Equitable™

A small price to pay to protect retirement savings

For many Canadians, when diagnosed with a critical illness and in need of cash to cover expenses, their RRSPs are often the first to go. There's a better solution, at a fraction of the cost. EquiLiving® critical illness insurance makes funds available so that your clients' retirement savings can remain intact.

The situation	The need
• Let's compare Brad (age 40) and Bob (age 40) • They both own RRSPs of equal value • Both are diagnosed with a covered critical illness at age 50	• After their illnesses, Bob and Brad don't make an RRSP contribution for that year • They each require $75,000 to offset the direct and indirect costs related to their illnesses

Two solutions

- Bob buys a $100,000 EquiLiving critical illness insurance policy, level to age 75. The annual premium is $1,489 which he pays for 10 years before becoming ill.
- Brad does not buy critical illness insurance. He withdraws money from his RRSP to cover the costs associated with his illness.

	Bob (with critical illness insurance)	**Brad** (without critical illness insurance)
Value of RRSP at age 50	$150,000	$150,000
Cost of illness	$ 75,000	$ 75,000
Critical illness insurance (CII) benefit	$100,000	$0
Withdrawal from RRSP	$0	$139,000
Tax payable (46% tax rate)	$0	$ 64,000
Net after tax to cover illness costs	$0	$ 75,000
RRSP after illness	$150,000	$ 11,000

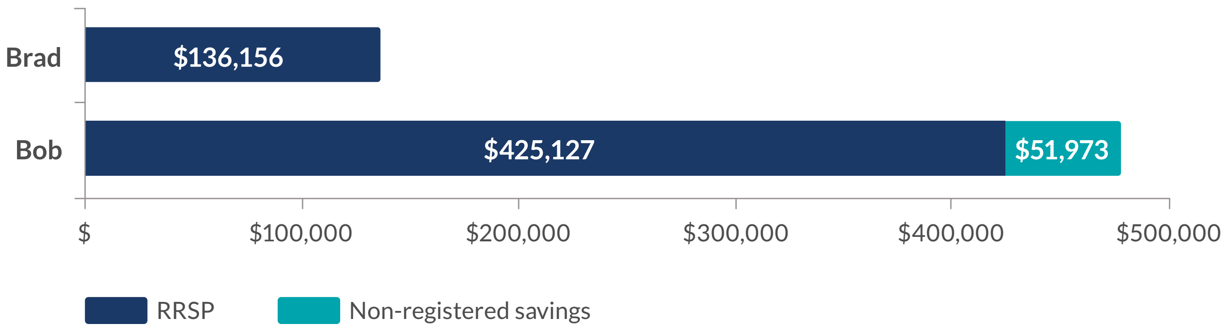
Assumptions: Bob's EquiLiving policy is issued at standard, non-smoker rates. Premiums as of February 12, 2022.

Two very different outcomes

Future impact

- At age 51, Bob and Brad resume RRSP contributions of $5,000 a year until age 65
- Bob invests the $25,000 remaining from his CII benefit into non-registered savings

At age 65 the difference in their total savings is $340,944.



Assumptions: Registered and non-registered savings earn 5% interest. No withdrawals.

Bob and Brad face very different retirement pictures.

By using his RRSP, Brad pays a heavy cost in tax on his withdrawal. He also loses out on the tax-advantaged growth those funds would have had within the RRSP. Brad has to worry about his health and the health of his retirement savings.

Bob can focus on his recovery.

Critical illness insurance ... a small price to pay to protect your clients' retirement savings.

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