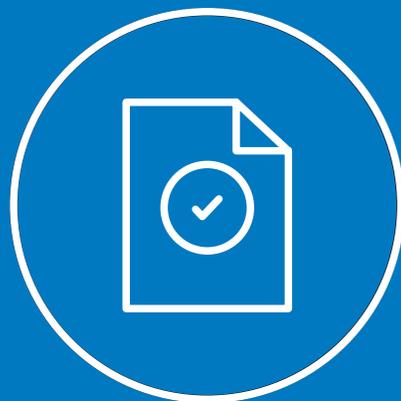
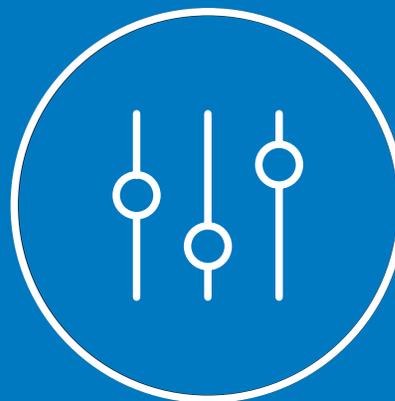


# Your Guide to BMO Insurance Whole Life



**Simple.**



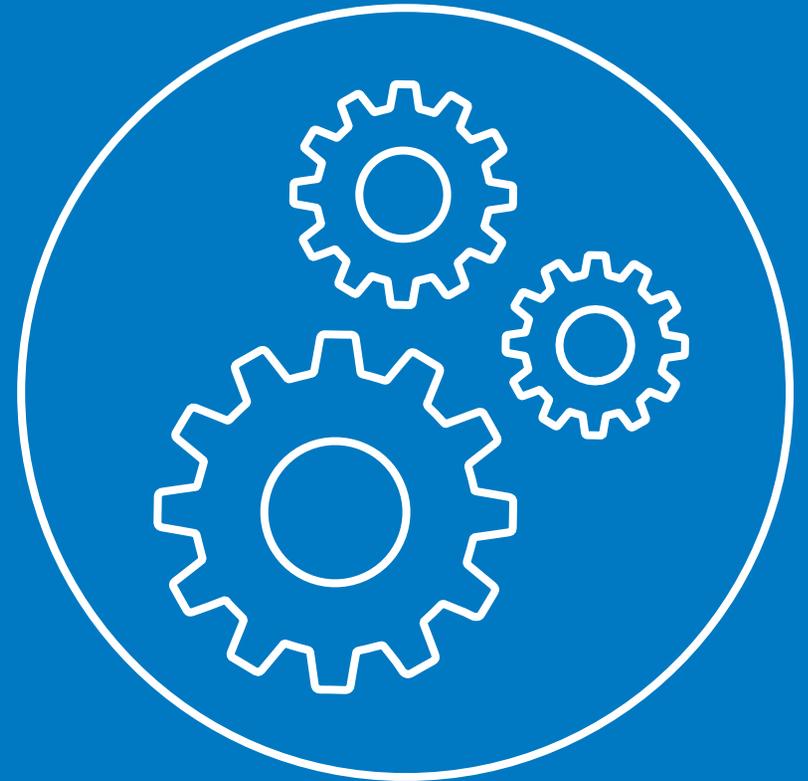
**Flexible.**

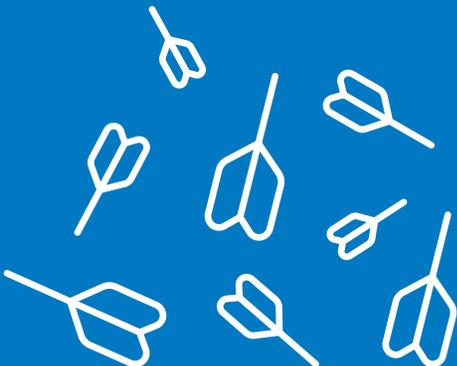


**Guaranteed.**

# How it Works

Introduction	3
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# Life's unpredictable. Whole life insurance doesn't have to be.

That's why we designed **BMO Insurance Whole Life**.  
It's simple, flexible and guaranteed.



## Simple.

The plan has a straightforward design.



## Flexible.

You have multiple options to adjust your coverage, if your financial situation changes.



## Guaranteed.

The plan has several guarantees to help give you more financial confidence.

