

CRITICAL ILLNESS IMPACT CALCULATOR

Sample Client

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Sample



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Life Assurance Company

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You've worked hard to achieve your personal and financial goals. You've built up investments through registered or non-registered savings for your retirement and for plans that are important to you.

What happens to these savings if you have a heart attack, stroke, or are diagnosed with cancer? A critical illness can disrupt your plans and take a toll on your physical and mental health, as well as your financial well-being. You may need to undergo treatments, receive ongoing care or take medication that could impact your financial well-being.

Desjardins Insurance Health Priorities provides a lump sum benefit upon diagnosis of a covered critical illness, allowing you to take care of yourself without having to worry about money. Helping you to focus on what matters most: your recovery. This coverage provides you with financial freedom so you can make decisions about your health while maintaining your lifestyle and reduce the negative impact on your hard earned savings.



Desjardins Insurance Health Priorities insurance allows you to receive the insurance benefit while living. This provides coverage for all types of cancers¹ along with 25 other illnesses, including temporary or permanent loss of independence. The insurance benefit is received as a non-taxable payment upon diagnosis of a covered condition, allowing you to use the funds as you see fit. Some expenses that you may wish to cover with this benefit include:

- Replace income lost during an extended leave
- Cover unexpected expenses related to your illness
- Utilize home care services
- Access drugs or medical technologies not covered by group or provincial government plans
- Pay for specialized treatments in another country
- Repay debts
- Take a break to spend with your loved ones

And if you remain in good health, it is possible to receive a reimbursement² for the premiums paid upon termination of your contract, should that option be chosen upon the establishment of the plan.

¹ Full benefit is payable for life threatening cancers. For some cancers, a partial benefit of 30% (up to \$100,000), 15% (up to \$50,000) or 1% (up to \$5,000) will be paid, depending on the severity of the diagnosis.

² The amount of the reimbursement depends on the coverage, the option chosen and the year in which the return of premiums is requested.

SUMMARY OF RESULTS

Treating a critical illness can be expensive. You may need to dip into your savings or rely on help from friends or family to cover the costs of your recovery. This will likely affect your lifestyle as well as the lifestyle of your loved ones.

An extended sick leave could push your retirement goals and plans for the future out of reach.

Consider the possible impacts to your savings:

Scenarios	Projected savings at retirement (age 65)	Difference in projected savings value (%*)
1. Healthy, with no Critical Illness insurance	\$975,906	0.00%
2. Healthy, with CI** insurance plus a return of premiums	\$931,405	-4.56%
3. Diagnosed at age 58 with a critical illness, with CI** insurance	\$902,254	-7.55%
4. Diagnosed at age 58 with a critical illness, with no CI insurance	\$745,267	-23.63%

* Scenario 1 is used as a baseline for the desired savings amount

** The full benefit is available if one of the 25 illnesses covered by the policy or a life-threatening cancer is diagnosed

If you suffer a critical illness and don't have coverage, you run the risk of compromising your retirement. Having to dip into your savings to cover the various costs associated with your illness and keep on top of your financial obligations. You may be forced to revise your annual cost of living to make up for the income shortfall or delay your retirement.

CRITICAL ILLNESS INSURANCE VERSUS DISABILITY INSURANCE

Critical Illness insurance and disability insurance have some similarities in that they help you and your family through periods of upheaval due to health problems, but they function differently and offer solutions to various financial needs.

Disability insurance provides monthly payments that replace a portion of your income if you are unable to work due to injury or illness. This insurance allows you to cover your living expenses and maintain your standard of living while you are disabled or for the period of time you choose in the policy.

A critical illness may result in unexpected costs that are not covered by disability insurance. Critical Illness insurance provides an immediate lump sum payment if you are diagnosed with one of the covered critical illnesses conditions in your policy. You can use the lump sum as you see fit, to pay for expenses related to the illness and to care for your family.

Many people with a critical illness can continue to work and are not eligible for disability insurance benefits.



Critical Illness insurance should not replace Disability insurance, but rather complement it. Overlapping benefits may occur when the diagnosed critical illness also results in an inability to work for an extended period of time.

It is advisable to consult with your insurance advisor about the different plans available to determine which would best suit your needs.

Your current financial situation

Account type	Market value (as of today)	Planned annual contribution
RRSP	\$150,000	\$8,000
Equity investments*	\$0	\$0
TFSA	\$5,000	\$1,000
Fixed income investments / Liquid savings	\$0	\$0
Portfolio total	\$155,000	\$9,000

* Tax implications take into account deferred capital gains only

Coverage amount

Should you be diagnosed with a critical illness, you may need to take time away from work to seek treatment. The duration of the treatment will depend upon the type and severity of the illness.

