

Living benefits solutions

Insuring your most
significant financial
asset – **your income**

canada  TM



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What matters most to you?

Your income helps achieve your financial goals and supports your and your family's lifestyle by paying expenses related to:

- Where you spend your time (e.g. home, business, cottage, vacations)
- Supporting your dependents (e.g. groceries, education, recreation, care for an aging parent)
- Growing your assets (e.g. retirement savings, business profits)

If you were suddenly faced with a disability:

- Would your or your family's lifestyle change?
- Would worrying about your business affect your ability to recover?
- Who would pay your income and cover operating expenses?
- Who would reassure your creditors, suppliers and clients?
- What would be the long-term impact if you need to liquidate some of your assets?

Properly insuring your income and business expenses helps ensure:

- You receive an income
- Your financial goals are met
- Your business can continue to operate
- Your assets can remain in place
- Your business survives and can be passed along to future generations

What is your current situation?

You may have some type of group or association long-term disability (LTD) coverage in place, but does your existing coverage:

- Insure all sources of your eligible income?
- Have a maximum benefit amount?
- Remain in place if you change your profession?
- Adjust rates periodically?



By understanding
the benefits
of insurance

and reviewing what you
currently have in place,
you might find that your
earnings are under-insured
leaving a gap in your
insurance coverage.



What concerns you?

Before a claim

- Ensuring your coverage reflects your current income and expense levels
- Premium rates increasing as you age
- The insurance provider changing the terms and conditions of your coverage
- A change in health may make you ineligible for additional coverage

During a claim

- Having enough income to maintain your standard of living
- Losing your benefits if you have the capacity to work in another occupation
- The impact of inflation on the benefits you're receiving
- Losing your benefits if you return to work on a part-time basis
- With respect to your business:
 - Covering fixed expenses which allow your business to continue to operate
 - Avoiding a forced sale
 - Having the ability to focus on personal recovery instead of business survival
- Benefits continuing beyond age 65

After a claim

- Losing the inflationary increases you may obtain while on claim
- Easing the financial transition upon returning to work

No claim

- The expense of premium should a disability never occur



For business owners

- Personal income** Is your ability to earn an income, one of your greatest financial assets, adequately protected?
- Business expenses** Would your business be able to continue operations even with a reduction in revenue? Could you focus on your recovery, or would you be worried about the survival of your business?



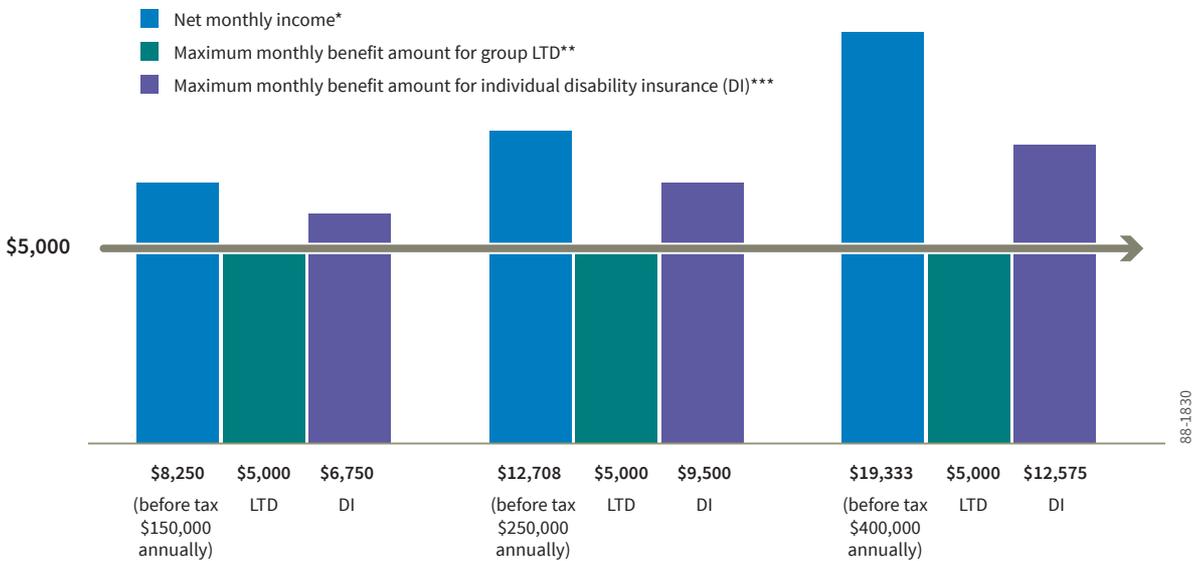
If you become disabled, your needs as a business owner could intensify. You need an income and your business has an obligation to pay its bills.



If you're running your own practice or fee-for-service business, an overhead expense plan may cover operating expenses allowing you to focus on recovery, help retain valued staff and keep your business plans on track.



