

iA FINANCIAL LOAN vs BIG 5 BANK LOAN COMPARISON OF LOAN TERMS

OUR VIEW

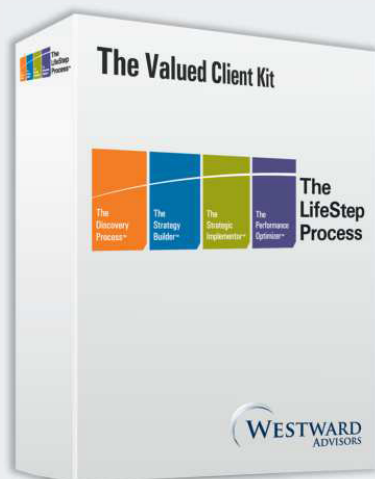
Collateral loan facilities secured primarily by the cash values of universal life insurance policies are now available from Canadian banks and becoming increasingly attractive in the current interest rate environment.

Refinancing an iA Financial loan with a Big 5 bank loan offers the opportunity to:

- Reduce interest payments;
- Increase after-tax cash flow;
- Achieve positive pre-tax cash flow;
- Require less taxable income to absorb interest deductions; and
- Access a higher loan to policy value ratio.

This Viewpoint compares the primary differences in loan terms that should be expected in a Big 5 loan commitment letter. In our view, the cash flow benefits of the Big 5 bank loan far outweigh any deterioration in loan terms.

For more information, clients can contact their Westward Account Manager.



The opinions expressed in this memorandum are strictly those of Westward Advisors Ltd. This memorandum is for information purposes only and is not legal or tax advice.

Term	Big 5 Bank Loan	iA Financial Loan
Term to Maturity	Demand loan	Ten-year term loan
Interest Rate	Banker's Acceptance rate + Stamp % (~2.0% in June 2021)	Policy rate + 1.5% (4.25% in 2021)
Interest Rate Changes	Upon maturity of Banker's Acceptance (usually every 30 – 90 days)	Adjusted each calendar year
Interest Payment Frequency	Selected Banker's Acceptance term (usually every 30 – 90 days)	Annually
Loan to Policy Value	100%	100%
Policy Value Date	End of policy year	Beginning of policy year
Collateral Security	Life insurance policy	Life insurance policy
Corporate Guarantee	General guarantee	Limited recourse guarantee
One-time Setup Fee	Approx. 0.2% of loan	\$250
Annual Reporting	Net worth, financial statements and tax returns	Not applicable
Annual Review Fee	From \$500- \$5,000	Not applicable