

# Armstrong

— Financial Services —

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## Whole Life vs. Universal Life — Selecting the Right Structure for Estate Funding

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*David Kakon, Math Honours B.Sc., January 2026*

*Permanent life insurance is one of the most effective tools for funding estate taxes, uniquely capable of delivering tax-free liquidity at the exact moment a tax liability is crystallized. Although both Participating Whole Life and Universal Life provide lifelong protection, they are built on fundamentally different architectures: Participating Whole Life is closed and insurer-controlled, while Universal Life is transparent and client-controlled. For families and business owners planning around a defined future tax liability, Universal Life generally offers greater cost efficiency, flexibility, and transparency.*

# 1. Participating Whole Life

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Participating Whole Life (WL) is built around a fixed premium and a guaranteed base death benefit and is generally one of the more expensive ways to acquire permanent coverage. Value beyond this base is derived from a combination of contractually guaranteed policy values and non-guaranteed annual dividends generated within the insurer's Participating Account—a centrally managed portfolio over which the policyholder has no control <sup>(1, 2)</sup>.

This account is predominantly allocated to interest-sensitive fixed income—government and corporate bonds, private fixed income, commercial mortgages, real estate, and a modest equity sleeve—with the investment strategy determined solely by the insurer <sup>(1, 2)</sup>.

## The Dividend “Black Box”

Dividend performance is not merely a reflection of the fund's investment results. It is determined by an internal, undisclosed formula that incorporates investment returns, mortality experience, expenses, lapse behaviour, taxes, and multi-year smoothing techniques <sup>(3, 5)</sup>. The commonly referenced Dividend Scale Interest Rate (DSIR), used to generate WL illustrations, is frequently misinterpreted. It is neither the dividend credited to the policy nor the return earned by the underlying assets; rather, it is only one component within a broader, non-guaranteed and non-disclosed formula <sup>(3)</sup>.

Because dividends are largely discretionary, WL should always be stress-tested at reduced rates (–1% or –2% below current assumptions, typically 5.25% and 4.25% respectively) <sup>(4)</sup>. Even modest reductions can materially delay—or prevent—the policy from ever reaching its intended target death benefit <sup>(6)</sup>.

## The Structural Dilemma: GAP or BLOAT

Because WL depends on internally funded paid-up additions to increase the death benefit, when it is used to target a known liability, it is structurally inclined toward one of two outcomes:

### 1. Under-Insuring Today (The GAP):

If the guaranteed base is set below the liability and dividends are expected to “catch up,” the policy often remains under-target for much of its duration.

Underperformance—even at conservative stress levels—may leave the estate short. Term riders are frequently layered to compensate, but these eventually expire and can become cost-prohibitive.

### 2. Over-Insuring for Life (The BLOAT):

If the full liability is purchased upfront, dividends compound the death benefit beyond what is required. Clients end up funding unnecessary paid-up additions that often yield only 2–3% IRR at life expectancy—an inefficient use of capital relative to alternative business or investment uses.

## 2. Level Universal Life

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Universal Life (UL) is designed from inception to deliver a level death benefit that matches the required liability from Day One. The insurance amount is set up front and remains fixed for life, ensuring the estate liability is fully covered at all times. Rather than relying on future dividends or internal growth to “grow into” the required amount, UL provides the full amount at all times and applies policy gains to pay down insurance costs.

The objective in UL is not to maximize account value, but to match the liability at the lowest sustainable long-term cost possible. Investment gains are applied to offset future policy costs rather than inflate the death benefit, preserving a level face amount and avoiding the structural inefficiencies inherent in WL.

Policy gains accumulate within the tax-exempt UL account and may be applied toward policy costs in lieu of additional policyowner deposits. Clients may allocate among equity indices (S&P 500, TSX), institutional mandates (BlackRock, Fidelity), fixed income, or GIC accounts. Reallocations occur on a tax-free basis and do not trigger capital gains <sup>(7)</sup>.

### Whole Life–Style UL Funds (Smoothed Yield Accounts)

Many insurers offer smoothed-yield investment options within UL that resemble the investment profile of Whole Life participating funds. These accounts use multi-year smoothing to amortize gains and losses, reducing volatility while preserving stable long-term returns.

