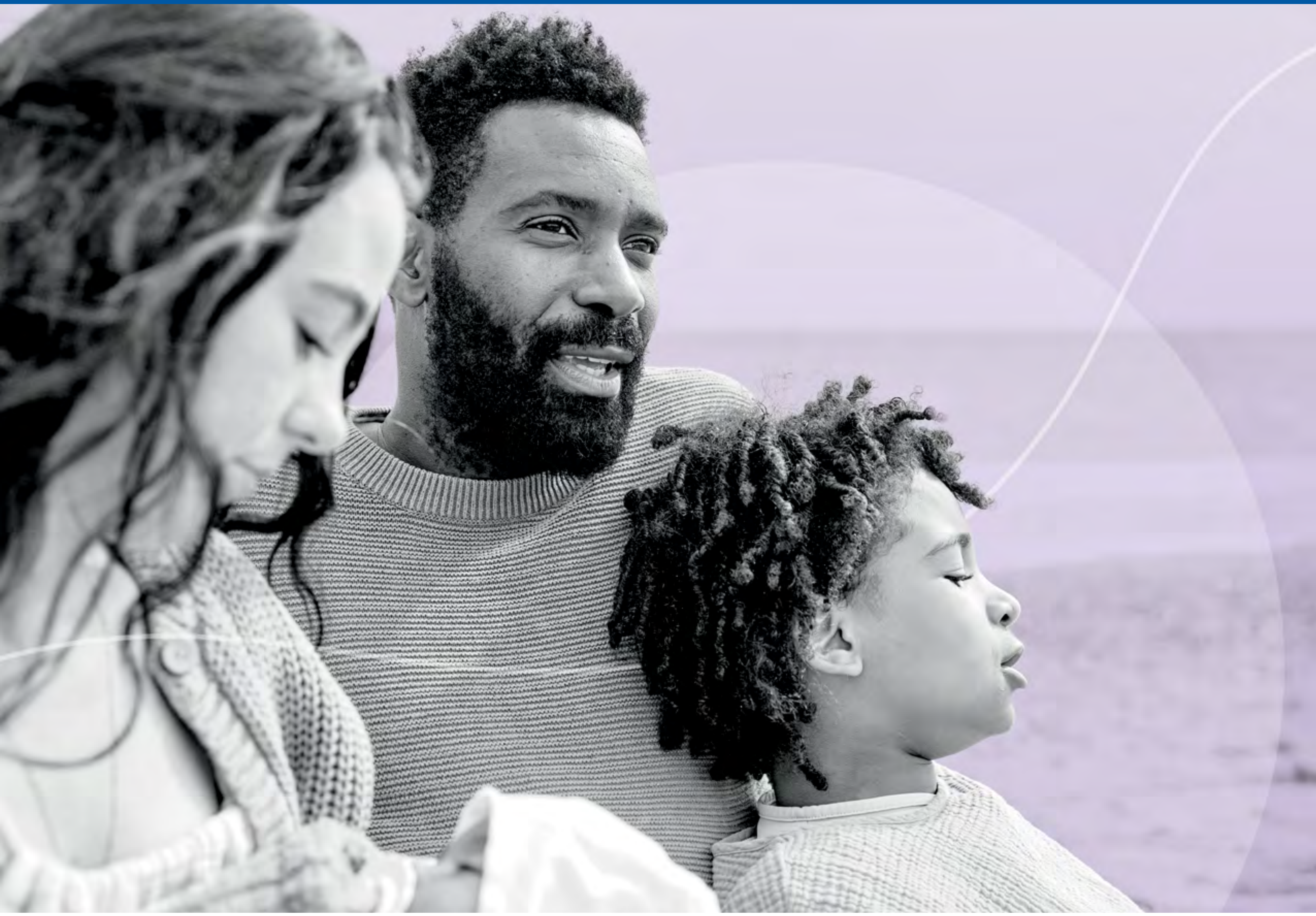
Transition

CRITICAL ILLNESS INSURANCE

INTERPRETING THE TRANSITION INDEX



iA Financial Group

The Transition Index is a simple way to help you approach a discussion with your client by helping them think about their needs for critical illness insurance.

Instead of pinpointing the amount of insurance necessary, this index highlights your client's level of risk with regard to the financial impact of a critical illness.

The Transition Index includes ten easy questions about different needs for critical illness insurance based on your client's individual factors (family situation, type of employment, current coverage, etc.). **The more "yes" answers your client gives to the questions, the higher the Transition Index will be and the more significant the financial impact of a critical illness would be.**

Each question has an explanation and facts surrounding the financial impact of a critical illness. You can use these explanations to help your clients interpret their Transition Index.

Interpretation of the Transition Index for each question

All clients are affected by the financial impact of a critical illness. In addition to the following general needs, there are more specific needs that vary based on family situation, type of employment and a client's current coverage, which help determine the Transition Index.