Insurance is not a replacement for health, however, it may help you maintain your financial independence while you recover.

Your insurance needs analysis was done in consideration of the following factors:



1. Replacing your income³ should you be required to take time away from work.
2. Replacing spouse's income should they take time to care for you during your recovery.
3. Current living expenses and debt payments
4. Medical and non-medical expenses that could arise during treatment, for example:
 - hospital charges, additional living expenses, transportation
 - homecare and paramedical costs
 - medications non covered by the provincial health plan or your group insurance plan
 - accessing care abroad,
 - additional childcare expenses, etc.

As a result of your insurance needs analysis, the amount of critical illness insurance coverage has been identified as \$100,000 to avoid having to use savings to cover the costs of a critical illness.

³ Does not consider payments from disability insurance coverages, if any.

ASSUMPTIONS AND PROJECTIONS

Province: **Ontario**

Persons

Insured
Sample Client (40 years old, Female, Preferred / Non-smoker)

Policyowner
Sample Client (40 years old, Female, Preferred / Non-smoker)

Critical Illness Insurance contract

Coverage category	Term Critical Illness
Coverage type	Individual
Coverage	Health Priorities - Term to 65
Coverage amount	\$100,000
Protection to	age 65
Payable	Up to age 65
Base premium	\$860.00
Return of premiums on death (ROPD) premium	\$41.00
Return of Premiums on Cancellation or Expiry (ROP) premium	\$871.00
Total annual premium	\$1,772.00

General information

Planned retirement age	65
Age at diagnosis	58
Marginal tax rate	43.41%
Capital gains inclusion rate	50.00%
Will premium payments reduce contributions to savings?*	Yes

* the money used to pay the premiums is no longer available for savings.

Retirement investments

Account type	Market value (as of today)	Planned annual contribution	Adjusted cost base	Average return	Order of redemption*
RRSP	\$150,000	\$8,000	-	5.00%	4
Equity investments	\$0	\$0	\$0	0.00%	3
TFSA	\$5,000	\$1,000	-	5.00%	2
Fixed income investments / Liquid savings	\$0	\$0	-	0.00%	1
Portfolio total	\$155,000	\$9,000			

* Investment income is taxed based on the source of funds and the type of income received. In order to optimize the use of assets to fund potential health-related expenditures while minimizing the fiscal impact, the projections are based on the order of disbursement shown in the table.

FINANCIAL IMPACT PROJECTIONS

These projections will allow you to anticipate the possible financial implication of four different scenarios calculated at age of retirement.

Scenario 1: Healthy, without critical illness insurance	Portfolio value at time of diagnosis (age 58)	Portfolio value at retirement (age 65)
<ul style="list-style-type: none">• You are in good health• You do not have any critical illness insurance in place• You currently have savings that are designated for your retirement	\$599,454	\$975,906
Scenario 2: Healthy, with Critical Illness insurance		
<ul style="list-style-type: none">• You remain healthy until retirement• You've subscribed a Health Priorities contract with the return of premiums on cancellation or expiry option• You currently have savings that are designated for your retirement• No covered critical illness occurs and, if the return of premium option on cancellation was selected, the sum available at retirement would be \$44,300*• Insurance premiums are paid by reducing your retirement savings Change in investments compared to scenario 1:	\$551,376	\$931,405 (\$44,501)
Scenario 3: Diagnosed with a covered critical illness, with critical illness insurance		
<ul style="list-style-type: none">• You've subscribed a Health Priorities contract with the return of premiums on cancellation or expiry option• Insurance premiums are paid by reducing your retirement savings• A covered critical illness diagnosed at age 58 and the proceeds of the contract has been fully paid• Your retirement savings continue during your recovery• The Health Priorities contract terminates upon payment of the benefit, no additional premiums are due afterwards.• You return to work after the recovery period Change in investments compared to scenario 1:	\$551,376	\$902,254 (\$73,652)
Scenario 4: Diagnosed with a critical illness, without critical illness insurance		
<ul style="list-style-type: none">• A covered critical illness diagnosed at age 58 has been received• You do not have critical illness insurance in force• You have withdrawn \$100,000 from your retirement savings to cover medical and other expenses• Your contributions to retirement savings were paused during your recovery period• Upon recovery you are able to return to work in the same capacity as before the illness and resume savings for retirement Change in investments compared to scenario 1: Possible consequences: <ul style="list-style-type: none">• Reduced ability to fund retirement expenses• Delayed retirement date• Increased contributions to your investment accounts to make up for the loss	\$599,454	\$745,267 (\$230,639)

* When retirement occurs after age 65, we assume that the return of premiums will be deposited into a fixed income investment account. However, you also have the option of contributing to your RRSP until December 31st of the year you turn 71 or to a TFSA if you have contribution room.