Unlike Whole Life dividends—which blend investment performance with non-investment factors such as mortality experience, expenses, and internal dividend formulas—smoothed UL funds isolate the pure investment component of the participating account. They operate within a more transparent funding framework that allows clients to combine them with equity indices or guaranteed-return accounts and to adjust allocations over time.

One example is Sun Life’s Diversified Account (SLDA), available exclusively within UL contracts. It mirrors the asset allocation, smoothing methodology, and institutional management of the Whole Life participating fund and is overseen by the same investment team. Features are:

- **Capital protection:** Contractual 0% floor—returns credited can never be negative <sup>(8)</sup>.
- **Performance:** Long-term average returns near 4% with near-zero volatility <sup>(8)</sup>.
- **Institutional asset mix:** Government and corporate bonds, private fixed income, commercial mortgages, real estate, and a modest equity allocation <sup>(8)</sup>.
- **Flexible integration:** Can be blended with equity indices or guaranteed accounts to progressively reduce risk as the estate liability approaches <sup>(8)</sup>.

Older or risk-averse clients may allocate 100% to SLDA for a low-volatility, capital-protected approach, while younger clients may adopt a blended allocation (e.g., 50% SLDA / 50% S&P 500) to capitalize on market opportunities in earlier years, and then progressively transition toward 100% SLDA to systematically remove volatility as the estate liability approaches.

### 3. Corporate Considerations: Net-to-Estate Analysis

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For corporately held life insurance, the relevant metric is not the policy's face amount, but the **Net-to-Estate value** delivered after accounting for Adjusted Cost Basis (ACB), Capital Dividend Account (CDA) credits, and corporate share valuation at death. The CDA credit generated on death is calculated as the death benefit minus the policy's ACB (ITA 89(1)(d)), while the policy's Cash Surrender Value (CSV) is included in the Fair Market Value (FMV) of the corporation's shares under ITA subsection 70(5.3), introducing an unintended capital gain on death <sup>(10)</sup>.

#### Whole Life

When evaluated under this framework, Participating WL is structurally exposed to two adverse tax outcomes. First, its design tends to generate a higher ACB, directly reducing the portion of the death benefit that can be distributed tax-free through the CDA. Second, WL is intentionally structured to accumulate significant cash surrender value over time—approaching the death benefit at endowment—which increases corporate share value at death and can create an additional capital gains liability. As a result, the gross death benefit and the net amount ultimately received by the estate can diverge materially.

#### Universal Life

UL can be structured with greater tax precision. Using a **Level + ACB** design, the policy's death benefit **automatically adjusts to equal the level insurance amount plus ACB as it changes over time**. Because the CDA credit is calculated as **death benefit minus ACB**, this structure ensures that the **entire intended amount is credited to the CDA at death**, regardless of the policy's cost basis at that time <sup>(9)</sup>. This option is designed for business owners who want to optimize credits to the corporation's capital dividend account. In addition, a properly structured level-face UL is designed to carry minimal or nil CSV at life expectancy, thereby mitigating the capital gains exposure associated with excess corporate policy cash value.

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### Conclusion

When evaluated under identical funding assumptions and through a corporate **Net-to-Estate** lens, UL consistently outperforms Participating WL for liability-driven estate planning. UL delivers the required death benefit at materially lower cost, with greater transparency, flexibility, tax efficiency, and long-term predictability.

Crucially, by separating insurance from investment performance, avoiding unnecessary cash accumulation, and aligning policy design directly with corporate tax mechanics, UL provides a more precise and economically efficient structure for funding known future tax liabilities. While Whole Life remains appropriate for certain objectives, where precision, predictability, and after-tax outcomes matter most, Universal Life offers the more effective planning architecture.

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## 4. Methodology: Comparing Whole Life & Universal Life

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A meaningful comparison between Whole Life and Universal Life requires a normalized, tax-adjusted Net-to-Estate analysis that evaluates each structure under identical funding assumptions and through the lens of after-tax estate value.

