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Amendment - Wage-Loss Replacement Plan

A	pplication number:



Please complete and sign the Declaration and signatures section on page 2.

The Policyowner and the Proposed Insured indicated on page 2 hereby acknowledge that the SOLO DISABILITY INCOME contract applied for shall either become part of an existing wage-loss replacement plan or be established as a wage-loss replacement plan by the Policyowner in the near future. All premiums shall be paid in full and directly by the Policyowner, and the benefits shall be payable to the Insured Person.

The Policyowner is responsible for establishing a wage-loss replacement plan that is recognized by the tax laws, and for ensuring that the said plan continues to qualify as a recognized plan in the future. The Policyowner and the Insured Person understand that Desjardins Insurance cannot guarantee that the tax authorities will not contest the validity of the wage-loss replacement plan based on their own definition of this plan.

Under a wage-loss replacement plan recognized by the tax authorities:

- a) paid premiums are deductible from the Policyowner's income;
- b) paid premiums are not a taxable benefit for the Insured Person; and
- c) any benefits received, if applicable, are taxable in the hands of the Insured Person.

When such a wage-loss replacement plan is established by the Policyowner, Desjardins Insurance modifies the text of the SOLO DISABILITY INCOME coverage so that the **Coordination of benefits** paragraph of the BENEFITS PAYABLE provision indicates the following:

Coordination of benefits

If the total of any benefits indicated in items 1), 2), 3) and 4) below payable on the date on which the Company establishes the amount of the monthly benefit payment exceeds 100% of the insured person's average monthly income, the Company will subtract the excess amount from the total of the selected monthly benefits indicated in the Policy Schedule that are payable.

- 1) Any selected monthly benefits indicated in the Policy Schedule for this SOLO DISABILITY INCOME coverage.
- 2) Any other monthly benefits payable to the insured person under an individual disability coverage issued by the Company or another company, except for any disability benefits payable under a credit insurance plan.
- 3) Any other monthly disability benefits payable to the insured person under a group insurance plan issued by the Company or another company, except for any disability benefits payable under a credit insurance plan.
- 4) Any salary continuance benefit or severance pay.

If for any reason the plan is not recognized or ceases to be recognized as a wage-loss replacement plan by the tax authorities, if the plan is cancelled, or if the Insured Person ceases to be a member of the plan, the paid premiums may not be deductible from the Policyowner's income. They would be a taxable benefit in the hands of the Insured Person, and any benefits received under the plan would not be taxable.

Furthermore, if for any reason the plan is not recognized or ceases to be recognized as a wage-loss replacement plan by the tax authorities, or if the Insured Person ceases to be a member of the plan, or if the plan is cancelled, the Policyowner and the Insured Person agree:

- a) to immediately notify Desigrdins Insurance in writing;
- b) that the benefits shall be adjusted based on the Insured Person's income on the plan cancellation date, the monthly benefit amount to which the Insured Person would have been entitled under Desjardins Insurance's non-taxable issue limits, as well as any entitlement to Employment Insurance disability benefits:
- c) that the Insured Person shall immediately repay any benefits overpaid by Desjardins Insurance prior to receipt of the notice described in paragraph a);
- d) that Desjardins Insurance shall adjust the SOLO DISABILITY INCOME contract premium based on the amount of benefits adjusted in b) and refund any premium the Policyowner has overpaid;
- e) that Desjardins Insurance shall replace the reference to "100% of the insured person's average monthly income" indicated in the box above with "90% of the insured person's average monthly income," which is what is currently indicated in the text of the SOLO DISABILITY INCOME coverage.

Desjardins Insurance cannot confirm that the wage-loss replacement plan qualifies as remuneration, as defined under the *Employment Insurance Act* and its regulations. More specifically, Desjardins Insurance cannot confirm whether or not the benefits will be deducted from the Employment Insurance benefits to which the Insured Person may be eligible.

The above statements are not to be construed or interpreted as a tax or legal notice intended for the Policyowner and the Insured Person. The tax implications described earlier are based on *Canada's Income Tax Act* and its regulations, *Quebec's Taxation Act* and its regulations, the most recent budgets and the administrative policies of the tax authorities in effect on the date this Amendment form was signed. We recommend that our clients consult their own tax and legal experts.





Declaration and signatures

I understand that this amendment is an integral part of my application. I hereby agree that this amendment be made to the contract's SOLO DISABILITY INCOME coverage.

v				
Proposed Insured				
First name	Last name			
X	Date (yyyy/mm/dd)			
	,			
Policyowner – individual				
First name	Last name			
X				
Signature	Date (yyyy/mm/dd)			
Policyowner – corporation, trust or other entity				
1 only of the components of the control of the cont				
Name				
Person authorized to sign on behalf of the corporation, trust or other entity:				
1 6/30/1 dathon25d to sign on bondh of the corporation, tract of other chitry.				
First name	Last name	Title		
X	Data (annulus (dal))			
Signature	Date (yyyy/mm/dd)			