



FLEX ACCOUNT

AT A GLANCE

Features:

- Universal Life insurance protection with maximum tax-deferred investment growth
- Express Account premiums on deposit feature
- Disability Benefit Payout
- Quarterly statements
- Substitution Of Life

Guaranteed:

- Exempt from accrual taxation
- Insurance Factor scales
- Fixed Administration Charge
- Rider and Benefit rates
- Minimum crediting rates
- No Lapse Guarantee

Issue Ages:

- Single life - 15 days to 85 years with a maximum Rated Up Age of 90
- Joint Last-to-Die (JLTD), JLTD Early Death Benefit or JLTD Charges To First Death - 15 days to 85 years with a maximum Single Equivalent Age (SEA) of 90
- Joint First-to-Die (JFTD) - 15 days to 80 years with a maximum SEA of 80
- JFTD Split Option - 15 days to 85 years
- JFTD Coverage On Death - 15 days to 85 years

Minimum Coverage:

- \$25,000 with a minimum premium of \$300 before Rider and Benefit costs

Sum Insured Patterns:

- Level, Increasing and Minimized

Maximize Accumulation Option:

- Available with Level or Increasing Sum Insured Patterns

Coverage Options:

- Return of Premium, Indexed (Fixed or Consumer Price Index) and Adjusted Cost Basis

Insurance Factor Scales:

- T100, Yearly Renewable Term - Performance (YRT-P), Yearly Renewable Term (YRT) and YRT With Switch To T100

Riders And Benefits:

- Flex 10, Additional Life Flex 10
- Flex 100, Additional Life Flex 100
- Children's Term Rider
- Waiver Of Designated Premium
- Accidental Death Benefit

Premium Payment Options:

- Lump sums at any time
- Monthly Pre-Authorized Chequing
- Annual direct billing

Bonus Plans:

- Performance Bonus Plan
1% to 2% beginning in the 5th policy year if the Average Credited Interest Rate is at least 5%
- Interest-Incentive Bonus Plan
Interest Bonus: 0.5% beginning in the 10th policy year if the Average Credited Interest Rate is at least 4%
Incentive Bonus: 0.75% to 2% first credited at the end of the 10th policy year and every five policy years thereafter

Investment Options:

- Daily Interest Account
- 1, 2, 3, 4, 5 and 10 year GIAs
- Bond Account
- Canadian Equity 300 Account
- European Account
- Global Equity Account
- U.S./Daq Account
- U.S. Equity 500 Account
- U.S. Equity 5000 Account
- Conservative Balanced Account
- Moderate Balanced Account
- Aggressive Balanced Account

Loans And Withdrawals

- Borrow up to 90% of the Loanable Value
- Withdraw on demand or monthly

Surrender Charges:

- During the first 10 policy years for Flex Account, and during the first two policy years for Express Account

TABLE OF CONTENTS

AT A GLANCE	3	DISABILITY BENEFIT PAYOUT	12
INTRODUCTION	6	PREMIUM PAYMENT	12
TAX BENEFITS	6	Planned Premium	
POLICY OPTIONS	7	Minimum Premium	
Minimum Initial Premium and Sum Insured		Maximum Premium	
Joint Policies		Net Premium	
JLTD		No Lapse Guarantee	
JLTD Early Death Benefit		Grace Period	
JLTD Charges To First Death		BONUS PLANS	13
JFTD		Performance Bonus	
JFTD Split Option		Performance Bonus Rate	
JFTD Coverage On Death		POLICY DEDUCTIONS	15
Substitution Of Life		Designated Deduction Account	
PROTECTION OPTIONS	8	CHARGES	15
Sum Insured Patterns		Surrender Charges	
Maximize Accumulation Option		Market Value Adjustments	
Coverage Options		EXPRESS ACCOUNT	16
Insurance Factor Scales		Express Account/Flex Account Transfers	
Smoker to Non-Smoker Change		Transfer Premium Details	
INVESTMENT OPTIONS	9	Investment Instructions	
Market Index Accounts		GLOSSARY	18
Guaranteed Interest Accounts			
Changes In Investment Options			
Investment Instructions			
Investment Options			
RIDERS AND BENEFITS	11		
Term Insurance Riders			
Children Term Rider			
Waiver Of Designated Premium			
Accidental Death Benefit			
Rider and Benefit Expenses			

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FLEX ACCOUNT

INTRODUCTION

Flex Account universal life insurance offers permanent life insurance protection with maximum tax-deferred investment growth and savings in one affordable package. A full range of protection and investment options give policyowners freedom to custom design their policies to suit their needs.

Flex Account features numerous guarantees for additional comfort and security, including:

- Guaranteed exemption from Accrual Taxation
- Guaranteed Insurance Factor scales
- Guaranteed Rider and Benefit rates
- Guaranteed minimum crediting rates
- A guaranteed fixed Administration Charge; and
- A No Lapse Guarantee

TAX BENEFITS

Flex Account is guaranteed to remain exempt from accrual taxation subject to the rules and regulations in the Canadian Income Tax Act (ITA). At the end of each policy year, National Life reviews the policy and makes adjustments to keep it tax-exempt. The company maintains the specific relationship between the Total Account Value and Total Sum Insured required by the ITA by:

- a) Increasing the Total Sum Insured of the policy by a maximum of 8%; and
- b) Transferring funds from Flex Account to Express Account.