The following framework should be applied:

1. **Establish the Target Liability:** Define the required death benefit based on the estate's projected tax obligation at life expectancy.
2. **Solve for Universal Life First:** Using a conservative assumption rate, determine the premium required to fund a **level-face Universal Life policy** that fully covers the target death benefit from inception through life expectancy, and beyond.
3. **Apply the Same Premium to Whole Life:** Using the *same premium schedule*, solve for a Participating Whole Life policy under conservative dividend assumptions. This ensures the comparison isolates **structure**, not funding bias.
4. **Net-to-Estate Evaluation:** Evaluate both policies on a Net-to-Estate basis by:
  - a. Distributing death benefits tax-free up to the Capital Dividend Account (CDA),
  - b. Paying any excess as a taxable (eligible) dividend, and
  - c. Reducing estate value by any capital gains tax arising from the policy's cash surrender value (CSV) at death pursuant to ITA subsection 70(5.3) <sup>(10)</sup>.

The comparison should consider outcomes over the **entire policy horizon, from inception through life expectancy**. When premiums are normalized and inputs are matched, the relative value of UL becomes apparent, with higher net outcomes across the policy's lifespan despite WL's internal growth. Single-point illustrations or headline face amounts can materially misstate the true economic result.

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### Special Consideration: Financed Whole Life Strategies

If a Whole Life policy is presented as a part of a **financed strategy**, where premiums are borrowed, and interest is either serviced or capitalized, the analysis must be thoroughly stress-tested using **conservative assumptions**, including:

- Policy performance at the **current dividend scale -1% and -2%**
- A **lifetime loan interest rate of at least 6%**
- **No tax deductibility** of interest expense, recognizing that recent GAAR developments have materially undermined the reliability of assumed interest deductibility in insurance-based borrowing strategies.

Where tax credit deductions are illustrated, the presenter should confirm in writing that such treatment complies with current CRA guidance and GAAR for the duration of the strategy <sup>(11)</sup>.

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## 5. Case Study: Comparing Whole Life & Universal Life

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**Objective:** The client requires **\$10,000,000 of after-tax liquidity (Net-to-Estate)** at life expectancy to fund a projected capital gains tax liability.

### Client Assumptions

- **Profile:** 55-year-old male, non-smoker, in good health.
- **Ownership Structure:** Quebec resident CCPC (Holding Company).
- **Planning Horizon:** Life Expectancy set to Year 30 (Client Age 85).

### Methodology Protocol & Assumptions

To ensure a meaningful comparison that isolates structural efficiency rather than funding bias, the following normalized framework is applied:

**1. Establish the Benchmark: Universal Life (UL) Funding.** We first solve for a Sun Life Universal Life policy required to deliver the target liability coverage from inception to life expectancy:

- **Premiums:** 10-year premium schedule
- **Cost Structure:** YRT85 (Yearly Renewable Term) Cost of Insurance to age 85
- **Death Benefit Option:** Level + ACB (Level Death Benefit plus Adjusted Cost Basis).
- **Investment (Conservative):** Total Weighted Return: 3.95%
  - **70% SLDA:** Assumed 3.5% Return (10-year average of 4% with 0.1% volatility).
  - **30% BlackRock US Equity:** Assumed 5.0% Return (10-year historical average >13%).

**2. Apply Normalized Funding to Whole Life (WL):** We apply this exact Required Annual Premium (derived from the UL solution) to a Sun Life Par Protector II policy to evaluate its performance under equal funding.

- **Structure:** Par protector II with maximized over funding; Offset after Year 10
- **Dividend Scale:** Illustrated at 5.25% (1% below the current 6.25% DSIR), representing a conservative but not worst-case scenario.

**3. Evaluation Framework: Net-to-Estate Analysis** The output of both strategies is evaluated strictly on a **Net-to-Estate basis**, utilizing current Quebec tax rates for a top-bracket taxpayer. The final Net-to-Estate value is calculated as follows:

**(+) Capital Dividend Account (CDA):** The portion equal to the *Death Benefit minus Adjusted Cost Basis (ACB)* is credited to the CDA and distributed as a tax-free dividend.

**(+) Taxable Dividend:** Any portion of the death benefit in excess of the CDA is distributed as a taxable dividend, subject to the Quebec Eligible Dividend tax rate of 40.11%.

**(-) Capital Gains Tax on CSV:** The Net Estate value is further reduced by the tax triggered on the policy's Cash Surrender Value (CSV) at death (ITA 70(5.3)). This CSV increases corporate share value, generating a 26.66% tax liability (53.31% Marginal Rate × 50% Inclusion Rate).