For executives



*Assuming an average tax rate of 34% for \$150,000 annual income, 39% for \$250,000 and 42% for \$400,000

**Example based on a LTD non-taxable benefit

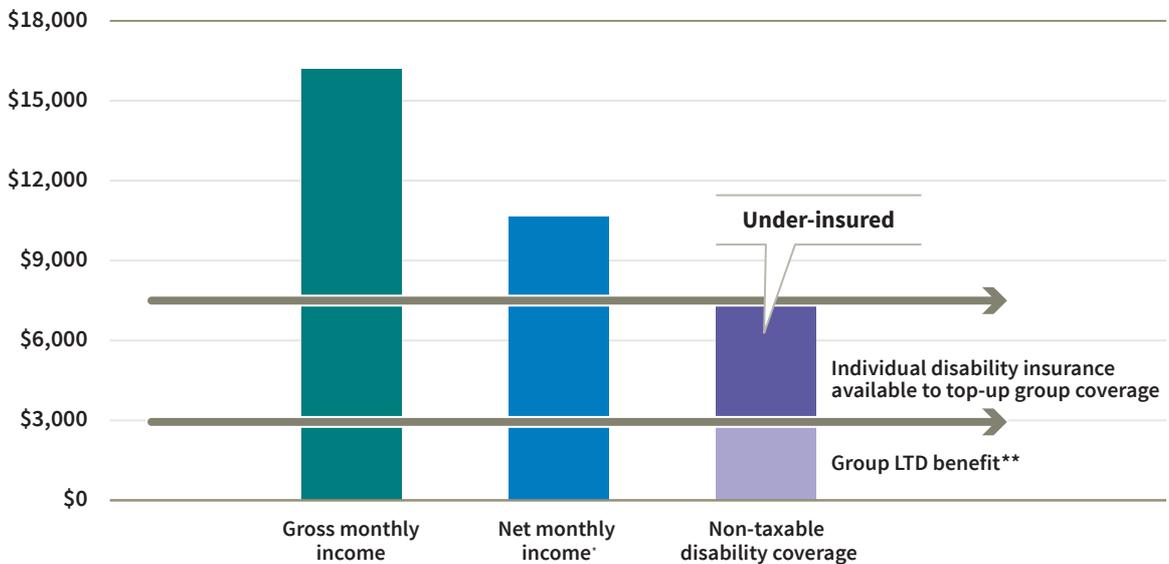
- 66.67% of before-tax earnings
- \$5,000 maximum monthly benefit amount

***Based on the Canada Life maximum issue and participation limits for a non-taxable benefit

The above example is for illustrative purposes only. Situations may vary according to specific circumstances.



For professionals



*Assumes average tax rate of 37%

**Group LTD non-taxable benefit is based on 66.67% of before-tax earnings with a \$3,000 benefit maximum.

The above example is for illustrative purposes only. Situations may vary according to specific circumstances.



Don't risk
having
inadequate
coverage.

Protect the most significant financial asset for **yourself**, **your family** and **your business**.

What is the cost?

The cost to insure a portion of your income is determined by plan design along with many other factors. A plan can be tailored to suit your personal circumstances.

Depending on how extensive the coverage is (e.g. monthly income benefit, duration of benefits and length of time before they begin, optional benefit riders, age, occupation), your premium could range from 1% to 8%* of gross earnings.

Premiums for an overhead expense plan is usually 1% to 7%** of the monthly expense benefit being covered and is tax-deductible as a business expense.

* The premium depends on numerous factors such as age, gender, smoker status, occupational duties, coverage amount and plan design. This example assumes Canada Life lifestyle protection plan, occupation class 4A, non-smoker, standard risk:

- The lower percentage is based on male, age 30, \$75,000 annual income, \$4,100 monthly income benefit, 90-day waiting period, benefit period to age 65.
- The higher percentage is based on female, age 50, \$250,000 annual income, \$9,500 monthly income benefit, 90-day waiting period, benefit period to age 65, and the following optional riders: own occupation, residual disability, cost-of-living (maximum 8% per year), return-of-premium (50%), lifetime benefit accident and graded sickness, and accidental death and dismemberment \$400,000.

Source: Canada Life Concourse illustration software 3.9

** The premium depends on numerous factors such as age, gender, smoker status, occupational duties, medical history, coverage amount and plan design. This example assumes Canada Life overhead expense plan, occupation class 4A, non-smoker, standard risk:

- The lower percentage is based on male, age 30, \$5,000 monthly expense benefit, 30-day waiting period, benefit period 24-month, and residual disability rider.
- The higher percentage is based on female, age 50, \$12,000 monthly expense benefit, 30-day waiting period, benefit period 24-month, and the following optional riders: own occupation, residual disability, return-of-premium (50%), and catch-up \$12,000.

Source: Canada Life Concourse illustration software 3.9



For more information about how disability insurance may fit your needs ask your advisor for an illustration.

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