



rethink.

Is reduced paid-up an ideal solution for Par?

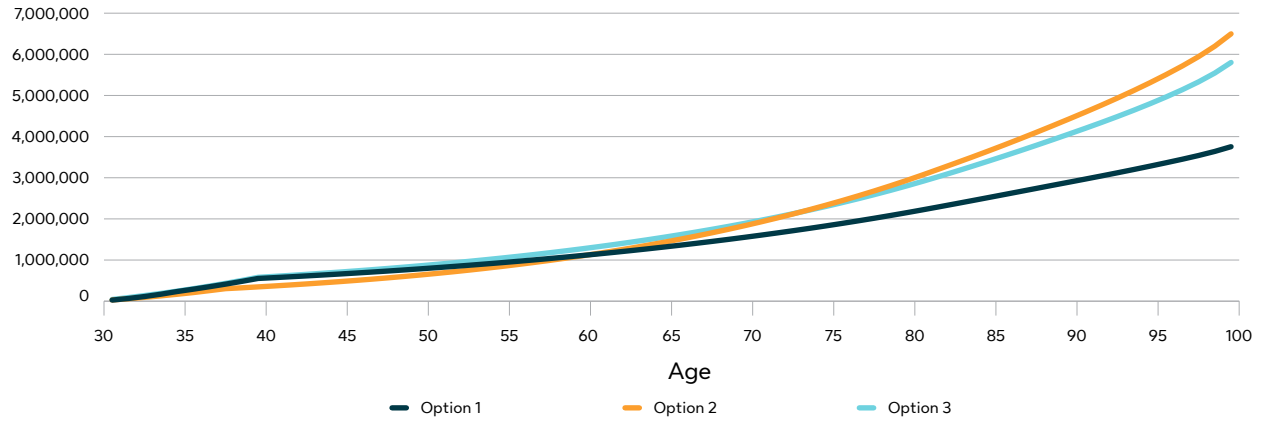
When clients purchase a Participating life insurance policy, they often consider options with premium payments for a set duration. A payment period commonly illustrated is 10 years, and three typical options for a 10 pay are:

- Option 1:** Guaranteed 20 pay with base premiums only and opting for reduced paid-up (RPU) in year 10, i.e., reducing the death benefit to have the policy considered to be paid-up after 10 years.
- Option 2:** Guaranteed 10 pay with base premiums only and using dividend option enhancement.
- Option 3:** Life pay with maximum Plus premiums (aka additional deposits) with offset in year 11.

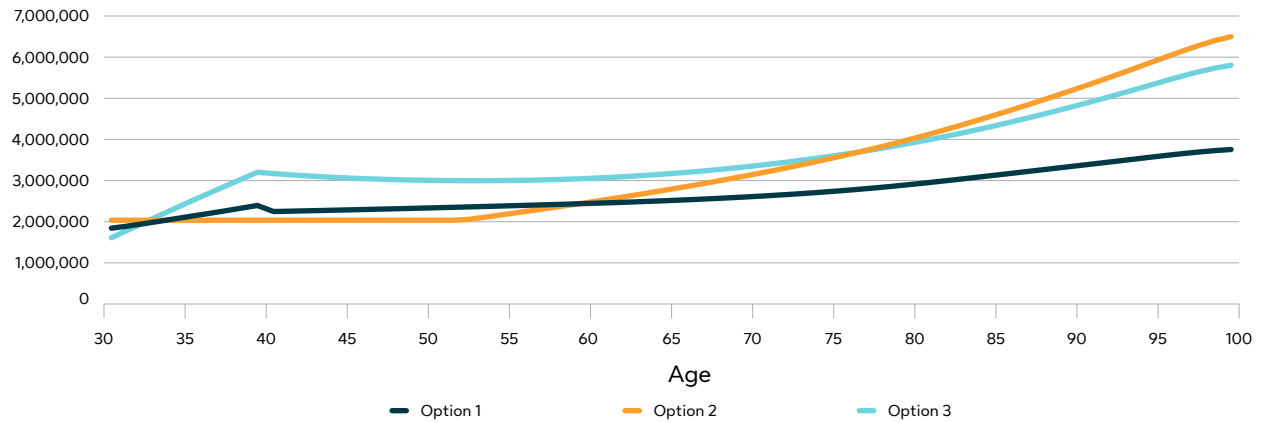
Case Study

A 30-year-old female is looking to pay \$50K/year for 10 years into a Sun Par Accumulator II illustrating at current dividend scale -1%. Let's compare the three options listed above.

Cash value



Death benefit



	Option 1 20 pay base only with RPU in year 10	Option 2 Guaranteed 10 pay with enhancement	Option 3 Life pay max Plus with offset in year 11
Guaranteed death benefit (DB)	\$1.82M at issue; \$1.67M after RPU	\$2.04M	\$1.43M
Cash values (CV)	Lowest after first 30 years with widening gaps to other options	Lowest for first 30 years, then gradually becomes the highest after 45 years	Highest for first 40 years, then a close second thereafter
Total DB	Much lower than life pay with offset in all years	Starts off the lowest and then becomes highest at life expectancy (LE)	Highest until retirement and then slightly lower than guarantee 10 pay
DB @ LE 85	\$3.11M	\$4.54M	\$4.29M
Internal rate of return (IRR) @ LE 85	3.7%	4.4%	4.3%
Ability to continue funding after year 10	No	No	Yes, no underwriting required for base premiums*
Paid-up additions (PUA) rates	Different for RPU, typically higher	Same as base	Same as base
Advisor Compensation	Highest	In between	Lowest

*No underwriting required on Plus premiums within 5 years of offset.

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Takeaway

Option 1 (20 pay with RPU) offers the highest advisor compensation but lowest values to the client for most years.

Option 2 (guaranteed 10 pay with enhancement) offers the highest guarantees and highest total DB after life expectancy.

Option 3 (life pay using max Plus premiums with offset) offers attractive CV and DB in almost all years, along with the most premium flexibility.

However, results may vary depending on each case so reach out to your Sun Life sales rep to compare the three options side-by-side in our new **Par RPU comparison** tool available for both personal and corporate-owned policies.

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