Insurance contract rate of return

To create the same amount of cash as the full insurance benefit, which could be available to cover illness-related expenses, you will need to generate a before-tax rate of return on your investments of 19.58%.



Your quality of life is priceless

Desjardins Insurance can help you protect your income and the assets you've built up during your lifetime so you can focus on your recovery

HOW DOES IT WORK?

If you suffer a covered critical illness (at the age of diagnosis)

Should you receive a diagnosis of one of the 26 covered critical illnesses, Health Priorities pays you a non-taxable lump-sum benefit that can be used as you see fit.

Note: The full benefit amount is shown for illustrative purposes. It may vary depending on the stage of the illness for which a full or partial benefit is to be paid.




	2039/5/18
Sample Client	\$100,000
One Hundred Thousand	
<i>Critical Illness Benefit</i>	
	

If you die prematurely (death at the age of diagnosis)

Your beneficiary will receive the higher of the following amounts (if this option was chosen):

- 100% of the premiums paid or
- 25% of the insurance amount

Note: the death benefit amount depends on when the insured dies.

	2039/5/18
Named Beneficiary	\$31,896
Thirty One Thousand Eight Hundred Ninety Six	
<i>Death Benefit</i>	
	

If you remain in good health (payment at retirement age)

If this option is chosen, you can receive a reimbursement of premiums paid upon termination of coverage. The percentage of the premiums reimbursed can equal 100% of premiums paid after a certain period of time.

Note: This option is not available with Health Priorities Term 10 and Term 20 coverages. The amount indicated is for illustration purposes only and represents the amount that can be paid at the assumed retirement age. The amount of the refund of premiums depends on when the policyholder applies for it.

	2046/5/18
Sample Client	\$44,300
Forty Four Thousand Three Hundred	
<i>Project's Realisation</i>	
	

Distinctive features

- One of the few critical illness insurance offerings in Canada to cover all types of cancer as well as several early-intervention cardiovascular procedures⁴.
- You become eligible to receive the insurance amount as soon as the diagnosis of a covered illness is confirmed, except for cardiovascular diseases and procedures, which require a 30-day survival period.

Complimentary assistance services*

Desjardins Insurance offers you and your family members⁵ the following assistance services free of charge with your qualifying insurance contract:



1. In the event of an illness, the insured can benefit from a second expert opinion on their diagnosis through an analysis of their medical records and history by renowned Teladoc⁶ Medical Experts. They also get access to eminent specialists in the required field of expertise. With the second medical opinion, the insured will get:

- Confidential consultation service that collects medical files on behalf of the insured. It's easy to use and free of charge.
- Opinions from world-renowned medical specialists, confirming the diagnosis and determining the best treatment plan.
- Unlimited access for the adult insured, their immediate family (spouse or common-law partners and dependent children) and their extended family (parents, parents-in-law, siblings and sibling-in-law) at all times.



2. 24/7 phone assistance service: Obtain explanations or advice from a qualified nurse on various health-related topics. You can use these services whether you're healthy or facing illness.



3. Travel assistance: This help line is available to you for immediate assistance in case of a medical emergency while out of province or out of country, or to obtain useful information and recommendations on preventive measures to consider before taking a trip.

* The assistance services are not a contractual obligation of Desjardins Insurance.

⁴ See Annex 1 for more details

⁵ Family members: You, your spouse, your children, your parents and your siblings

⁶ Teladoc® Medical Experts (formerly Best Doctors)

Savings and coverage all in one

Retained your health and never needed to file a claim? You can receive a reimbursement of up to 100% of the premiums paid with a return of premium rider. This amount is assumed to be reinvested in your retirement savings account.

The return of premiums on cancellation rider may be more profitable than a traditional investment. The following table is designed to demonstrate this advantage.

Annual premium for ROP	871 \$
Estimated age of payment	age 65
Marginal tax rate	43.41%
Return of premiums available at retirement	44,300 \$
Traditional investment of the ROP premium accumulated until retirement at a rate of 2.70%*	25,406 \$
ROP Advantage	18,894 \$

* Assumes the fixed income rate suggested by FP Canada

Sample

IMPORTANT INFORMATION (DISCLAIMER)

This Critical Illness Impact Calculator report is only complete if it contains all pages as well as the complete illustration of the associated insurance product, including the definition of covered critical illnesses.

This concept presentation was prepared for information purposes only, using the personal information and assumptions that have been provided. Any inaccuracies, no matter how small, may impact the projected results. Also, actual results may differ from the projections contained in this report depending upon what events actually transpire.

The calculations provided are intended to illustrate the possible effects of a critical illness on retirement savings. Withdrawals from personal savings only have been evaluated, the most tax advantageous structure has dictated the redemption order. Pension plans, employer or group retirement savings programs and disability insurance coverages have not been included in these projections, as this would require a comprehensive retirement analysis.