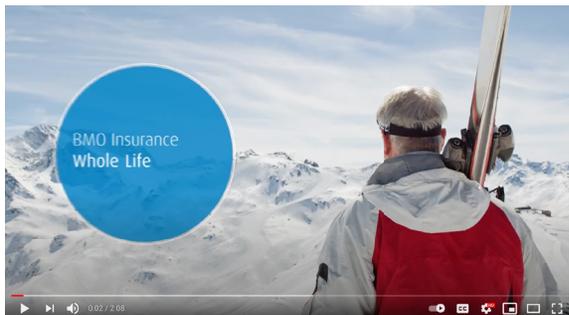
# Plan Overview



## It's simple and straightforward

BMO Insurance Whole Life offers permanent life insurance protection. It can be ideal for individuals who want guaranteed level premiums, a guaranteed death benefit and a guaranteed cash value that increases over time. Premiums are payable for 10 years, 20 years or until age 100 of the life insured.

Each year, you are eligible to receive a Performance Bonus that is used to automatically add paid-up insurance (or Paid-Up Additions) to your policy. This, in turn, increases the death benefit and cash value.



### BMO Insurance Whole Life

Discover how BMO Insurance Whole Life works by watching this short video.

[↗ Watch now](#)



## Flexibility – just in case

The following options are available, just in case your circumstances change:

- **Additional Payment Option** maximizes the tax-deferred growth of the cash value and can also help pay-up the policy sooner.
- **Premium Switch Option** allows you to lower your premiums and extend how long you pay premiums, without affecting the amount of your basic coverage.
- **Reduced Paid-Up Insurance Option** allows you to stop paying premiums by having the death benefit reduced.
- **Policy loans** offer you the flexibility of using the policy's cash value to pay premiums (an Automatic Premium Loan) or access funds for lifestyle purposes.
- **Premium Offset** allows you to stop paying premiums and have the amounts deducted from the cash value of your policy.



## Guarantees – for more predictability

Having strong guarantees in your life insurance policy can provide you with more assured outcomes. BMO Insurance Whole Life policies includes the following:

- **Three guaranteed premium options:** 10 Pay, 20 Pay and Pay to Age 100.
- **Guaranteed cash value** that increases over time.
- **Guaranteed death benefit** equal to the initial amount of your coverage.
- **Performance Bonus** that automatically adds paid-up insurance to the policy. The Performance Bonus Rate used to calculate this bonus is guaranteed to never be negative.

## BMO Insurance Health Advocate™ Plan

With BMO Insurance Whole Life, you also have access to the **BMO Insurance Health Advocate Plan**, an industry leading comprehensive assistance service – at no additional cost<sup>1</sup>.

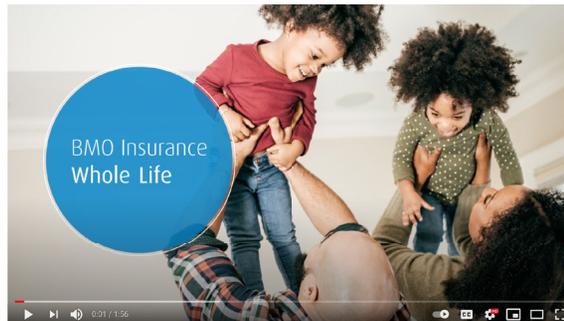


[↗ Watch now](#)

## Plan Options

BMO Insurance Whole Life has two plans:

- **BMO Insurance Whole Life Estate Protector** offers long-term cash values and death benefit growth, which can be a great fit for estate planning scenarios.
- **BMO Insurance Whole Life Wealth Accelerator** offers a higher cash value in the early years, which can be ideal if you need more upfront liquidity from your life insurance policy.



[↗ Watch now](#)

<sup>1</sup>Beyond premiums for the basic coverage. Ask your insurance advisor for complete details.

# Performance Bonus

Each year, you are eligible to receive a Performance Bonus that automatically adds “paid-up” insurance coverage to your policy. This increases the death benefit and cash value at no additional cost above the premiums due for the basic coverage.

## How the Performance Bonus is calculated

The **Performance Bonus** is calculated on each policy anniversary using a Performance Bonus Rate that’s declared annually. This Performance Bonus Rate can change from year-to-year but will never be negative.

Performance Bonus =

$$\begin{array}{ccc}
 \text{Performance Bonus Rate} & \times & \text{Guaranteed Cash Value} \\
 & & + \text{Additional Payment Balance, if any}
 \end{array}$$

The Guaranteed Cash Value is stated in your policy contract and the Additional Payment Balance depends on the amount of the Additional Payments you’ve decided to make.



[Watch now](#)

For more information, please visit [bmoinsurance.com](http://bmoinsurance.com).

## Eligibility

All BMO Insurance Whole Life policyowners are eligible to receive a Performance Bonus every 12 months from the date that their policy was issued (also known as a “policy anniversary”).

