



# New Wave 24: Changes to New Universal Life plans effective July 1

## TRANSITION RULES

### Highlights

- New and improved crediting rate formula for Guaranteed Interest Accounts
- New minimum rate guarantees for Guaranteed Interest Accounts
- FIVE new BMO ETF Indexed Accounts
- Revisions to Guaranteed Market Indexed Accounts
- No changes to Compensation
- New Version of the Life & CI Application 126E (2012/07/01)

### Guaranteed Interest Accounts (GIA)

**With a view to the future, BMO® introduces the best GIA Crediting Rate Formula in the industry!**

When your clients are looking at 10 year GIA rates in the 2% range, these are clearly not normal times. Maybe what really matters is choosing a UL policy contract that promises better GIA returns when interest rates return to pre-recession levels.

Introducing BMO's GIA Crediting Rate Formula for **new** Wave 24 UL plan applications, received by Head Office on or after **July 3, 2012**:

Bonus Plans*	Low Fees Plans*
<b>90% of the yield on the related Government of Canada Bonds, minus 1.25%</b>	<b>90% of the yield on the related Government of Canada Bonds, minus 0.75%</b>

\*applicable to *Life Dimensions, UL Investment Loan Plan and LifeProvider plans*

**Compare our GIA crediting rate formula with other universal life providers<sup>1</sup>**

		Bonus Plans	Low Fees Plans
<b>BMO Insurance</b>	<b>LifeProvider</b>	<b>90% of ...less 1.25%</b>	<b>90% of ...less 0.75%</b>
<b>BMO Insurance</b>	<b>Life Dimensions</b>	<b>90% of ...less 1.25%</b>	<b>90% of ...less 0.75%</b>
Canada Life	<i>Millenium</i>	90% of ...less 2.00%	90% of ...less 1.50%
Empire	<i>Trilogy</i>	90% of ...less 1.75%	90% of ...less 1.50%
Equitable	<i>Equation</i>	90% of ...less 2.00%	90% of ...less 1.05%
IA	<i>Genesis</i>	90% of ...less 1.75%	90% of ...less 1.25%
Manulife	<i>Innovision</i>	90% of ...less 1.75%	90% of ...less 1.25%
RBC	<i>RBC UL</i>	90% of ...less 2.00%	90% of ...less 1.25%
Sun Life	<i>Sun UL</i>	90% of ...less 1.75%	90% of ...less 1.75%
Transamerica	<i>Estate Advantage</i>	90% of ...less 2.75%	90% of ...less 1.50%

<sup>1</sup> Companies surveyed: BMO Insurance, Canada Life, Empire Life, Equitable Life, Industrial Alliance, Manulife, RBC Insurance, Sun Life and Transamerica. The comparison was performed based on information believed to be reliable and in effect as of **March 9, 2012**. BMO Life Assurance Company is not liable for any errors or omissions in the information derived from third party sources.

## What does this improved crediting rate formula mean for your clients?

When applying the new Wave 24 crediting rate formula to historical GoC bond rates, the results show that a return to pre-recession GoC bond rates at 4%+ delivers a 10 year GIA rate of 3%+.

### New Wave 24 Crediting Rate Formula\*

10-Yr GoC Bond	Average rate	Bonus plans	Low Fees
2002	5.29	3.51	4.01
2003	4.79	3.06	3.56
2004	4.59	2.88	3.38
2005	4.05	2.40	2.90
2006	4.22	2.55	3.05
2007	4.25	2.57	3.07
2008	3.58	1.97	2.47
2009	3.29	1.71	2.21
2010	3.20	1.63	2.13
2011	2.78	1.26	1.76

\* including minimum guarantees

Source: Bank of Canada

## Changes to GIA Minimum Rate Guarantees

Historically low interest rates continue to pose challenges to guaranteed interest rate options in Universal Life plans. As a result, BMO Insurance is making the following changes to GIA Minimum Rate Guarantees and posted crediting rates on **new** applications for *Life Dimensions*, *UL Investment Loan Plan* and *LifeProvider* plans, received by Head Office on or after **July 3, 2012**.