This standardized approach reveals whether the Whole Life policy's internal growth is sufficient to overcome its structural tax inefficiencies (lower CDA, higher CSV tax) compared to the structurally precise Universal Life solution.

## 5. Case Study Results: The Impact of Structure

**Normalized Funding Input:** To establish a baseline for comparison, we first solved for the annual deposit required to fully fund a \$10M Universal Life policy on a 10-year schedule. This calculation yielded a required annual premium of \$341,768. Consequently, a standardized funding input of **\$341,768 per year for 10 years** was applied to both strategies to isolate structural efficiency.

### ***Universal Life / Level + ACB Death Benefit, YRT85 Cost, Weighted Return 3.95%***

Year	Age	Cash Value	Face Value	ACB	CDA	Net to Estate
1	55	-	10,329,268	329,268	10,000,000	10,168,914
10	65	3,226,052	12,982,404	2,982,404	10,000,000	10,670,150
20	75	2,809,599	11,205,639	1,205,639	10,000,000	9,869,664
30	85	-	10,000,000	-	10,000,000	10,000,000

### ***Whole Life / Par Protector (Offset After Year 10), Max Over-Funding, DSIR 5.25%***

Year	Age	Cash Value	Face Value	ACB	CDA	Net to Estate
1	55	196,302	5,014,208	335,892	4,678,316	4,798,309
10	65	3,191,877	9,268,803	3,182,511	6,086,292	6,868,205
20	75	5,348,895	9,033,809	2,278,983	6,754,826	6,498,330
30	85	7,511,610	9,824,916	480,039	9,344,877	7,589,105

### Summary of Results (At Age 85)

The structural advantage of Universal Life is evident not just at maturity, but across the entire policy duration. While the Universal Life strategy maintained near-perfect liability alignment—never dropping below \$9.45M—the Whole Life policy suffered a severe "under-insurance gap" for decades, providing as little as \$4.79M (less than 50% of the target) at its lowest point. Even after 30 years of compounding, Whole Life yielded a final Net-to-Estate value of only \$7.59M, leaving a \$2.41M shortfall at life expectancy. By eliminating unnecessary cash value and its associated corporate share tax liability, the Universal Life structure delivers 32% more after-tax value at age 85 while guaranteeing substantially higher liquidity every single year along the way.

## 6. Source References

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**(1)** “As of December 31, 2024, the Sun Life Participating Account was allocated 27.0 % to government bonds, 11.9 % to corporate bonds, 15.6 % to private fixed income, 8.7 % to commercial mortgages, 15.3 % to real estate, and 19.2 % to equities.” (*Sun Life Participating Whole Life Insurance Facts & Figures, 2025* / <https://cdn.armfs.com/memos/sources/810-3827.pdf>)

**(2)** “You don’t choose the investments that make up the participating account. We invest the account to meet the long-term objectives and guarantees of participating policies.” (*Sun Life Participating Whole Life Insurance Facts & Figures, 2025* / <https://cdn.armfs.com/memos/sources/810-3827.pdf>)

**(3)** “The dividend scale interest rate is not guaranteed and is based on factors that are certain to change. The dividend scale interest rate is neither an estimate nor a guarantee of how the products will perform in future. Dividends take into account factors such as investment yield, mortality, expenses, taxes, and lapses.” (*Sun Life Participating Whole Life Insurance Facts & Figures, 2025* / <https://cdn.armfs.com/memos/sources/810-3827.pdf>)

**(4)** “To make the comparison as fair as possible, a dividend interest rate of 4.75 % is used. The 4.75 % represents what a dividend scale interest rate could ultimately be if the interest rate environment were the same as that described for the fixed income portfolio, and if real estate performs at historical levels while equities return an average of 8 %.” (*Sun Life Financial - Life Insurance as an Asset Class, 2025* / <https://cdn.armfs.com/memos/sources/810-4764.pdf>)

**(5)** “We also employ smoothing techniques to help keep the dividend scale interest rate more stable over time. Smoothing refers to the process of amortizing various investment gains and losses over a number of years.” (*Sun Life Participating Whole Life Insurance Facts & Figures, 2025* / <https://cdn.armfs.com/memos/sources/810-3827.pdf>)

