

The need for critical
illness insurance ...

... and A Good Health
Savings Plan



We're here to help.™

PN0080E

April 26, 2017

Why do I need critical illness insurance?

Could it really happen to me?

BAD NEWS	GOOD NEWS
There are an estimated 70,000 heart attacks each year in Canada (one heart attack every 7 minutes) ¹	80% of heart attack victims survive ¹
196,900 new cancer cases in Canada for 2015 ²	The 5-year survival rate after diagnosis of cancer is 63% ²
More than 50,000 strokes occur in Canada each year (one stroke every 10 minutes) ¹	80% of victims of a stroke will survive ¹

Why do I need critical illness insurance?

You may know someone affected by a critical illness.

- You probably know colleagues, relatives or friends, who have undergone chemotherapy or radiation treatment for cancer, or who have had heart surgery.
- They have **survived** a **critical illness** and may be working, traveling and enjoying life again.
- But their lives, including those of their families and business associates, have often been profoundly affected.



Why do I need critical illness insurance?

There are immediate financial consequences when you suffer from a critical illness

- Extended absence from work
 - You may have a disability insurance program to cover a portion of your income, but a critical illness could be life altering. Receiving only a portion of your income may not be enough. Critical illness insurance can help fill the gap.
- The costs for home care during a period of illness and recovery
 - With shorter hospital stays, you may find that home and private nursing care services are required to speed recovery. Critical illness can help cover these expenses.
- Treatment outside of Canada or other medical costs not fully covered under your provincial health plan
 - Critical illness insurance can enable you to obtain treatment outside of Canada or pay for experimental treatment not covered under a health care plan.



What is critical illness insurance?

- Critical illness insurance is a form of insurance protection that **provides immediate funds** to you upon diagnosis and survival of a covered condition, such as life-threatening cancer, stroke or a heart attack.
- Unlike other types of insurance that provide income replacement if you are seriously ill, critical illness insurance provides a **lump sum benefit** that can be used any way you choose often with **no restrictions** or claw-backs to benefits.



How does it work?

Typically, there are 2 types of critical illness plans

- Renewable and Convertible

- You choose the period of time you want to be covered for.
- The amount of coverage you choose remains unchanged for the duration of the term as long as you do not choose to decrease the coverage.
- The amount of premiums you pay do not change for the set term
- After each set term, premiums will increase to a new amount and will remain unchanged until the next renewal period

- Permanent

- You choose the period of time you want to be covered for. Typically to age 75 or age 100.
- The amount of coverage you choose remains unchanged as long as you do not choose to decrease the coverage.
- The amount of premiums you pay do not change.

How does it work?

- When you purchase a critical illness policy, you are covered if you are diagnosed against any one of a number of conditions covered under the policy.
- Your policy has specific definitions to determine when a diagnosis of a condition is covered under the policy.
- Once a diagnosis has been made, typically you must satisfy a 30 day Survival Period.
 - The Survival Period is necessary to demonstrate the financial need of this product once you are diagnosed with a critical illness.
 - It also allows the company to pass the lump sum to you tax-free.



Renewable and convertible critical illness insurance is ideal for

- Young couples who are cost conscious looking to replace lost income due to an unexpected critical illness.

Here's what the research says ...



Ask yourself this question: If you needed to take time off from work to recover from a critical illness, do you have a contingency fund in place to replace your lost income?

... A Good Health Savings Plan



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A Good Health Savings Plan

- Create a good health savings plan now, because chances are you will survive the initial critical illness and you may need to:
 - take time away from work to recover
 - cover costs for home care
 - seek treatment outside of Canada or other medical costs not fully covered under the provincial health plan
- Let me show you how to replace 1 year of your salary for a cost of 1% of your annual income.



A Good Health Savings Plan – Let me show you how

The math

Assumption: Replace an annual income of \$50,000

$\$50,000 @ 1.0\% = \$500 \text{ per year} = \$45 \text{ per month}$

(includes .09 monthly load)



A Good Health Saving Plan – By the numbers

Purchase a \$50,000 Living Benefit 10 or
Living Benefit 20 critical illness plan

	Living Benefit 10		Living Benefit 20	
	MALE NS	FEMALE NS	MALE NS	FEMALE NS
Age 30	19.40	21.78	21.33	24.12
Age 35	22.37	25.34	27.99	29.03
Age 40	29.70	31.46	37.67	37.89
Age 45	41.00	39.87	55.13	50.40

Rates in effect as of April 11, 2017, subject to change

A Good Health Savings Plan

Let me help you create a good health savings plan to protect you and your most valuable assets.

Let's get started.

The screenshot shows a BMO Insurance website page. At the top left is the BMO Insurance logo with the tagline 'We're here to help.' and the word 'Français' in the top right corner. The main heading is 'How much Critical illness insurance do you need?'. Below the heading is a paragraph: 'No matter what plan you have in place, nothing can prepare you for the financial burden associated with surviving a critical illness. It is vital that you have the right amount of critical illness insurance to protect your assets, your lifestyle and your financial future.' There is a large blue play button icon in the center. To the left of the play button is a list of categories under 'Recovering Physical Health': Medication (cancer drugs), Hospital upgrades (semi-private/private room), Homecare expenses (nursing, housekeeping, rehab), Quicker medical care (private clinic, out-of-country care), and Equipment (scooter, wheelchair). To the right of the play button is a table with the heading 'Amounts Needed' and several rows of empty cells. The page also features a navigation bar with '1 Recovering Physical Health' and '2 Medication' and a background image of a man looking out at the ocean.

Information Disclaimer

The information in this publication is intended as a summary of our products and/or services and may include projected values based on a set of assumptions. Actual results may not be guaranteed and may vary. Please consult the appropriate policy contract for details on the terms, conditions, benefits, guarantees, exclusions and limitations. The actual policy issued governs. Each policyholder's financial circumstances are unique and they must obtain and rely upon independent tax, accounting, legal and other advice concerning the structure of their insurance, as they deem appropriate for their particular circumstances. BMO Life Assurance Company does not provide any such advice to the policyholder or to the insurance advisor.

¹2014 Report on the Health of Canadians, Heart and Stroke Foundation (2014) and statistics from www.heartandstroke.com on August 28, 2015

²Canadian Cancer Statistics, Canadian Cancer Society and Government of Canada (2015)

Insurer: BMO Life Assurance Company.

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