General needs:

— Payments for financial commitments despite a loss of income;

— Additional expenses associated with the illness and the treatment plan (medications, experimental treatments and medical devices not covered by public plans, home adaptations and travel costs);

— Support services for housekeeping and meal preparation;

— Financial leeway after recovery to reassess priorities: the freedom to be able to work part time for example.

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

Questions to determine the Transition Index

Q1. Are you the main source of income for your family?

Being the main source of income and having to take on the impact of a leave of absence for a critical illness increases your Transition Index. Additional expenses related to your condition could include:

- Covering a loss of revenue due to unpaid leave
- Paying your living expenses
- Getting help for meal preparation and household upkeep
- Paying expenses for travel and for a support person for medical appointments
- Obtaining childcare services if you have children
- Compensating for a delay in your retirement savings contributions
- Absorbing a potential loss if you have to sell your property quickly for liquidity or because you can no longer make mortgage payments

Q2. Do you have children under 20 years old?

Having dependent children increases your Transition Index due to the financial impact that a critical illness diagnosis can have on parents. In addition to a partial or total loss of income due to a work leave, parents have additional expenses related to childcare. The everyday life of a parent diagnosed with a critical illness can be completely overwhelmed because of their inability to handle certain responsibilities. Additional expenses related to having young children could include:

- Homework assistance for children
- Help at home for meal preparation, household chores and keeping up with children's extracurricular activities
- Psychological support for children during this difficult time
- Covering a temporary loss of income for a spouse to take time off to support the parent who is ill and to spend more time taking care of the children
- Paying for children's education expenses and making contributions to registered educations savings plans

For complete family coverage

Parents with dependent children can benefit from financial assistance in the case of a critical illness, but it's also advisable to take out insurance for their children.

Should their child be affected by a critical illness, parents may need to take unpaid time off to support them. This loss of income can be covered by critical illness insurance benefits, to help parents to better cope with their financial commitments during this difficult time.

Q3. Do you have a spouse?

If you have a spouse, this increases your Transition Index, because you would surely want them to be able to take time off to be by your side and support you in the event of a critical illness. Without financial assistance, it may be difficult for your spouse to take unpaid leave due to additional medical expenses related to your condition, and your own loss of income.

For complete family coverage

People with spouses can benefit from financial assistance in the case of a critical illness, but it's also advisable to take out insurance for their spouse.

Should their spouse be affected by a critical illness, they may need to take unpaid time off to support them. This loss of income can be covered by critical illness insurance benefits, to help them to better cope with their financial commitments during this difficult time.

Good to know!

Even if you don't have a spouse, critical illness coverage is still very important, because you are the sole source of income. If you live alone, you don't have the safety net of a spouse's income in the event of a critical illness.

Take the time
to recover with
peace of mind

Q4. Do you have financial obligations (a car loan or lease, a mortgage or rent)?

If you have financial obligations such as a car loan or lease, a mortgage or rent, it can be difficult to maintain payments in the event of a loss of income due to an extended absence for a critical illness.

Having financial obligations increases your Transition Index. Some examples of needs associated with a critical illness include:

— Making payments for financial commitments despite a loss of income

— Absorbing a potential loss if you have to sell your property quickly for liquidity or because you can no longer make mortgage payments

— Adapting your home or means of transport to your new situation (having to move because your home can't accommodate a wheelchair, for example)

Q5. Do you live in a rural area?

If you live far from a large urban centre, this increases your Transition Index, as you may have additional expenses related to receiving medical care at a specialized hospital. Other expenses could include:

— Travel expenses and parking

— Accommodation and restaurant expenses

— Childcare expenses, if they have to stay at home during your treatment

— Travel and accommodation expenses for your loved ones during your recovery

Transition critical illness
insurance, for your
peace of mind

Q6. Does your family live far from you?

If your family members live far away from you, this increases your Transition Index. Some examples of situations associated with a critical illness causing additional expenses that you and your loved ones may face include:

— If your family is not able to be by your side, you may need homecare and support services for medical appointments

— If your family members want to be with you at this difficult time, they may have additional expenses for accommodations and food as well as travel expenses

— If they are still working, they may need to take unpaid leave, leading to a temporary loss of income

Q7. Does your work involve manual labour?

If you have a manual labour job, you may have functional limitations following a critical illness, which increases your Transition Index. Most disability insurance plans offered by employers stipulate that after a 24-month period, you must be incapable of performing tasks for any type of employment in order to keep your disability benefits. You may therefore have to reorient to a new type of employment, leading to a significant loss of income.

Protect the investment of your life: your company

Q8. Are you self-employed?

If you are self-employed, the financial consequences of a critical illness can be even more serious, which increases the Transition Index. An extended period of disability can cause a loss of income, but it can also cause you to lose contracts for the future, once you've recovered. There are many financial impacts following a critical illness, such as:

- Coping with loss of income due to temporary inability to perform your work
- Hiring an employee to ensure your business activities can continue during your convalescence
- Paying for business expenses and covering your financial commitments
- Avoiding dipping into your retirement savings to cover current expenses or temporarily stopping your contributions

Q9. In the case of a disability or a critical illness, would you lose your income?