Tax-related increases to the Total Sum Insured are reduced or eliminated at the end of subsequent policy years as long as this does not cause a Transfer Deposit to Express Account.

FLEX ACCOUNT

POLICY OPTIONS

Flex Account is available on individuals aged 15 days to 85 years, with a maximum Rated Up Age of 90. Age is based on nearest birthday.

MINIMUM INITIAL PREMIUM AND SUM INSURED

The Minimum Premium is \$300 before adjusting for flat substandard extras, Riders and Benefits. The minimum Initial Sum Insured is \$25,000 but may be greater to meet the Minimum Premium requirement. The illustration software automatically ensures that the minimum requirements are met.

JOINT POLICIES

Flex Account can insure two individuals on either a Joint Last-to-Die (JLTD) or Joint First-to-Die (JFTD) basis. Both ages are converted into a Single Equivalent Age to determine the Insurance Factors, Minimum Premium, Maximum Premium and Threshold Premium.

JLTD

A JLTD policy is available on individuals aged 15 days to 85 years, with a maximum Single Equivalent Age of 90.

JLTD EARLY DEATH BENEFIT

The policyowner may receive a death benefit up to the Total Account Value within 60 days of the death of the first insured. The Total Sum Insured and Total Account Value are reduced by the benefit amount. No Surrender Charges or Market Value Adjustments (MVAs) apply.

JLTD CHARGES TO FIRST DEATH

If elected at policy issue, the base policy and monthly Administration Charges cease upon the death of the first insured. JLTD Charges To First Death is available on policies with T100 Insurance Factors and an Increasing Sum Insured pattern, but without Coverage Options or the Maximize Accumulation Option.

JFTD

A JFTD policy is available on individuals aged 15 days to 80 years, with a maximum Single Equivalent Age of 80.

JFTD SPLIT OPTION

Prior to the death of the first insured, the policyowner may surrender the JFTD policy and have two separate policies issued without Evidence Of Insurability. The new policies must have the same Sum Insured Pattern and Coverage Options as the original. Each new policy has an Initial Sum Insured equal to the original policy's Total Sum Insured less the Surrender Value.

Insurance Factor calculations are based on each insured's attained age, which cannot exceed 85 years.

JFTD COVERAGE ON DEATH

Upon the death of the first insured, the survivor receives:

- The Survivor Term Insurance Benefit for 90 days; and
- The Survivor Option, an opportunity to apply for a new Flex Account policy at the attained age without Evidence Of Insurability for 90 days, provided the survivor is not more than 85 years of age.

SUBSTITUTION OF LIFE

After the first policy year, the policyowner(s) may substitute another life (or lives) to replace those insured on the policy with Evidence Of Insurability.

FLEX ACCOUNT

RIDERS AND BENEFITS

Riders and Benefits may be added to enhance insurance coverage or protect additional family members under the same policy.

TERM INSURANCE RIDERS

Riders provide additional protection and can be converted to permanent insurance up to age 65.

- (i) Flex 10 (F10) provides term insurance to age 80 with premium increasing every 10 years.
- (ii) Additional Life Flex 10 (ALF10) provides F10 coverage on up to five additional lives.
- (iii) Flex 100 (F100) provides permanent insurance with level premiums.
- (iv) Additional Life Flex 100 (ALF100) provides F100 coverage on up to five additional lives.

No minimum Sum Insured is required for the above riders.

CHILDREN TERM RIDER (CTR)

CTR provides term insurance on the insured's children aged 15 days to 25 years. The insured must be less than 65 years of age as CTR coverage expires on the anniversary nearest the 65th birthday (or the youngest life in a joint policy).

Each CTR unit provides \$1,000 of coverage per child. The minimum number of units is five, while the maximum is one-half the number of thousands of basic Sum Insured on the insured, to a maximum of 100 units.

A child between 18 and 25 years old may convert CTR to permanent insurance without Evidence Of Insurability with a Sum Insured up to five times the CTR Sum Insured. The Sum Insured cannot exceed the lesser of the basic Sum Insured on the insured or \$200,000.

WAIVER OF DESIGNATED PREMIUM

The policyowner can waive a designated premium each policy month upon disability or death. The maximum designated premium is the initial Maximum Premium.

- (i) Waiver On Total Disability Of The Insured
 - Available on single and joint policies.
 - Insured must become totally disabled before 60 years of age.
 - Disability must last six consecutive months.

- (ii) Waiver On Total Disability Of The Policyowner
 - Policyowner must be an individual, not a corporation or joint policyowner.
 - Policyowner must become totally disabled before 60 years of age.
 - Disability must last six consecutive months.
- (iii) Waiver On Death Of The Policyowner
 - Waives premium payments to policy anniversary nearest the child's 25th birthday.
 - Death must occur before 65 years of age.

ACCIDENTAL DEATH BENEFIT (ADB)

Available on single and joint policies, ADB provides additional insurance coverage and is paid upon accidental death before the insured's 70th birthday. The minimum amount of coverage is \$25,000 while the maximum is twice the Initial Sum Insured under the original policy or \$500,000 under all policies combined.

RIDER AND BENEFIT EXPENSES

A deduction is made from the Total Account Value each policy month to cover the costs. Minimum and Maximum Premiums increase to cover the additional costs and the Planned Premium may also increase.