

## Transition

# PROTECT YOUR ESTATE

Transition critical illness insurance can be an invaluable support for people who are facing a critical illness and want to protect their estate and maintain their standard of living.



### **Case study: Mark and Katherine**

#### **Current situation**

Mark is 44 years old and Katherine is 43

#### **Occupation**

Mark is self-employed as a marketing consultant.  
Katherine works part time.

#### **Annual RRSP contributions**

\$15,000

#### **Interests**

Travel – Annual budget of \$5,000

#### **Mark's annual net income**

\$70,000

### **The situation**

One of Mark's friends was diagnosed with cancer. This was a wake-up call for Mark and he realized that if this happened to him, the financial impact could have major repercussions for his standard of living, as well as on his retirement plans.

If Mark were to be diagnosed with a critical illness, he would have to stop working and would be forced to depend on government employment insurance benefits.

## Protecting their estate and standard of living

Let's assume that Mark, following a critical illness diagnosis, has to stop working for one year.

## The financial impact on Mark

Loss of income for living expenses	\$50,000
<b>Subtotal</b>	<b>\$50,000</b>
RRSP contributions	\$15,000
Travel budget	\$5,000
<b>Total</b>	<b>\$70,000</b>

## Transition solutions

### COVERAGE OPTION 1

#### T75 – 25 illnesses

Coverage: \$50,000

Premium: **\$73/month**

With this coverage, Mark could:

- Cover his financial obligations during his recovery period

### COVERAGE OPTION 2

#### T75 – 25 illnesses

Coverage: \$70,000

Premium: **\$101/month**

With this coverage, Mark could:

Benefit from the same advantages provided by Coverage Option 1

#### Plus...

- Protect his accumulated capital for retirement
- Maintain his standard of living during his recovery

### COVERAGE OPTION 3

#### T75 – 25 illnesses

Coverage: \$70,000  
FRP at age 65/RPD\*

Premium: **\$176/month**

With this coverage, Mark could:

Benefit from the same advantages provided by Coverage Option 2

#### Plus...

- Reinvest his returned premiums at age 65 into his RRSP if his coverage needs are reduced

\*FRP: Flexible Return of Premiums/ RPD: Return of Premiums upon Death

## Advice Zone

Katherine could be added to Mark's contract, as an additional insured, for complete family coverage.

**T75 – 25 illnesses** → Coverage: \$50,000 → **\$61/month**

#### Important:

To be eligible for payment of the face amount, Mark's critical illness diagnosis must be consistent with the definition provided in the policy. This definition may include certain exclusions or limitations. It is important to be aware of these.

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