If you don't have disability insurance coverage through a group insurance plan, loan insurance with your financial institution or personal disability insurance, the financial consequences of a disability or critical illness can be even more significant, which increases your Transition Index. To compensate for a significant loss of income, you may need to:

- Dip into your personal savings
- Remortgage your house, or move to a less expensive home
- Borrow money from your loved ones
- Take out a personal loan

Good to know!

In addition, even if you do have disability insurance or critical illness insurance:

- Most insurance plans offered by your employer or financial institution include a waiting period, during which time you won't receive any income
- The group disability insurance benefit you receive will only partially cover your income, but your financial obligations will not decrease
- Loan insurance plans don't provide liquidity, they only ensure that your monthly payments are made

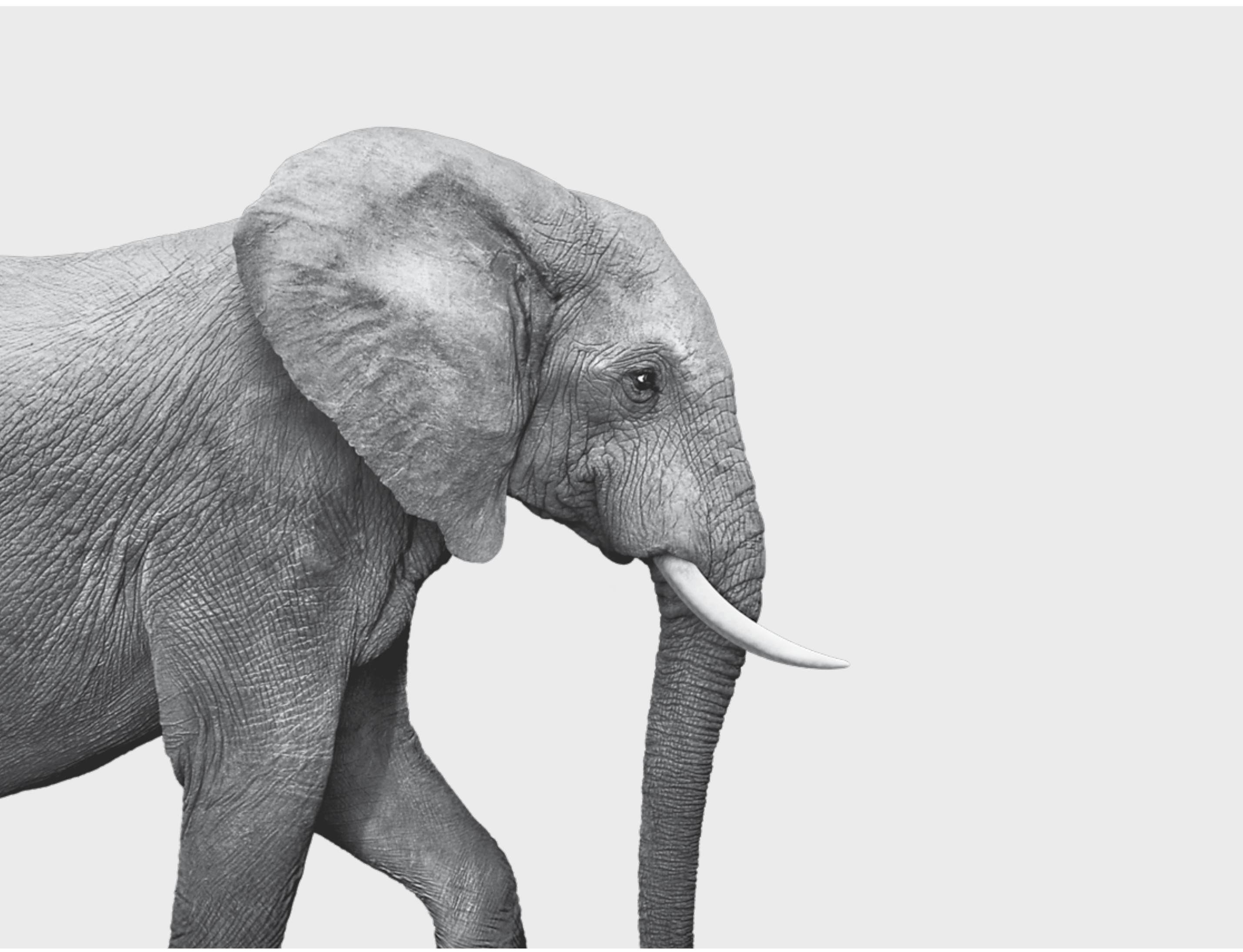
Q10. Do you contribute to an RRSP every year?

If you contribute to RRSPs every year, the loss of income associated with a critical illness can compromise your retirement planning. This increases the Transition Index. Your accumulated savings may decrease due to:

- Delayed payment of your annual RRSP contribution
- Taxable drawing from your accumulated RRSP savings to compensate for a loss of income

Good to know!

Even if you don't contribute to an RRSP every year, critical illness coverage is still very important, because you don't have the safety net of accumulated savings for your retirement.



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