This report does not guarantee the acceptance of the amount of insurance being request. The insured must satisfy underwriting requirements upon submission of an insurance application in order to be approved for coverage.

All comments related to taxation are general in nature and are based on legislation and administrative policies published by the tax authorities as of the date of this concept presentation but do not cover every possible situation. Future changes to tax legislation and administrative policies may affect this information. Desjardins Insurance expressly reserves the right to amend its comments, without notice, with respect to the tax implications outlined above in the event of any such change in legislation and administrative policies. While reasonable efforts have been made to ensure its accuracy and the information contained herein is presented here in good faith, errors and omissions are possible. Persons who are not residents of Canada or are resident in Canada but are citizens of another country, may be subject to different tax rules in Canada and may also be subject to taxes levied in jurisdictions other than Canada. For specific situations, you should consult the appropriate taxation, accounting or legal advisor.

Sample

ANNEX 1 – HEALTH PRIORITIES CRITICAL ILLNESS COVERED CONDITIONS

Note: Medical information about the diagnosis and any signs, symptoms or investigations leading to the diagnosis must be reported to the Company within 6 months of the date of the diagnosis

Condition	Qualifying Period	Survival Period	Moratorium
Cancers and tumours			
Benign Brain Tumour	0	0	90 days
Cancer (life-threatening)	0	0	90 days
Cardiovascular			
Aortic Surgery	0	30 days	0
Coronary Artery Bypass Surgery	0	30 days	0
Heart Attack	0	30 days	0
Heart Valve Replacement or Repair	0	30 days	0
Stroke	30 days	Included	0
Neurological			
Bacterial Meningitis	90 days	0	0
Dementia, including Alzheimer's Disease	6 months	0	0
Motor Neuron Disease	0	0	0
Multiple Sclerosis	0 to 6 months (condition depending)	0	0
Parkinson's Disease	1 year	0	12 months
Specified Atypical Parkinsonian Disorders	0	0	12 months
Vital organs			
Kidney Failure	0	0	0
Major Organ Failure on Transplant Waiting List	0	0	0
Major Organ Transplant	0	0	0
Accident and functional loss			
Acquired Brain Injury	180 days	0	0
Blindness	0	0	0
Coma	96 hours	0	0
Deafness	0	0	0
Loss of limbs	0	0	0
Loss of speech	180 days	0	0
Paralysis	90 days	0	0
Severe Burns	0	0	0
Other			
Aplastic Anemia	0	0	0
Occupational HIV Infection	90-180 days	0	0

ANNEX 1 – HEALTH PRIORITIES CRITICAL ILLNESS COVERED CONDITIONS

Condition	Période d'admissibilité	Période de survie	Période moratoire
Long-term care (loss of independence)			
Permanent loss of independent existence	90 days	0	0
Temporary loss of independent existence	90 days	0	0
Early stage cancers (partial benefits available*)			90 days
Carcinoma in Situ	0	0	90 days
Dermatofibrosarcoma	0	0	90 days
Ductal Carcinoma In Situ of the Breast	0	0	90 days
Lobular Carcinoma In Situ of the Breast	0	0	90 days
Malignant Melanoma – Stage 1	0	0	90 days
Primary Cutaneous Lymphoma	0	0	90 days
Prostate Cancer – Stage T1a or T1b	0	0	90 days
Other cancers*** not listed above	0	0	12 months
Ablation surgeries**			
Total Mastectomy	0	0	0
Total Prostatectomy	0	0	0
Minor cardiovascular conditions and procedures*			
Aortic Aneurysm	0	30 days	0
Coronary Angioplasty	0	30 days	0
Endovascular Treatment of Aortic Aneurysm or Disease	0	30 days	0
Insertion of Cardiac Pacemaker or Cardiac Defibrillator	0	30 days	0

Moratorium period: A period of delay from the date of contract issue or the last date of reinstatement before specific conditions are eligible for coverage. Should an insured receive a diagnosis prior to the stated moratorium period, the condition is considered ineligible for benefits.

Qualifying period: The period of time for which a specific condition must exist in order to be eligible as a covered condition.

Survival period: The length of time one must survive after diagnosis in order to be eligible for a benefit payment.

*An advance of 15% of the benefit amount, to a maximum of \$50,000. The advance payable will be reduced by the amount of any previously paid advance, if applicable.

**An advance of 30% of the benefit amount, to a maximum of \$100,000. The advance payable will be reduced by the amount of any previously paid advance, if applicable.

***An advance of 1% of the benefit amount, to a maximum of \$5,000. If any advances were previously paid for an early stage cancer or an ablation surgery, the 1% advance for other cancer will not be payable.