

Protecting your assets

Before and after retirement



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

The situation		The need
<ul style="list-style-type: none"> • John (35) non-smoker • Income \$120,000, 50% tax-bracket 	<ul style="list-style-type: none"> • \$500 monthly RRSP contribution • Goal: retiring at age 60 	<ul style="list-style-type: none"> • Keeping his savings and retirement goal from being derailed should he suffer from a critical illness.

The Solution:

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

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

	John's Plan:
Approximate tax refund from RRSP contribution	\$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
CI protection during and after retirement \$75,000 CI, level to age 100 (without ROPS/E)	- \$1,010.00
Balance remaining from tax refund	= \$ 23.00

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.

At 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 \$34,175.¹
- He uses that money to buy a life annuity that provides him with an annual income of about \$1,888.60.² 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.³
- With no need to set aside 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.³
The return of premiums on surrender/expiry rider returns those premiums if he isn't.¹

Advisor use only

¹ 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. ² Assumes a payout annuity product, single premium investment. Rates as of August 22, 2024. These rates are subject to change and are not guaranteed. ³ Policy must be in force when a critical illness claim is made.

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