## Factors that don’t impact the Performance Bonus

Unlike other plans available in the marketplace, the Bonus does not depend on how many claims we pay, expenses we incur or lapses we experience (i.e. the number of people that cash-in their policies). These factors are already accounted for and are guaranteed not to impact the Performance Bonus that you’re eligible to receive.



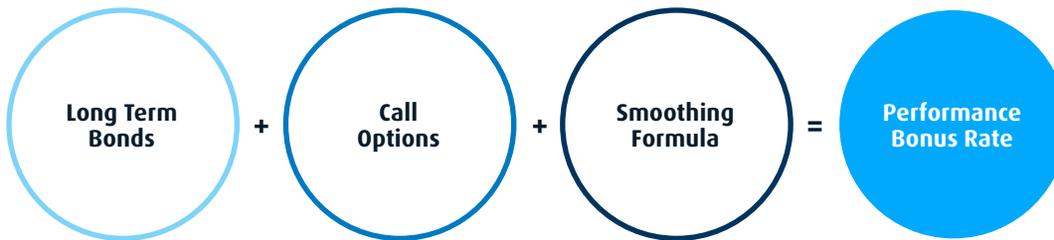
The Performance Bonus may vary from year-to-year, but will *never* be negative.

[Contact Us](#)

# Performance Bonus Rate

## How we determine the Performance Bonus Rate

The Performance Bonus Rate takes into account the rate of return of a portfolio<sup>2</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.



## Performance Bonus Rate (May 1, 2021 to April 30, 2022)

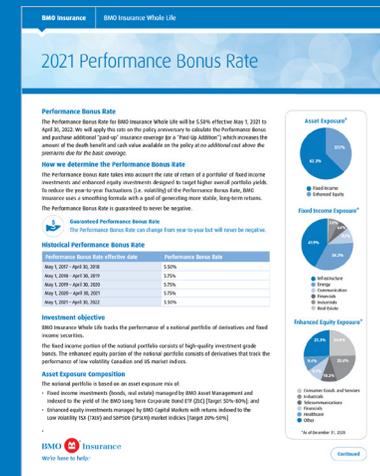
The Performance Bonus Rate for BMO Insurance Whole Life will be 5.50% effective May 1, 2021 to April 30, 2022. We will apply this rate on the policy anniversary to calculate the Performance Bonus and purchase additional “paid-up” insurance coverage (or a “Paid-Up Addition”) which increases the amount of the death benefit and cash value available on the policy at no additional cost above the premiums due for the basic coverage.

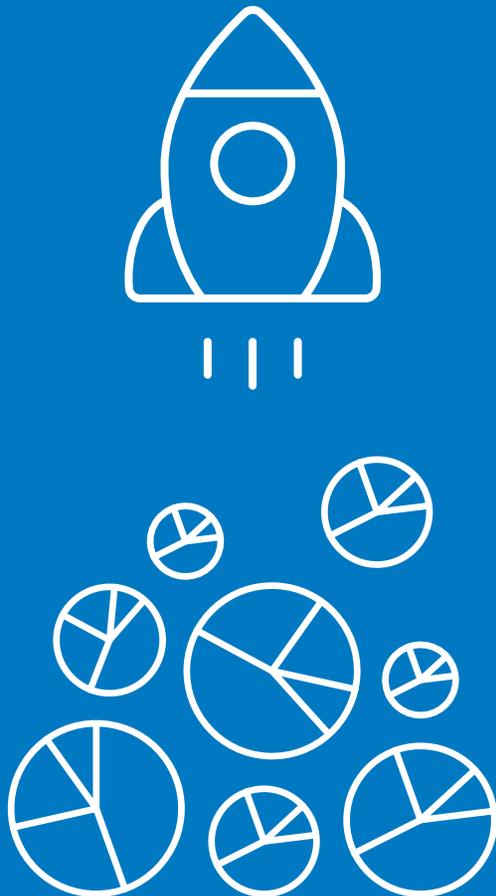
### Historical Performance Bonus Rate

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%

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

For more information, please visit [bmoinsurance.com](http://bmoinsurance.com).





## Investment Strategy

The investments supporting BMO Insurance Whole Life policies form part of the company's general assets and include two main components: fixed income exposure and enhanced equity exposure.

**The fixed income exposure** uses a buy and hold strategy; market fluctuations are not reflected in credited returns. Investments are in long-term corporate/investment grade bonds (AAA to BBB) with returns based on the portfolio yield.

**The enhanced equity exposure** returns combine call options with returns that are linked to the performance of low volatility indexes. For diversification, the performance of these low volatility indexes is linked to both the Canadian and US markets.



<sup>3</sup>As of December 31, 2020.

For more information, please visit [bmoinsurance.com](http://bmoinsurance.com).

