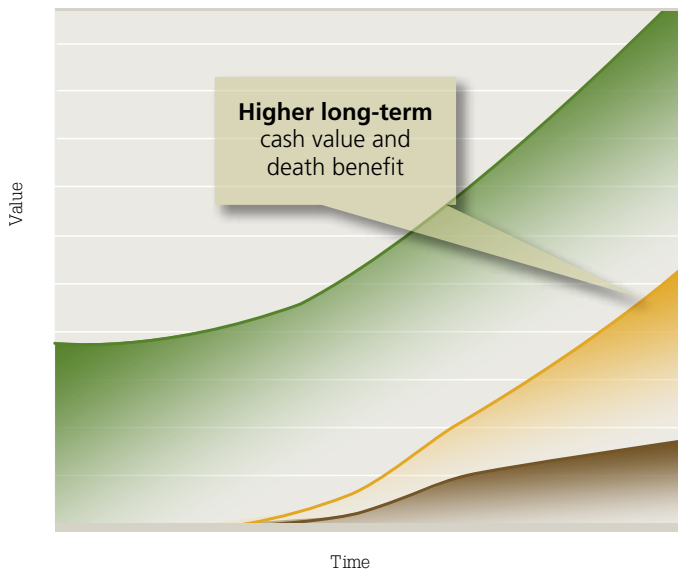
Great-West Life offers two types of participating life insurance policies: **enhanced legacy** and **enhanced wealth**. Your financial security advisor can help you choose the one that works best for you.

### Enhanced legacy policy

Provides **higher long-term cash value** and death benefit.

This is a good fit if you're looking for:

- A tax-advantaged savings option to help fund future retirement
- A larger estate to transfer wealth to the next generation

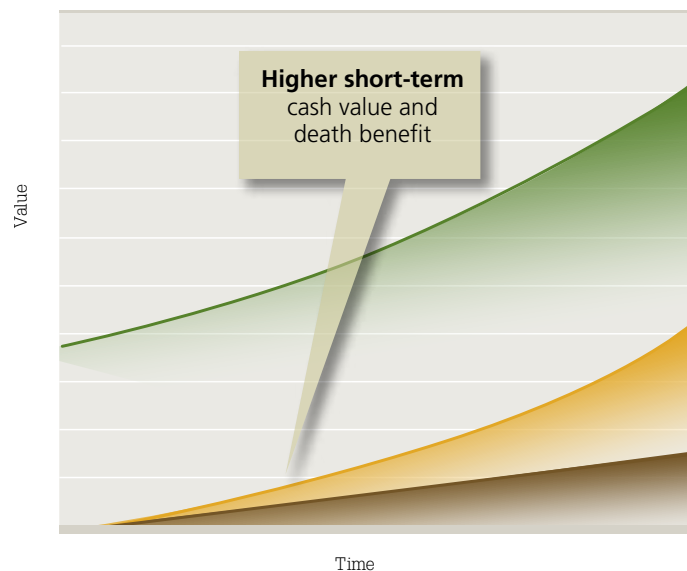


### Enhanced wealth policy

Provides **higher short-term cash value** and death benefit.

This is a good fit if you're looking for:

- Access to cash value in the near future, for retirement or other needs
- Flexibility to help meet a business's changing cash flows



— Total death benefit    — Total cash value    — Guaranteed cash value

**Assumptions:** These charts are for illustration purposes only. The intent is to compare the difference in growth patterns and values between the enhanced legacy and enhanced wealth policies using a common set of assumptions. This comparison is based on a 35-year-old, non-smoking, standard-rated male, using a pay to age 100 policy with the same annual premium, and paid-up additions as the dividend option. Values compared are through policy.



## Choose a premium-paying period

The premiums you pay into your policy cover the cost of your life insurance protection. You have a choice of two payment options.

- **Guaranteed 20 pay** – Your basic premiums are level and payable for a guaranteed period of 20 years, after which your policy's basic insurance coverage is fully paid up.
- **Pay to age 100** – Your basic premiums are level and payable to a maximum of age 100. This lets you spread your life insurance costs evenly over a long period of time. This generally gives you lower premium payments.

### Premium offset

You may be able to stop making out-of-pocket cash premium payments, even before the end of your premium-payment period. If you select the premium offset option, you may be able to pay your premiums using your policy's dividend values.

Because premium offset uses dividends, the increases and decreases in dividends over the life of the policy will affect if and when the policy qualifies, or continues to qualify, for premium offset.

## Choose your coverage option

Your financial security advisor can help you choose the coverage that best fits your needs and goals.

