

The Performance Bonus on BMO Insurance Whole Life



Simple. Clear. Backed by Expertise.



About the Plan

BMO Insurance Whole Life is a non-participating permanent life insurance plan offering an increasing death benefit with guaranteed cash values and level premiums payable for 10 years, 20 years or until age 100, after which time the policy becomes fully paid up.

The increasing death benefit (above the basic coverage) is provided by an annual Performance Bonus that BMO Insurance automatically uses to purchase additional “paid-up” life insurance coverage (or Paid-Up Additions).

Performance Bonus

Each year, BMO Insurance calculates a Performance Bonus on each policy anniversary using a Performance Bonus Rate that we declare annually. We then automatically use the Performance Bonus to purchase additional “paid-up” life 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.*



It's simple

BMO Insurance uses a simple formula to calculate the Performance Bonus for each policy: we multiply the Performance Bonus Rate that we declare for that policy year by the sum of the Guaranteed Cash Value of the basic coverage plus the Additional Payment Balance (if any).

Performance Bonus
= Performance Bonus Rate X (Guaranteed Cash Value for the basic coverage + Additional Payment Balance, if any)



It's clear

The Performance Bonus is based on:

a) the Guaranteed Cash Value of the basic coverage and b) any additional payments you choose to make above your contractual premiums.

BMO Insurance declares the Performance Bonus Rate annually, in advance, and is effective May 1st of that year.

The Performance Bonus Rate, which BMO Insurance guarantees will never be negative.

Performance Bonus Rate

- guaranteed to never be negative



It's backed by expertise

The strategy behind the plan combines the expertise of BMO Insurance together with BMO Asset Management and BMO Capital Markets. Together, these companies are members of BMO Financial Group, one of the largest diversified financial services providers in North America.

While the premiums paid into BMO Insurance Whole Life policies form part of the general assets of the company, the return used to determine the Performance Bonus Rate is based on a crediting strategy which assumes that all of the premiums net of expenses are allocated to cash and fixed income.

A large portion of the net yield credited on the fixed income investments made by BMO Insurance is retained. The remainder of the net yield credited is used to purchase long duration call options on equity market indices. The returns from these call options plus the returns from fixed income investments are used to determine the total return that affects the Performance Bonus Rate that BMO Insurance declares.

Plus, BMO Insurance reduces the volatility of the Performance Bonus Rate by using a smoothing formula with the goal of providing stable, long-term returns for our policy owners.

What's more, unlike some other similar products available in the marketplace, the insurance company's expenses, lapse and mortality experience do not impact returns. These factors can add layers of complexity when determining what return policy owners can expect to receive.

With the BMO Insurance Whole Life, all of these other factors (including mortality improvements) have been priced into the plan. The Performance Bonus Rate is based on long term investment performance of fixed income investments and equity market returns, not the current profitability of the BMO Insurance Whole Life block of business or the insurance company itself.

Factors used in the calculation of the Performance Bonus Rate:

- net yield credited from fixed income
- return from call options on equity market indices
- smoothing formula to reduce year-to-year volatility

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

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



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