

# 2024 Performance Bonus Rate for “Closed Block”<sup>1</sup> Wealth Accelerator policies submitted on or before October 30, 2020

## Investment strategy update

Effective May 1, 2024, we are adjusting the investment strategy for BMO Insurance **Whole Life Wealth Accelerator policies submitted on or before October 30, 2020** (“Closed Block”).

For this group of policies, BMO Insurance will be allocating investments based on the new conservative income portfolio. This change in the investment strategy will gradually be reflected in the Performance Bonus Rate as new deposits and maturing existing positions are invested into the new portfolio.

There is no immediate change to the Performance Bonus Rate credited to your policy as result of the above change. You can expect over time that the rate may differ from the rate credited to other policies.

## Who is affected?

The change will affect all BMO Insurance Whole Life Wealth Accelerator policies submitted on or before October 30, 2020 and have been settled.

Policies with BMO Insurance Whole Life Wealth Accelerator plan option submitted on or after November 2, 2020 will not be affected.

## Why are we doing this?

We changed investment strategy to better align the investments supporting the Performance Bonus Rate taking into account the long-term sustainability of policy values of BMO Insurance Whole Life Wealth Accelerator policies in the “Closed Block.”

## Performance Bonus Rate

The Performance Bonus Rate for BMO Insurance Whole Life Wealth Accelerator Closed Block will be 5.50% effective May 1, 2024 to April 30, 2025. We will apply this rate on the policy anniversary to calculate the Performance Bonus and purchase additional “paid-up” insurance coverage (or a “Paid-Up Addition”) which increases the amount of the death benefit and cash value available on the policy at *no additional cost above the premiums due for the basic coverage*.

## How we determine the Performance Bonus Rate

The Performance Bonus Rate takes into account the rate of return of a portfolio<sup>1</sup> of fixed income investments and enhanced equity investments designed to target higher overall portfolio yields. To reduce the year-to-year fluctuations (i.e. volatility) of the Performance Bonus Rate, BMO Insurance uses a smoothing formula with a goal of generating more stable, long-term returns.

The Performance Bonus Rate is guaranteed to never be negative.



## Guaranteed Performance Bonus Rate

The Performance Bonus Rate can change from year-to-year but will never be negative.

## Historical Performance Bonus Rate

Performance Bonus Rate effective date	Performance Bonus Rate
May 1, 2017 – April 30, 2018	5.50%
May 1, 2018 – April 30, 2019	5.75%
May 1, 2019 – April 30, 2020	5.75%
May 1, 2020 – April 30, 2021	5.75%
May 1, 2021 – April 30, 2022	5.50%
May 1, 2022 – April 30, 2023	5.50%
May 1, 2023 – April 30, 2024	5.50%
May 1, 2024 – April 30, 2025	5.50%

## Investment objective

BMO Insurance Whole Life Wealth Accelerator Closed Block tracks the performance of a notional portfolio of derivatives and fixed income securities.

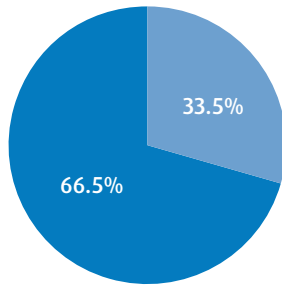
The fixed income portion of the notional portfolio consists of high-quality investment grade bonds. The enhanced equity portion of the notional portfolio consists of derivatives that track the performance of low volatility Canadian and U.S. market indices.

## NEW Asset Exposure Composition

The notional portfolio is based on an asset exposure mix of:

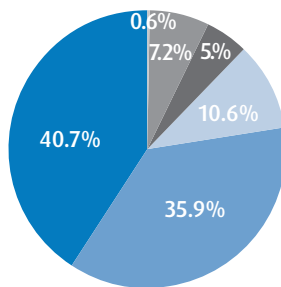
- Fixed income investments managed by BMO Asset Management Inc. and indexed to the yield of BMO Long Corporate Bond Index ETF (ZLC) and BMO Long Federal Bond Index ETF (ZFL) [target 80%-100%]; and
- Enhanced equity investments managed by BMO Capital Markets with returns indexed to the Low Volatility TSX (TXLV) and S&P500 (SP5LVI) market indexes [target 0%-20%].

