

Insurance for your paycheque



Help protect your most valuable
asset with disability insurance

canada  lifeTM

Are you protecting your most valuable asset?

What would you say if someone asked you, “What’s your most valuable asset?”

It might be your home, or maybe even your car. But have you considered that it might be your ability to earn a living?

Over your lifetime, that’s worth far more than your house or car. While it’s very likely you have insurance to protect both your home and car, do you have anything to cover your income if the unexpected strikes?

Let’s look at how disability insurance can help protect your paycheque.



\$33,464¹

Average price of
a new vehicle in
Canada



\$498,943²

Average value of a
Canadian home



\$2,466,037³

Average earnings
over a 30-year career

¹<https://canada.autonews.com/article/20180208/CANADA/180209785/average-price-of-new-car-rose-again-last-year-but-at-slower-pace>

²The Canadian Real Estate Association, July 2019, <https://www.crea.ca/housing-market-stats/national-price-map/>

³Assuming annual income of \$51,000 with a 3.1% increase annually for 30 years. The average Canadian salaries by industry and region, Workopolis.com, December 2017.

How much will you earn in your lifetime?

Consider your earnings between now and age 65 based on your current income and age.

Current age	Current income					
	\$35,000	\$50,000	\$100,000	\$150,000	\$200,000	\$250,000
30	\$2,157,664	\$3,082,378	\$6,164,756	\$9,247,134	\$12,329,511	\$15,411,889
40	\$1,292,961	\$1,847,088	\$3,694,175	\$5,541,263	\$7,388,350	\$9,235,438
50	\$655,754	\$936,792	\$1,873,584	\$2,810,376	\$3,747,168	\$4,683,961

Total potential earnings to age 65, assuming a 3.1% increase every year.

Over a 30- or 40-year career, your accumulated income is likely to be far more valuable than any other asset you'll own.



Disabilities are a fact of life



1 in 3

the odds you'll become disabled for 90 days or more before age 65.⁴



Three quarters

of our claims are for musculoskeletal injuries (like fractures, dislocations and sprains) and nervous disorders (like depression and anxiety).⁵



5.75 years

the average length of a disability, if it lasts longer than 90 days.⁶

Could you cover day-to-day expenses if you became disabled?



- Mortgage, rent or property tax
- Savings plan contributions
- Insurance premiums
- Utilities - electricity, heat, water, etc.
- Clothing
- Groceries & household items
- Family related expenses
- Auto expenses
- Loans and credit cards
- Telephone, internet, etc.



⁴A guide to disability insurance," Canadian Life and Health Insurance Association, December, 2018.

⁵Based on Canada Life active claims as of April 2015. Nervous disorders may not be covered by all plans.

⁶Canadian Institute of Actuaries (CIA) 86-92 Agreement Table & 2012 Society of Actuaries - Individual Disability Experience Committee Table.

But these day-to-day expenses aren't the only ones you may face. You might also have added costs like medication, home modifications or childcare.

It could be difficult to maintain your lifestyle for a long time if you couldn't work because of an illness or injury.

There are options available – but are they realistic?

Your spouse

If your spouse needs to reduce time at work or give up their job to take care of you, it could be difficult to maintain your lifestyle on a reduced income (or no income at all).

RRSP and savings

You could withdraw from your RRSP or investment savings (if you have them). However, you'd have to pay taxes to do so, and it could mean you won't have enough money for your retirement. Or you may have to delay retirement.

Loans and credit

If you really need cash to pay the bills, these are a short-term option. However, it's likely they'll leave you further in debt. Plus, it can be a challenge to get a loan normally; getting one when you can't work might be impossible.

Government

There are a couple of options here, but each have limits:

- Canada Pension Plan or Quebec Pension Plan: You must have a severe and prolonged disability that stops you from working any job.
- Employment Insurance: Offers limited benefits
- Workers' Compensation: Only covers on-the-job disabilities

Sell your assets

Would you be willing to quickly sell assets to meet your needs? What impact will the sale of these assets have on your lifestyle?

Employer coverage

Disability insurance coverage through your workplace could help, but it may not provide enough coverage. Plus, if you switch jobs, your coverage almost certainly won't come with you.

Protect your paycheque

Disability insurance works when you can't. If an illness or accident keeps you from working, disability insurance can give you a monthly income to help pay for ongoing expenses. It replaces a percentage of your earnings over the short or long term.*

*In accordance with the monthly benefit, benefit period start date, definition of disability and other plan features purchased.

How much of your income do you need to get by?

Total monthly expenses \$ _____

Less: Current monthly disability coverage (group, individual, if any) \$ _____

Your income gap (disability insurance needed) \$ _____

The following chart shows the **maximum amount you could receive tax-free each month** if you faced a disability.

Annual insurable income	Monthly benefit
\$35,000	\$2,200
\$50,000	\$2,975
\$100,000	\$5,200
\$120,000	\$5,925
\$140,000	\$6,625
\$200,000	\$8,550
\$300,000	\$11,350
\$500,000	\$16,050
\$1,000,000	\$25,000

The above examples are for illustrative purposes only. Situations will vary according to specific circumstances. Actual amounts are subject to your age and occupation. Some limitations apply.

For more information about how
disability insurance may fit your
needs, talk to your advisor today.



In Quebec, advisor refers to a financial security advisor for individual insurance and segregated fund policies; and to a group insurance/annuity plans advisor for group products.

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