



Using Critical Illness Insurance To Protect Your Retirement Plan

As a financial planner, I often find myself using different insurance tools to protect people's wealth. One of those tools is critical illness insurance, or "C.I.". One thing that I know about insurance is that if you want to put people to sleep, you just talk about it. So, I'm going to give you a super quick example of how we can use C.I. to protect somebody's wealth. Critical illness insurance or "C.I." pays out a one time lump sum, if the insured is diagnosed with one of the critical conditions illustrated on page two. Now, there's no restriction on how the client uses the money, but I prefer they use it so that they don't have to dip into their retirement savings. In this example, we are using a 40 year old female non-smoker with a \$50,000 benefit. This policy will cost \$86.20 a month and it will expire when she turns 75. For a little bit of excitement we added a "rider" or an option called "R.O.P" which stands for return of premium. In this case, she could start exercising that return of premium at age 60. At age 65, she could exercise it at 100% and she can also exercise it at age 75 when it expires. (See table on page two).

So how does this work? Well, in a perfect world, she turns 65. She hasn't gotten sick, and she exercises the ROP option at 100%. If you do the math, the premiums paid up until that point are about \$24,500. Now, she can cancel the policy and take all that money back or, if she doesn't want to, she can wait till the policy expires and get around \$34,000 back. That's totally up to her. So if you think about it, if she doesn't get sick, she had that insurance for all those years for nothing. And if she does get sick, she doesn't have to dig into her savings, meaning her retirement will be intact, like we planned. If this seems like something that might work for you, click on the link to book a meeting to learn more.

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WEALTH MADE SIMPLE
DECISIONS MADE SMART

Critical illness insured conditions

- Acquired brain injury
- Aortic surgery
- Aplastic anemia
- Bacterial meningitis
- Benign brain tumour
- Blindness
- Coma
- Coronary artery bypass surgery
- Deafness
- Dementia, including Alzheimer's disease
- Heart attack
- Heart valve replacement or repair
- Kidney failure
- Life-threatening cancer
- Loss of limbs
- Loss of speech
- Major organ failure on waiting list
- Major organ transplant
- Motor neuron disease
- Multiple sclerosis
- Occupational HIV infection
- Paralysis
- Parkinson's disease and specified atypical Parkinsonian disorders
- Severe burns
- Stroke

Return of premium schedule

Policy anniversary nearest insured's age	% of eligible premium
60	50
61	60
62	70
63	80
64	90
65+	100

For example, based on the monthly premium illustrated the return of premium benefit will be:

- \$9,826.80 if the policy is surrendered at insured's age 60
- \$18,081.31 if the policy is surrendered at insured's age 63
- \$24,567.00 if the policy is surrendered at insured's age 65
- the return of premium benefit at expiry will be \$34,393.80.

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