



# PROTECTING YOUR ASSETS

## Before...after...and during retirement

**Case study:** EquiLiving critical illness insurance for temporary and permanent protection

THE SITUATION		THE NEED
<ul style="list-style-type: none"> <li>John (35) non-smoker</li> <li>Income \$100,000, 40% tax-bracket</li> </ul>	<ul style="list-style-type: none"> <li>\$500 monthly RRSP contribution</li> <li>Goal: retiring at age 60</li> </ul>	<ul style="list-style-type: none"> <li>Keeping his savings and retirement goal from being derailed should he suffer from a critical illness</li> </ul>

### THE SOLUTION:

Use the tax refund from his RRSP contribution to pay the premiums for:

- \$75,000 EquiLiving CI level to age 75 with return of premiums on surrender/expiry (ROPS/E) rider, and
- \$75,000 EquiLiving CI level to age 100, (no ROPS/E rider)

	John's Plan:
Approximate tax refund from RRSP contribution <sup>1</sup>	\$2,400.00
CI protection before retirement \$75,000 CI, level to age 75, with return of premiums on surrender/expiry rider (ROPS/E)	- \$1,367.00 <sup>2</sup>
CI protection during and after retirement \$75,000 CI, level to age 100 (without ROPS/E)	- \$1,010.00 <sup>2</sup>
Balance remaining from tax refund	= \$ 23.00

<sup>1</sup> Assumes a \$500 monthly contribution and 40% tax bracket. <sup>2</sup> Assumes standard non-smoker rates.

### THE FUTURE:

#### Before retirement:

- Buying both temporary and permanent critical illness insurance today allows John to take advantage of cheaper rates and generally better health at younger ages.
- If John suffers from a critical illness, the benefit payment from his policies can be used to help cover expenses for his treatment and recovery, leaving his retirement intact.

#### After and during retirement:

- When John retires at age 60, assuming he hasn't made a claim, he surrenders his level to age 75 policy with ROPS/E and receives a return of premiums of \$34,175.<sup>3</sup>
- He uses that money to buy a life annuity that provides him with an annual income of about \$1622.<sup>4</sup> John uses part of that to pay the annual premium on the level to age 100 CI policy and invests the rest.
- If he suffers from a critical illness after he retires, the level to age 100 policy will help cover expenses.<sup>5</sup>
- With no need to earmark savings to cover possible critical illness expenses, John is free to use all of his RRSP savings to live the retirement of his dreams!

**Critical illness insurance pays if John is diagnosed with a covered condition.<sup>5</sup>**  
**The return of premiums on surrender/expiry rider returns those premiums if he isn't.<sup>3</sup>**

#### ADVISOR USE ONLY

<sup>3</sup> Upon surrender on the 15th policy anniversary, 75% of the premiums to be returned are payable. This percentage increases by 5% each year, reaching 100% on and after the 20th policy anniversary. Some limitations apply. See contract for full details. <sup>4</sup> Assumes a payout annuity product, single premium investment. Rates as of Feb 12, 2022. These rates are subject to change and are not guaranteed. <sup>5</sup> Policy must be in force when a critical illness claim is made.

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