**(6)** “The Sun Life dividend scale interest rate has declined or remained unchanged in 29 of the past 34 years, representing a more than 40 % decrease from its 1991 peak.” (*Sun Life Participating Account Historical Returns, 2025* / <https://cdn.armfs.com/memos/sources/810-3599.pdf>)

**(7)** “SunUniversalLife II provides you with some control over how the assets within your life insurance policy are invested. You can choose to invest in guaranteed accounts, managed accounts—including portfolio and index-based—or the Sun Life Diversified Account (SLDA).” (*Sun Life UniversalLife II Client Guide, 2025* / <https://cdn.armfs.com/memos/sources/810-4554.pdf>)

**(8)** “The Sun Life Diversified Account is managed by the same group of professionals who are responsible for the Sun Life participating account.” “The diversified account is unique in that it offers Clients the investment philosophy and design of a participating account, but with the flexibility and transparency only offered by universal life insurance.” “To help minimize the volatility of returns, we use a smoothed portfolio asset yield to set the interest rate. The process of smoothing involves amortizing gains and losses on assets within the portfolio over time.” “Sun Life guarantees that the interest rate credited to your policy for the SLDA will never be negative.” (*Sun Life Diversified Account, 2025* / <https://cdn.armfs.com/memos/sources/810-4936.pdf>)

**(9)** “Level insurance amount plus adjusted cost basis (ACB): The death benefit will always be equal to the basic insurance amount plus the policy’s adjusted cost basis. This option is designed for business owners who want to optimize credits to the corporation’s capital dividend account.” (*Sun Life UniversalLife II Client Guide, 2025* / <https://cdn.armfs.com/memos/sources/810-4554.pdf>)



**(10)** “The Income Tax Act (ITA) provides in subsection 70(5.3) that in the event of the death of a shareholder of a corporation, only the cash surrender value (CSV) of any insurance policy on the shareholder's life needs to be considered for purposes of determining the fair market value (FMV) of the deceased's shares in order to calculate the capital gain or loss on the shares. This means that even if the FMV of the life insurance policy was very high immediately before the insured's death (because, for example, he or she had a terminal illness), only the CSV of the policy would be taken into account for the valuation of shares.” (*Fair Market Value of Corporate Shares and Life Insurance, 2020* / <https://cdn.armfs.com/memos/sources/810-7053.pdf>)

**(11)** “The tax treatment applicable to loans, interest deductibility and life insurance policies may change over time without any grandfathering provisions.” “In addition, the CRA could decide to invoke the GAAR in section 245 of the ITA.” “The concern is that, in circumstances where it determines that it is appropriate to do so, the CRA could use the GAAR to characterize a collateral loan as a policy loan. Any money received from a policy loan is tax-free to the extent the borrowed funds do not exceed the policy's ACB, and taxable to the extent they do.” (*Leveraging a Life Insurance Policy, 2024* / <https://cdn.armfs.com/memos/sources/810-2876.pdf>)

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# Sun Life Universal Life @ 3.95%