### Asset Exposure\*\*



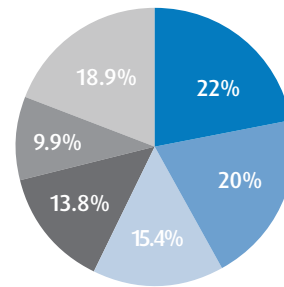
- Fixed Income
- Enhanced Equity

### Fixed Income Exposure\*\*



- Infrastructure
- Energy
- Communication
- Financials
- Industrials
- Real Estate

### Enhanced Equity Exposure\*\*



- Consumer Staples
- Utilities
- Financials
- Healthcare
- Industrials
- Other

\*\*As of December 31, 2023

## Backed by Expertise

The assets held for BMO Insurance Whole Life policies form part of the general assets of BMO Insurance and are managed in partnership with BMO Asset Management Inc.<sup>2</sup> and BMO Capital Markets.

BMO Asset Management Inc., BMO Capital Markets and BMO Insurance are members of BMO Financial Group, one of the largest diversified financial services providers in North America with \$1.29 trillion in total assets as at October 31, 2023.

### BMO Asset Management Inc.

BMO Asset Management Inc. is part of BMO Global Asset Management, a global investment manager with offices in three locations, delivering service excellence to clients across Canada

BMO Asset Management Inc. is one of Canada's leading issuers of ETFs with over \$95.53 billion in ETF managed assets as of December 31, 2023.

### BMO Capital Markets

BMO Capital Markets is a leading, full-service financial services provider. They offer corporate and investment banking, treasury management, as well as research and advisory services to clients around the world.

BMO Capital Markets Global employs approximately 2,700 professionals in 33 locations around the world, including 18 offices in North America. Their top-ranked equity, economic and corporate debt research is widely recognized for its high quality and independence.

### BMO Insurance

As a member of the BMO Financial Group, BMO Insurance is founded on a legacy that extends back to 1817. This proven history of financial strength lets us stand behind our insurance products by offering flexible coverage options, comprehensive benefits and competitive prices. A.M. Best Company gives us a Financial Strength Insurer Rating of A<sup>3</sup>, recognizing our excellent ability to meet our obligations.



Partnering with BMO Asset Management and BMO Capital Markets, BMO Insurance provides clients with equity exposure that is combined with a strategy to help reduce any downside risk when markets are weak.

# Our Commitment to You

BMO Life Assurance Company, a part of BMO Financial Group, appreciates the opportunity to help you meet your financial needs. We are committed to respecting and protecting your privacy and confidentiality of the personal information you have entrusted to us. It is important for you to understand what information we will collect, how we will use it, and who may see it.



To view our full privacy policy, please visit the privacy section at [bmoinsurance.com](https://bmoinsurance.com)

**For more information about BMO Insurance or our products, please consult with your insurance advisor or contact us at:**



**1-877-742-5244**



**[bmoinsurance.com](https://bmoinsurance.com)**



<sup>1</sup>The "Closed Block" represents BMO Insurance Whole Life Wealth Accelerator policies that were submitted prior to October 30th, 2020.

<sup>2</sup>As part of a BMO Life Assurance Company policy, you do not own a legal interest in any security or fund.

<sup>3</sup>BMO Global Asset Management is the brand name for various affiliated entities of BMO Financial Group that provide investment management, retirement, and trust and custody services. BMO Global Asset Management comprises BMO Asset Management Inc., BMO Investments Inc., BMO Asset Management Corp., BMO Asset Management Limited and BMO's specialized investment management firms.

<sup>4</sup>Rating as of December 15, 2023. Subject to change. After a comprehensive quantitative and qualitative review of the company's balance sheet, operating performance and business profile, A.M. Best Company awarded BMO Life Insurance Company a Financial Strength Rating – Insurer of A, indicating our excellent ability to meet our ongoing insurance policy and contract obligations. For more information, see the Guide to Best's Financial Strength Rating – Insurer at [Ambest.com](https://www.ambest.com).

The information in this publication is intended as a summary of our products and/or services and may include projected values based on a set of assumptions. Actual results may not be guaranteed and may vary. Please consult the appropriate policy contract for details on the terms, conditions, benefits, guarantees, exclusions and limitations. The actual policy issued governs. Each policyholder's financial circumstances are unique and they must obtain and rely upon independent tax, accounting, legal and other advice concerning the structure of their insurance, as they deem appropriate for their particular circumstances. BMO Life Assurance Company does not provide any such advice to the policyholder or to the insurance advisor.

Insurer: BMO Life Assurance Company