

Disability Insurance Needs Analysis

Protecting your financial security

IS YOUR INCOME WORTH PROTECTING?

We all insure our homes and vehicles. Most of us couldn't afford to lose them. But is your home insured? Could you afford to lose it?

What is it worth to insure your most valuable asset?

Value of your home: \$ _____

Value of your vehicle(s): \$ _____

Annual premium to insure these assets: \$ _____

Total potential earnings to age 65: \$ _____

Do you have insurance coverage to protect this valuable asset?

Your current annual premium (if any) to insure this asset: \$ _____

MONTHLY EXPENSES CALCULATION

This simple exercise will help you identify the income needed to maintain your current standard of living:

Expense	Cost per month
Mortgage/Rent	\$
Car payments	\$
Credit card bills	\$
RRSP/RESP/savings	\$
Loan payments	\$
Utilities	\$
Phone/cable	\$
Car expenses	\$
Insurance (home, life, critical illness)	\$
Food	\$
Clothing, gifts	\$
Property taxes	\$
Childcare/education	\$
Vacations	\$
Entertainment	\$
Other	\$
TOTAL	\$

IF YOU ARE DISABLED, WHERE WILL THIS MONEY COME FROM?

Your Spouse

A spouse may be able to cover some or all expenses. However, your disability may affect your spouse's income by requiring him or her to become a caregiver or assume more household responsibilities. There may also be additional expenses such as childcare, medical, or home modifications.

RRSP and Savings

How long could you live off your savings? Remember that money withdrawn from Registered Retirement Savings Plans (RRSPs) is subject to income tax.

Loans and Credit

This can be a short term "band-aid" solution leaving you further in debt with additional monthly expenses. While disabled, it may be difficult to obtain new loans or credit.

Government Disability Benefits

To qualify for Canada Pension Plan or Quebec Pension Plan benefits your disability must be severe and prolonged and prevent you from being able to work at any job. Employment insurance has a limited benefit and only covers employees. Workers Compensation Board benefits only cover disabilities which occur on the job.

Sale of assets

Would you be willing and able to quickly sell sufficient assets to meet your needs for their full value while disabled?

Borrowing from family and friends

Would your family and friends be willing and able to pay your monthly expenses on an ongoing basis?

Group Disability Insurance

If you have group coverage, is it enough? Does it provide the level of protection that you need? Remember, you do not control it, your plan sponsor does. What will happen to this coverage if you change your employment?

Not many of us expect to be affected by a disability. Yet disabilities are a very real fact of life that can be financially devastating.

What are your odds?

PERCENTAGE OF PEOPLE WHO WILL BECOME DISABLED FOR AT LEAST 90 DAYS PRIOR
TO AGE 65 AND AVERAGE DURATION OF DISABILITY

Age	% Disabled*	Average Duration**
25	44%	2.4 years
30	42%	3.2 years
35	40%	3.4 years
40	37%	3.9 years
45	33%	4.2 years
50	28%	4.7 years

**Source: Commissioner's Disability table, 92 CIA Mortality Table, blended 50/50 male/female*

***Source: Commissioner's Disability Table, blended 50/50 male/female and 50/50 accident/sickness*

Your Income – Your most valuable financial asset!

Are you aware of the potential financial impact a disability could cause if it affected your ability to earn an income?

TOTAL POTENTIAL EARNINGS TO AGE 65 ASSUMING 2.5% INCREASE

Age	\$30,000	\$50,000	\$70,000	\$90,000	\$120,000	\$150,000	\$200,000
25	\$2,022,077	\$3,370,128	\$4,718,179	\$6,032,080	\$8,088,306	\$10,110,383	\$13,480,511
30	\$1,647,846	\$2,746,410	\$3,844,975	\$4,943,539	\$6,591,385	\$8,239,231	\$10,985,641
35	\$1,317,841	\$2,195,135	\$3,073,189	\$3,951,243	\$5,268,324	\$6,585,405	\$8,780,541
40	\$1,024,733	\$1,707,888	\$2,391,043	\$3,074,199	\$4,098,932	\$5,123,665	\$6,831,553
45	\$766,340	\$1,277,233	\$1,788,126	\$2,299,019	\$3,065,359	\$3,831,699	\$5,108,932
50	\$537,958	\$896,596	\$1,255,235	\$1,613,873	\$2,151,831	\$2,689,789	\$3,586,385

Based on your current age and income, what are your potential earnings to age 65?

\$ _____