Yr	Age	Deposit	Cash Value	Face Value	ACB	CDA	Net to Estate <sup>1</sup>	Hurdle <sup>2</sup>
1	56	\$341,768	-	\$10,329,268	\$329,268	\$10,000,000	\$10,168,914	7060.2%
2	57	341,768	228,544	10,652,417	652,417	10,000,000	10,273,777	921.0%
3	58	341,768	533,640	10,970,084	970,084	10,000,000	10,355,425	391.8%
4	59	341,768	936,619	11,281,909	1,281,909	10,000,000	10,407,987	230.0%
5	60	341,768	1,257,412	11,587,266	1,587,266	10,000,000	10,479,136	156.3%
6	61	341,768	1,674,302	11,885,270	1,885,270	10,000,000	10,520,900	114.9%
7	62	341,768	2,008,346	12,174,967	2,174,967	10,000,000	10,580,484	89.1%
8	63	341,768	2,529,992	12,455,276	2,455,276	10,000,000	10,585,250	71.3%
9	64	341,768	2,876,072	12,724,815	2,724,815	10,000,000	10,631,285	58.7%
10	65	<b>341,768</b>	<b>3,226,052</b>	<b>12,982,404</b>	<b>2,982,404</b>	<b>10,000,000</b>	<b>10,670,150</b>	<b>49.2%</b>
11	66	-	3,231,633	12,883,863	2,883,863	10,000,000	10,618,111	42.4%
12	67	-	3,227,809	12,770,058	2,770,058	10,000,000	10,560,748	37.1%
13	68	-	3,214,451	12,639,480	2,639,480	10,000,000	10,497,322	32.9%
14	69	-	3,192,139	12,490,617	2,490,617	10,000,000	10,426,902	29.4%
15	70	-	3,160,726	12,321,908	2,321,908	10,000,000	10,348,726	26.6%
16	71	-	3,117,539	12,131,583	2,131,583	10,000,000	10,262,600	24.2%
17	72	-	3,061,078	11,924,499	1,924,499	10,000,000	10,171,414	22.1%
18	73	-	2,992,610	11,700,719	1,700,719	10,000,000	10,074,863	20.4%
19	74	-	2,910,463	11,460,747	1,460,747	10,000,000	9,973,652	18.8%
20	75	-	<b>2,809,599</b>	<b>11,205,639</b>	<b>1,205,639</b>	<b>10,000,000</b>	<b>9,869,664</b>	<b>17.5%</b>
21	76	-	2,687,287	10,936,975	936,975	10,000,000	9,764,439	16.3%
22	77	-	2,542,726	10,656,397	656,397	10,000,000	9,659,032	15.3%
23	78	-	2,375,935	10,366,454	366,454	10,000,000	9,554,745	14.3%
24	79	-	2,181,625	10,070,419	70,419	10,000,000	9,454,667	13.5%
25	80	-	1,955,828	10,000,000	-	10,000,000	9,478,723	12.8%
26	81	-	1,685,850	10,000,000	-	10,000,000	9,550,679	12.3%
27	82	-	1,361,948	10,000,000	-	10,000,000	9,637,007	11.8%
28	83	-	975,169	10,000,000	-	10,000,000	9,740,093	11.4%
29	84	-	523,490	10,000,000	-	10,000,000	9,860,477	11.0%
<b>30</b>	<b>85</b>	<b>-</b>	<b>-</b>	<b>10,000,000</b>	<b>-</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10.7%</b>
31	86	-	-	10,000,000	-	10,000,000	10,000,000	10.3%
32	87	-	-	10,000,000	-	10,000,000	10,000,000	9.9%
33	88	-	-	10,000,000	-	10,000,000	10,000,000	9.6%
34	89	-	-	10,000,000	-	10,000,000	10,000,000	9.2%
35	90	-	-	10,000,000	-	10,000,000	10,000,000	8.9%
36	91	-	-	10,000,000	-	10,000,000	10,000,000	8.7%
37	92	-	-	10,000,000	-	10,000,000	10,000,000	8.4%
38	93	-	-	10,000,000	-	10,000,000	10,000,000	8.1%
39	94	-	-	10,000,000	-	10,000,000	10,000,000	7.9%
40	95	-	-	<b>10,000,000</b>	<b>-</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>7.7%</b>

Insured: Male 55 Std NS / Policy: Level UL YRT85 @ 3.95% (QC)

(1) Net Estate = CDA + [ (Face - CDA) x (1 - 48.70%) ] - [ CV x 26.65% ]

(2) Hurdle Rate = Pre-Tax Passive Income Equivalent (See analysis)

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For discussion only, please review carrier illustration / E&OE

