

The Universal Life Investment Loan Plan



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The Universal Life Investment Loan Plan from BMO® Insurance is designed specifically to:

- Reduce the expenses of permanent insurance protection
- Provide immediate access to funds in the policy for Investment Capital
- Provide a guaranteed, tax-deferred 8% rate of return on the loan balance
- Charge a guaranteed 10% interest rate on the borrowed money
- Provide a tax deduction on the annual policy loan interest payment

Here's how it works

- Anytime after the first deposit, the policy owner can request a loan of up to 90% of the Net Cash Value of the plan tax-free. (Policy loans up to the Adjusted Cost Basis are tax-free and this borrowed money can be reinvested to reduce the overall cash outlay for the insurance.) Upon approval, the money is borrowed at a guaranteed 10% loan interest rate.
- At the same time, a transfer of an equivalent amount is made from the policy investment accounts into a Collateral Loan Account within the policy, earning a guaranteed 8% interest, tax-deferred.
- On each policy anniversary, the owner pays the 10% interest on the outstanding loan balance. The 8% interest earned on the Collateral Loan account is paid into the Daily Interest Account within the policy.
- The policy loan may be used for personal or business investment purposes, in which case, the owner may also qualify for a tax deduction on the loan interest paid. (It is strongly recommended that you acquire professional accounting, legal and/or tax advice if you will be deducting the interest payment.)

Investment Policy Loan

An Investment Policy Loan of up to 90% of the Net Cash Value is available. When approved, an amount equal to the Loan will be transferred to the Collateral Loan Account. Interest charged on the Investment Policy Loan, at a guaranteed annual rate of 10%, is payable on each policy anniversary.

Maximum Loan Amount

The maximum allowable loan amount is 90% of the Net Cash Value of the policy.

Collateral Loan Account

When approved, an amount equal to the Investment Policy Loan will be transferred to the Collateral Loan Account. Interest earned on the Collateral Loan Account, guaranteed at an annual rate of 8%, will be credited to the Daily Interest Account. The money in the Collateral Loan Account may not be withdrawn, transferred out or used to pay for monthly deductions. This account is intended solely for the purpose of securing the outstanding loan balance.

Issue Ages

0-80 (Age nearest birthday)

Minimum Face Amount

\$ 50,000

Minimum Premium

\$25,000 per year for 3 years, planned premium

Rate Bands

\$50,000 - \$99,999

\$100,000 +

Monthly Deductions

Guaranteed \$12 Monthly Administration Fee (payable to age 100)

Guaranteed Monthly Cost of Insurance

Additional Riders or substandard extras, if applicable

Coverage Types

Single Life – a single life coverage is the basic available coverage type.

Multi-Life (Joint First-to-Die) – up to five lives can be covered and this coverage pays the death benefit upon first death of the lives insured.

Multi-Life (Joint Last-to-Die) – up to five lives can be covered and this coverage pays the death benefit upon last death of the lives insured. The Special Death Benefit can be elected only at the time of policy issue on a Joint Last-to-Die policy. The amount of the payout varies by coverage type (Single or multi-coverage) and Death Benefit Option chosen.

Multi-Coverage – up to six coverages of the same coverage type (Single Life or Multi-Life) can be included under one multi-coverage policy. You can have up to 6 single lives or you have the potential of up to 30 joint lives (6 coverage of up to 5 joint lives each) on one policy.

Cost of Insurance (COI) Option

Yearly Renewable Term COI – rates are guaranteed for the life of the contract and increase based on the attained insurance age of the insured. After age 100 the Cost of Insurance is zero.

Level COI – rates are guaranteed to stay level for the life of the contract. After age 100 the Cost of Insurance is zero.

Investor Maximizer

Investor Maximizer is intended to maximize the fund value by adjusting the Sum Insured in order to maintain the tax-exempt status and is available with YRT COI only. When deposits cease, face reductions may start on the 5th policy anniversary.

Investment Bonus

Guaranteed Investment Bonus – As long as the policy remains in force this guaranteed bonus will be paid every year starting on the sixth policy anniversary.

All Indexed Accounts	Year 6+	1.5% x (average account value during the policy year)
Daily and Guaranteed Interest Accounts	Year 6+	The lesser of: 1% of the average account value during the policy year; or (15% of earned rate) x (average account value during the policy year)

Death Benefit Options

Sum Insured – the death benefit is equal to the greater of the Sum Insured and the Fund Value.

Sum Insured plus Fund Value – the death benefit is equal to the total of the Sum Insured plus the Fund Value.

Sum Insured plus Multi Fund Value – the death benefit is equal to the total of the Sum Insured plus the Total Fund Value.

