Premium Offset

When your policy starts to pay for itself

Your permanent life insurance policy may be more affordable than you think

When you purchase a permanent life insurance policy that issues dividends, those dividends can purchase additional insurance. When the value in the policy is high enough you may be able to use some of it to cover your future premium payments. This is called Premium Offset.

What is Premium Offset?

In its simplest terms, Premium Offset begins at the point we project that the values built up in the policy plus future dividends will be enough to offset future premiums. In essence, your participation in the profits of the policy can help pay for your premiums.

This feature uses a combination of the dividend payable at a policy anniversary, plus the surrender of a portion of the current balance of paid-up additions, to pay your yearly policy premium.

How does Premium Offset work?

Your policy can use dividends to increase the amount of its Face and Cash values. Some of that growth can be redirected to offset the cost of your premiums. So instead of constantly paying premiums from your pocket, you can use the value you've already built up in the policy to cover those costs.

It's like your insurance policy rewarding you for being a long-term customer by letting you tap into the values you've built up over time to help keep your premiums manageable.

Purchase a permanent participating life insurance policy that pays yearly dividends.

Elect to have yearly dividends purchase paid-up additions (PUA).

Continue to purchase paid-up additions every year until your policy has built up a sufficient amount.

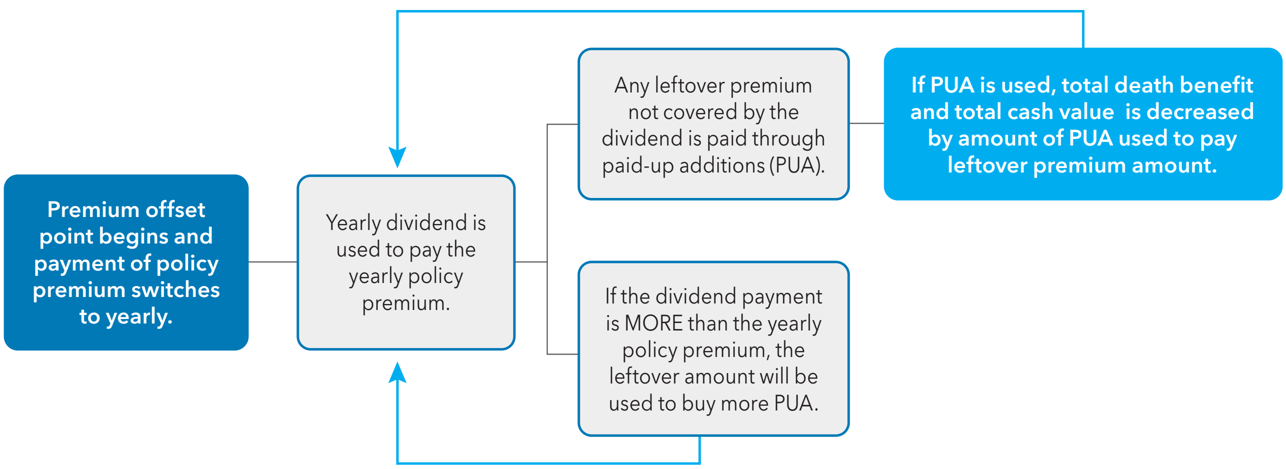
When does Premium Offset begin?

When you will reach the Premium Offset point depends on the specifics of your policy, changes you make to your policy and dividend performance.

Over time, assuming you have continued to add to your paid-up additions, and dividends continue to perform as expected, Premium Offset will begin when your policy reaches a point where the projected dividends plus the amount in the paid-up additions are enough to pay for your policy going forward. They must be enough to cover the cost of your premium payments for all future years.

Co-operators uses the current dividend scale in effect to illustrate future dividends*. Once Premium Offset begins, the Total Death Benefit and Total Cash Value will be decreased by any amount of paid-up additions surrendered to pay premiums.

Paid-up additions are an additional amount of insurance purchased with dividends. This additional insurance adds on to the death benefit of the policy and also has its own cash value and will earn its own dividend in future years. Paid-up additions are a way to allow your participating insurance to grow with time.



Is Premium Offset guaranteed?

No. Because the feature relies on dividends, which are not guaranteed, the Premium Offset point and the values after may change. If a reduction in dividend scale occurs, you may need to resume cash payment of premiums until a new offset point occurs.

How do I set up Premium Offset?

During periodic reviews of your policy, your advisor can let you know when the Premium Offset point is predicted to occur. Once your policy reaches that Premium Offset point, you will have to reach out to your advisor or broker to initiate**. If you choose to initiate Premium Offset, premium payment frequency will be changed to annual.

*When determining the Premium Offset point (at time of policy issue or at a later date), we use the then current dividend scale to project future dividends. The Dividend scale is reviewed annually and may change; therefore the Premium Offset point could change.
**Premium Offset is not a feature which can be elected at policy issue; it can only be requested once a policy reaches the Premium Offset point