# Sun Life Whole Life Par @ 5.25%

Yr	Age	Deposit	Cash Value	Face Value	ACB	CDA	Net to Estate <sup>1</sup>	Hurdle <sup>2</sup>
1	56	\$341,768	\$196,302	\$5,014,208	\$335,892	\$4,678,316	\$4,798,309	3254.8%
2	57	341,768	405,668	5,474,322	668,571	4,805,751	5,040,607	564.5%
3	58	341,768	628,767	5,935,869	998,298	4,937,571	5,282,116	258.3%
4	59	341,768	866,279	6,399,469	1,324,774	5,074,695	5,523,419	156.4%
5	60	341,768	1,146,076	6,865,594	1,647,557	5,218,037	5,757,776	107.9%
6	61	341,768	1,452,905	7,335,051	1,966,050	5,369,001	5,990,349	80.2%
7	62	341,768	1,826,216	7,808,834	2,279,610	5,529,224	6,211,932	62.5%
8	63	341,768	2,239,955	8,288,334	2,587,489	5,700,845	6,431,223	50.4%
9	64	341,768	2,694,798	8,774,454	2,888,780	5,885,674	6,649,387	41.7%
10	65	<b>341,768</b>	<b>3,191,877</b>	<b>9,268,803</b>	<b>3,182,511</b>	<b>6,086,292</b>	<b>6,868,205</b>	<b>35.2%</b>
11	66	-	3,395,039	9,186,016	3,128,290	6,057,726	6,757,676	29.9%
12	67	-	3,625,744	9,117,200	3,067,288	6,049,912	6,657,079	25.8%
13	68	-	3,884,145	9,062,517	2,998,731	6,063,786	6,566,913	22.6%
14	69	-	4,169,977	9,021,871	2,921,878	6,099,993	6,487,513	20.1%
15	70	-	4,483,036	8,995,488	2,835,885	6,159,603	6,419,571	18.0%
16	71	-	4,644,975	8,983,022	2,739,735	6,243,287	6,410,769	16.5%
17	72	-	4,812,227	8,980,610	2,636,398	6,344,212	6,414,105	15.2%
18	73	-	4,984,946	8,988,181	2,525,413	6,462,768	6,429,692	14.1%
19	74	-	5,163,700	9,005,893	2,406,399	6,599,494	6,457,722	13.2%
20	75	-	<b>5,348,895</b>	<b>9,033,809</b>	<b>2,278,983</b>	<b>6,754,826</b>	<b>6,498,330</b>	<b>12.4%</b>
21	76	-	5,540,870	9,071,914	2,142,809	6,929,105	6,551,586	11.7%
22	77	-	5,739,927	9,119,921	1,997,512	7,122,409	6,617,299	11.2%
23	78	-	5,946,240	9,177,480	1,842,831	7,334,649	6,695,200	10.7%
24	79	-	6,160,073	9,244,173	1,678,480	7,565,693	6,784,940	10.3%
25	80	-	6,381,403	9,319,263	1,504,258	7,815,005	6,885,886	9.9%
26	81	-	6,611,010	9,402,940	1,319,979	8,082,961	6,998,111	9.6%
27	82	-	6,825,755	9,496,043	1,125,495	8,370,548	7,128,693	9.3%
28	83	-	7,047,885	9,598,387	920,688	8,677,699	7,271,574	9.1%
29	84	-	7,276,910	9,708,241	705,529	9,002,712	7,425,170	8.8%
<b>30</b>	<b>85</b>	-	<b>7,511,610</b>	<b>9,824,916</b>	<b>480,039</b>	<b>9,344,877</b>	<b>7,589,105</b>	<b>8.7%</b>
31	86	-	7,752,515	9,949,775	244,219	9,705,556	7,764,601	8.5%
32	87	-	7,998,671	10,082,520	-	10,082,520	7,950,674	8.3%
33	88	-	8,248,831	10,222,644	-	10,222,644	8,024,124	8.1%
34	89	-	8,502,187	10,370,154	-	10,370,154	8,104,109	7.9%
35	90	-	8,756,801	10,523,086	-	10,523,086	8,189,180	7.7%
36	91	-	9,011,802	10,680,695	-	10,680,695	8,278,824	7.5%
37	92	-	9,267,674	10,841,837	-	10,841,837	8,371,770	7.3%
38	93	-	9,525,999	11,006,056	-	11,006,056	8,467,139	7.2%
39	94	-	9,787,128	11,171,553	-	11,171,553	8,563,039	7.0%
40	95	-	<b>10,054,368</b>	<b>11,337,650</b>	-	<b>11,337,650</b>	<b>8,657,910</b>	<b>6.9%</b>

Insured: Male 55 Std NS / Policy: Whole Life Par @ 5.25% (QC)

(1) Net to Estate = CDA + [(Face - CDA) x (1 - 48.7%)] - [CV x 26.65%]

(2) Hurdle Rate = Pre-Tax Passive Income Equivalent (See analysis)

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For discussion only, please review carrier illustration / E&OE