- **Single life** – Use for income replacement and repaying debt, like a mortgage or loan, for one person.
- **Joint first-to-die** – Use for income replacement and repaying debt for two people, including spouses or business partners. It provides a death benefit on the first death.
- **Joint last-to-die, premiums payable to first death** – Use for estate preservation. It provides a death benefit on the last death. Premiums end on the first death.
- **Joint last-to-die, premiums payable to last death** – Also for estate preservation. Premiums end on the last death and are lower than with the previous option.



## Choose your dividend option

Dividend options let you decide how to use the dividends that may be credited to your policy. You can use them to balance affordability today and growth tomorrow.

Dividend option	What you're looking for	How it works
Paid-up additions	Maximum growth in your cash value and death benefit.	Uses your dividends to buy more participating life insurance, which is fully paid-up and has additional cash value.
Enhancement	Highest initial amount of insurance coverage.	Uses your dividends to buy more life insurance, using a combination of one-year term insurance and paid-up additions.
Premium reduction	Ability to lower your cash premium payments.	Applies the annual dividend value against your policy's premium, therefore reducing, or eliminating, cash premium payments.
Cash accumulation*	Opportunity to accumulate money with the option of accessing it in the future. Increasing your cash value or death benefit is not a priority.	Your dividends remain in your policy and accumulate interest. Amounts you do not access are added to your death benefit.
Cash payment*	Extra money to be sent to you each year. Increasing your cash value or death benefit is not a priority.	This option pays out the dividends directly to you each year.

\* These options may be subject to tax.

## Customize your policy with benefits and riders

You can add or remove options as your needs change. Your financial security advisor can help you decide which benefits and riders are right for you.

- **Accidental death benefit** – An additional death benefit is paid if the insured person dies by accident, as defined in the policy.
- **Additional deposit option** – You can make additional premium payments, over and above your basic premium requirement. These additional payments buy additional paid-up life insurance coverage, with its associated cash value.
- **Business growth protection rider** – As your business grows in value, you can increase your coverage, without providing new medical evidence.
- **Death or disability waiver of premium** – Premiums are waived on the death or disability of the person covered by the waiver, as defined in the policy.
- **Guaranteed insurability rider** – You can buy additional coverage in the future, up to a set maximum, without providing new medical evidence.
- **Child's term life insurance rider** – Cover all your children with one rider. Children born after the rider is issued are covered at no additional cost. Coverage increases four per cent a year. You can convert a child's coverage to a stand-alone term or permanent policy when they reach a specified age, up to \$250,000 per child.
- **Term 10 and Term 20 basic riders** – You can buy term life insurance as a cost-effective way to cover temporary needs. These riders renew every 10 or 20 years and can be converted to stand-alone permanent policies.
- **Supplementary insured Term 10 and Term 20 riders** – You can buy term life insurance for people not covered under the basic policy, including your spouse, business partners and family members. These riders renew every 10 or 20 years. You can convert them to stand-alone permanent policies.

These are general descriptions and are subject to the actual terms of the policy.  
Riders and benefits require evidence of insurability.

## Talk with your financial security advisor

Now that you're familiar with key features of our participating life insurance, talk with your financial security advisor. Your advisor can work with you to tailor a solution that fits your specific situation and your personal goals.

The strength of Great-West Life

## **Great-West Life – a vital Canadian business since 1891**

Life insurance is a promise that may not be put to the test for 30, 40, 50 years or more. Long-term financial strength and stability are vital.

### **Financial strength and claims-paying ability**

Founded in Winnipeg in 1891, Great-West Life is a leading Canadian insurer. It offers a wide range of life insurance and health insurance, as well as investment, retirement savings and income plans.

- Great-West Life and its subsidiaries are members of the Power Financial Corporation group of companies.
- Together, Great-West Life and its subsidiaries serve the financial security needs of more than 12 million people.
- Great-West Life has received strong ratings from the major rating agencies.\* For current information on Great-West Life's ratings and financial strength, see the corporate information section on [www.greatwestlife.com](http://www.greatwestlife.com).
- For more detailed financial information on the management and performance of Great-West Life's participating account, ask your financial security advisor for a copy of *Great-West Life participating life insurance financial facts*.

Great-West Life has distributed dividends to participating policyowners every year since 1899.

\*As rated by A.M. Best Company, DBRS Limited, Fitch Ratings, Moody's Investors Service and Standard & Poor's Ratings Services at the time of publication. Ratings are subject to change without notice.

This piece provides a general overview of key features of Great-West Life participating life insurance and is not to be considered as providing advice. For further information, see *Great-West Life participating life insurance financial facts*. In all cases, the provisions of our insurance contracts govern. For specific insurance needs, professional advice should be obtained, including a policy illustration where appropriate.

Tax information in this guide is of a general nature only, based on Canadian tax legislation and its interpretation at the time of printing, applying to tax residents of Canada. Legislation and its interpretation are subject to change. For tax advice on any particular policy, you should consult your tax advisor or other qualified professional.