Riders

- Term 10, Term 20 & Term 30
- Additional Term 10, Term 20 & Term 30
- Annual Renewable Term
- Term 100 Rider
- Children's Term Rider
- Disability Waiver of Premium Rider
- Payor Waiver of Premium Rider
- Business Guaranteed Insurability Option Rider
- Accidental Death Benefit Rider
- Joint Last-to-Die Conversion Rider
- Joint Last-to-Die Special Death Benefit Rider
- Critical Illness Rider – Living Benefit 10, 20, 75 and 100

Range of Investment Options

Daily Interest Account (DIA) – (90% of 91 day T-Bill rate less 1.70%), subject to a minimum of 1%.

Guaranteed Interest Accounts (GIA) – 5 and 10 year terms (90% of equivalent term Gov't of Can. Bond less 1.25% subject to a minimum of 0.25% for 5 year term and 1.00% for 10 year term).

Collateral Loan Account – Equal to the amount of any outstanding Investment Policy Loan, the CLA earns interest equal to a guaranteed annual rate of 8%. Interest earned is credited to the Daily Interest Account.

Market Indexed Accounts – linked to the change in value of specified market indexes, currently: American Equity Index (S&P500), American Small Cap Equity Index (Russell 2000), Asia Equity Index (MSCI Hong Kong and MSCI Japan, equally), Bond Index (Scotia Capital Markets Universe Index), Canadian Equity Index (S&P/TSE60), Canadian Financial Services Index (S&P/TSX Canadian Financial Services Index), Canadian REIT Index (S&P/TSX Canadian REIT Index), European Equity Index (Dow Jones Euro Stoxx 50 Index) and U.S. Technology Index (Nasdaq 100).

The maximum daily BMO Insurance management fee on each Market Indexed Account is 0.0089% which equates to 3.25% (approx.) on an annual basis. Current management fees range from 3.00% to 3.25% (approx.) on an annual basis. Refer to the listing of Investment Options.

Managed Indexed Accounts – linked to the net rate of return of designated funds from select Canadian mutual fund companies – AGF Management, BMO Guardian Funds, CI Mutual Funds, Counsel Wealth Management, Dynamic Mutual Funds, The Ethical Funds Company, Fidelity Investments Canada, Franklin Templeton Investments, IA Clarington, Invesco Canada, Mackenzie Investments, Manulife Mutual Funds, Renaissance Investments and SEI Investments Canada.

The maximum daily BMO Insurance management fee on each Managed Indexed Account is 0.0068%, which equates to 2.5% (approx.) on an annual basis. Current management fees range from 2.00% to 2.50% (approx.) on an annual basis. Refer to the listing of Investment Options.

Managed Portfolio Indexed Accounts – linked to the net rate of return of fund portfolios reflecting the investment expertise of BMO Insurance, BMO Guardian Funds, CI Mutual Funds, Counsel Wealth Management, Dynamic Mutual Funds, Invesco Canada, Optima Strategy Fund and SEI Investments.

The maximum daily BMO Insurance management fee on each Managed Portfolio Indexed Account is 0.0068%, which equates to 2.5% (approx.) on an annual basis. Current management fees range from 2.25% to 2.5% (approx.) on an annual basis.

Custom Portfolio Indexed Accounts – linked to the net rate of return of designated available mutual funds from other mutual fund companies.

The maximum daily BMO Insurance management fee on each Custom Portfolio Indexed Account is 0.0075% which equates to 2.75% (approx.) on an annual basis.

BMO Insurance daily management fees will be deducted from all Indexed Accounts.

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Cash Surrender Value

The Policy Cash Surrender Value is equal to the Fund Value reduced by any Surrender Charges, all Policy Loans (including interest) and any Market Value Adjustment that may apply. The Surrender Charges are equal to the Cash Factors times the First Year Minimum Premium.

YRT		Level	
Policy Year	Cash Factor	Policy Year	Cash Factor
1	200%	1	100%
2	300%	2	150%
3	400%	3	150%
4	300%	4	100%
5	250%	5	50%
6	200%	6+	0%
7	175%		
8	150%		
9	75%		
10+	0%		

Side Account

The Side Account temporarily holds excess premiums and funds transferred from any Investment Account in order to maintain the policy's tax-exempt status. It is important to remember that any interest earned in the Side Account is taxable and reported yearly.

Disability Benefit Payout

We will pay a lump sum Disability Payout Benefit of up to the Cash Surrender Value upon receipt of acceptable evidence of disability as defined in the policy contract.

To find out more about BMO Insurance products, please call your MGA, contact the BMO Insurance regional sales office in your area or call 1-877-742-5244.

Ontario Region

1-800-608-7303

Quebec – Atlantic Region

1-866-217-0514

Western Region

1-877-877-1272

BMO Insurance

60 Yonge Street, Toronto, ON, Canada M5E 1H5

1-877-742-5244