- 1) For **new** Wave 24 UL plans, we anticipate posting the following GIA crediting rates for 5 and 10 year term GIAs:

#### Posted GIA Crediting Rates\* anticipated for **new** Wave 24 UL plans:

	Bonus Plans	Low Fees Plans
<b>5 Year GIA</b>	.75%	1.25%
<b>10 Year GIA</b>	1.25%	1.75%

\* subject to change and based on current market conditions

**Current posted crediting rates for new and inforce plans can be found on BMO InvestPRO.**

- 2) As a precaution, we are reducing the GIA minimum rate guarantees for 5 and 10 year term GIAs in **new** Wave 24 UL plans. This provides BMO Insurance some flexibility to move GIA crediting rates in the event interest rates and market conditions deteriorate further.

#### GIA Minimum Rate Guarantees:

	Bonus Plans	Low Fees Plans
<b>5 Year GIA</b>	0.25%	0.75%
<b>10 Year GIA</b>	1.00%	1.50%

Our universal life policy guarantees that the Daily Interest Account, at least one GIA and four Market Indexed Accounts will always be available investments.

## FIVE new BMO ETF Indexed Accounts are added to our line up!

BMO Investments has designed ETFs to offer your clients more choice and exposure to key markets. BMO Insurance is pleased to add the following BMO ETFs to our list of UL market indexed accounts.

If your clients are looking for exposure to Canadian Dividends or lower volatility Canadian equity, BMO now offers an option for you and more...

### See the fact sheets on BMO Investment PRO for:

- BMO Canadian Dividend ETF
- BMO Emerging Markets Bond Hedged to CAD Index ETF
- BMO Equal Weight US HealthCare Hedged to CAD Index ETF
- BMO Equal Weight US Banks Hedged CAD Index ETF
- BMO Low Volatility Canadian Equity ETF

## Revisions to Guaranteed Market Indexed Accounts (GMIA)

For applications received in our head office on or after July 3, 2012, the **GMIA minimum deposit allocation requirement** for Level COI plans will increase to \$20,000. YRT plans will continue to require a minimum of \$5,000. For pre-Wave 24 plans, the minimum deposit will continue to be \$5,000 regardless of the COI type.

## Wave 24 Illustration Software and BMO Investment PRO Changes

- Revisions to both GIA and GMIA investments will be reflected in Wave 24 illustrations.
- New ETF funds appear in the fund list - investment tab.
- Click on the "Crediting rates" button on the Universal Life investment tab to link directly to iPRO's GIA report of current crediting rates.
- The GMIA illustrator on iPRO contains updated 2011 reference rate information and also allows you to illustrate using variable participation rates.
- NEW Sample Contracts for all life and critical illness policies can be found in the Marketing Library on Wave 24. These new contracts reflect legislative changes that take effect July 1, 2012.

## New Version of the Life & CI Application 126E effective immediately

Revisions have been made to the Application for Life and Critical Illness Insurance 126E (2012/07/01) and is now available for order by contacting your MGA. For your convenience, the electronic versions on our website and The Wave illustration software system have been updated.

Please note we will continue to accept version 126E (2012/01/01) until July 31, 2012.

## TRANSITION RULES FOR WAVE 24

### Wave 23 applications will be accepted at our head office until June 29, 2012.

- Any new business applications or applications for term conversions that are received in our head office on or before June 29, 2012 will receive Wave 23 plans and rates.

### Any applications that are received in our head office on or after July 3, 2012 will receive the new Wave 24 plans and rates.

- A Wave 24 illustration will be required.
- Only original applications will be accepted - we will not accept faxed applications.
- Policies already settled cannot be exchanged or switched to the new plans.

### Electronic downloads of Wave 24 software are available at [www.bmoinsurance.com/advisorsupport](http://www.bmoinsurance.com/advisorsupport).

Wave 24 CDs will **not** be distributed. You may wish to install the software into a separate folder in order to continue to use Wave 23 software until the transition date.

To find out more about BMO Insurance products, please call your MGA or the BMO Insurance regional sales office in your area.

**Ontario Region**  
1-800-608-7303

**Quebec – Atlantic Region**  
1-866-217-0514

**Western Region**  
1-877-877-1272

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