



# EquiLiving for children

From critical illness insurance  
protection to estate creation



**Critical illness insurance on each member of the family can help protect the family's financial plan.**

No parent wants to consider the possibility of their child getting sick, but if it happens, the emotional and physical stress can often impact all aspects of life, including a family's finances. The benefit payment from a critical illness insurance policy can be used to help cover expenses so a parent can take a leave from work to care for a sick child, or help ensure the costs associated with a critical illness do not impact the financial security of the family.

## Providing a permanent adult plan at children's rates

The middle-income family market is cost conscious. The lower premiums on an EquiLiving® 10 year renewable to age 75 plan offer affordable protection for children. In addition to providing coverage for 5 childhood conditions until age 25, the usual 26 covered conditions continue for the life of the policy. Putting a plan in place when the child is young gives them a head start for their adult coverage.

## Flexibility to change to a level premium plan

The change privilege<sup>1</sup> allows the insured to change their 10 year renewable to age 75 plan to a level premium plan including a 20 Pay plan in the future, without evidence of insurability.

## Didn't use it? Don't lose it!

Depending on the rider selected, return of premiums riders give the insured the opportunity to have premiums returned if they are not diagnosed with a critical illness before the policy expires, is surrendered or upon death.<sup>2</sup>

## Return of premiums ... flexibility to meet a lifetime of needs.

Questions? Contact your Equitable Regional Sales Manager.

### Advisor use only

<sup>1</sup> Change privilege allows the insured to change to a level premium plan including a 20 Pay plan, provided one is available, that covers the same covered conditions as in the original policy. The change can be made at any policy anniversary up to and including the one nearest their 60<sup>th</sup> birthday (with the exception of 20 Pay coverage for life where it is the 54<sup>th</sup> birthday). <sup>2</sup> With the return of premiums on surrender/expiry rider, upon surrender on the 15<sup>th</sup> policy anniversary, 75% of the premiums to be returned are payable. This percentage increases by 5% each year, reaching 100% on and after the 20<sup>th</sup> policy anniversary. Some limitations may apply. See contract for full details.

# Case study

## EquiLiving with return of premiums riders

EquiLiving critical illness insurance for children with return of premiums riders provides the flexibility to meet a lifetime of needs.

The situation	The need
<ul style="list-style-type: none"> <li>Joe and Mary understand the impact a critical illness can have on their family's financial security. They have coverage on themselves and want a plan for their son Mark (5) that will insure him into adulthood.</li> </ul>	<ul style="list-style-type: none"> <li>Affordable coverage that can grow with Mark.</li> <li>Flexibility to meet other financial planning needs in adulthood (life insurance, retirement).</li> </ul>

### The solution



#### At age 5:

- A \$100,000 critical illness insurance plan (10 year renewable to age 75) with return of premiums at expiry and return of premiums on death riders is purchased for Mark.

- Monthly premiums:<sup>3</sup>

Years 1-10: \$43.53

Years 21-30: \$31.21

Years 11-20: \$47.25

Years 31-40: \$47.43



#### At age 45:

- Exercising the change privilege, Mark changes his existing plan to a level to 75 plan with a return of premiums at surrender/expiry rider and a return of premiums on death rider.
- The new monthly premium is \$243.11.
- \$20,330 of accumulated premiums from his 10 year renewable to age 75 plan are transferred to the value of the new plan because of the return of premiums at surrender rider.<sup>4</sup>



#### At age 65:

- Mark surrenders his critical illness insurance plan and receives a return of premiums on surrender/expiry payment<sup>5</sup> of \$78,676. Depending on his needs, Mark can:
  - Spend the money. (Pay off part of his mortgage or other debt, fund a trip, etc.)
  - Use it to supplement his retirement income. Purchasing a 20 year term certain annuity will increase Mark's monthly income by \$479.05.<sup>6</sup>
  - Create an estate. Using the \$479.05 monthly annuity payment, Mark can purchase an Equimax Estate Builder<sup>®</sup> 20 Pay participating whole life insurance policy.<sup>7</sup> The tax-free death benefit will create an instant legacy

Equimax Estate Builder with paid-up additions dividend option		
Policy year	Total death benefit <sup>8</sup> (current)	Total death benefit <sup>8</sup> (current less 1%)
At issue	\$96,750	\$96,750
10 (age 75)	\$115,962	\$112,029
20 (age 85)	\$169,390	\$151,146
30 (age 95)	\$251,395	\$205,703

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<sup>3</sup> Male, age 5. Rates as at October 5, 2024. Monthly premium amounts shown include policy fees and rider fees. <sup>4</sup> Provided the return of premiums on surrender/expiry rider is available on the new plan. <sup>5</sup> Upon surrender on the 15<sup>th</sup> policy anniversary, 75% of the premiums to be returned are payable. This percentage increases by 5% each year, reaching 100% on and after the 20<sup>th</sup> policy anniversary. Some limitations apply. See contract for complete details. <sup>6</sup> Assumes a single premium investment with a guaranteed income for 20 years as of October 5, 2024. Rates are subject to change and are not guaranteed. <sup>7</sup> Assumes standard, non-smoker rates in effect as of July 31, 2024. <sup>8</sup> Total death benefit values are for illustration purposes only and are based on the current dividend scale remaining in effect for the life of the policy. Actual results will vary. Dividends are not guaranteed and are paid at the sole discretion of the Board of Directors. Dividends may be subject to taxation. Dividends will vary based on the actual investment returns in the participating account as well as mortality, expenses, lapse, claims experience, taxes, and other experience of the participating block of policies.

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