## Fixed Income Exposure

The fixed income assets are part of our general account. We use a buy and hold strategy, so market value fluctuations are not reflected in credited returns.

Investments are in corporate/investment grade bonds (AAA to BBB) with credited returns based on bond coupons (portfolio yield) which generally increase with interest rates.

The BMO Long Term Corporate Bond ETF Yield to Maturity (YTM) provides you with a benchmark for estimating returns.

## Enhanced Equity Exposure

### Call Options

We purchase **long-term call options** which provide greater equity market exposure at a lower cost (compared to shorter term options). By selecting these longer period options, we seek to optimize returns and balance risk alongside the cost of these options.

Also, by using call options, we offer downside protection when markets are weak. We believe this approach is better than investing into actual assets since it limits potential losses to the option cost itself.

### Low Volatility Indexes

The complementary component of our investment strategy is to tie the options to **low volatility indexes**.

These low volatility indices measure the performance of a basket of the least volatile stocks that make up the given indices. Individual stocks are weighted relative

to the inverse of their corresponding volatility, with the least volatile stocks receiving the highest weights. They are usually re-balanced every calendar quarter – allowing them to respond quicker to changing market conditions. Furthermore, the use of the low volatility indices provides lower call option costs which allow for higher participation in these markets.

### Diversification

For **diversification**, the asset exposure on BMO Insurance Whole Life policies currently covers both the **Canadian and US markets** with returns indexed to the Low Volatility TSX (TXLV) and S&P 500 (SP5LVI) market indices.

Historically, these low volatility indices have typically outperformed their underlying broad market benchmarks on both an absolute and a risk-adjusted basis<sup>4</sup>. This has resulted in higher returns with less volatility than their parent benchmarks<sup>5</sup>.

**We believe that this approach will result in better value for our policy owners, a higher participation in the equity markets at a lower cost with the added benefit of downside protection.**

<sup>4</sup>Smita Chirputkar, Tianyin Cheng, Izzy Wang, Hamish Preston, Phillip Brzenk, S&P 500® Low Volatility Index: Five Decades of History (January 2020), accessed August 31, 2020.

<sup>5</sup>Past performance is not an indication of future performance.

## Asset Exposure Composition

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

- **Fixed income investments** (bonds, real estate) managed by BMO Asset Management and indexed to the yield of the BMO Long Term Corporate Bond ETF (ZLC) [Target 50%-80%]; 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 20%-50]

## Enhanced Equity Exposure (TXLV and SP5LVI) Sector Allocation

### December 31, 2020



Consumer Staples	21.0%
Industrials	20.6%
Telecommunications	10.2%
Financials	9.7%
Health Care	9.4%
Utilities	7.8%
Information Technology	7.3%
Real Estate	6.9%
Consumer Discretionary	3.8%
Materials	3.2%

### June 30, 2021



Financials	19.0%
Utilities	17.1%
Real Estate	15.1%
Consumer Staples	14.6%
Industrials	12.8%
Telecommunications	5.8%
Healthcare	4.7%
Information Technology	4.3%
Consumer Discretionary	3.8%
Materials	2.9%

For more information, please visit [bmoinsurance.com](http://bmoinsurance.com).



**By using these low volatility indexes which are usually re-balanced every calendar quarter – we can respond quicker to changing market conditions.**

# Who We Are

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# Our Expertise

As a member of 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>6</sup>, recognizing our excellent ability to meet our obligations.

As a member of BMO Financial Group and its Wealth Management operating group, BMO Insurance brings to you the financial strength and stability that comes from one of the most respected brands in Canada. Our insurance business has a solid history and reputation for being a trusted insurance provider for thousands of Canadians, including their families and businesses. Backed by the financial strength of BMO Financial Group and the legacy of our predecessor companies, BMO Insurance is confident that we can meet the financial obligations we make to all our policyholders.



**AM Best Rating**  
A (Excellent)<sup>6</sup>



## Important

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>7</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 \$949 billion in total assets as at October 31, 2020.

<sup>6</sup>Ratings as of October 25, 2020. Subject to change.

<sup>7</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.

# Our Partners

## **BMO Asset Management Inc.**

BMO Asset Management Inc. is part of BMO Global Asset Management, a global investment manager with offices in more than 25 cities in 14 countries, delivering service excellence to clients across five continents.

BMO Asset Management Inc. is one of Canada's leading issuers of ETFs with over \$74.2 billion in ETF managed assets as of December 31, 2020.

## **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 2,800 professionals in 33 locations around the world, including 19 offices in North America.

Their top-ranked equity, economic and corporate debt research is widely recognized for its high quality and independence.



**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:



**BMO Life Assurance Company,**  
60 Yonge Street, Toronto, ON M5E 1H5



**1-877-742-5244**



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