

When LTD isn't enough

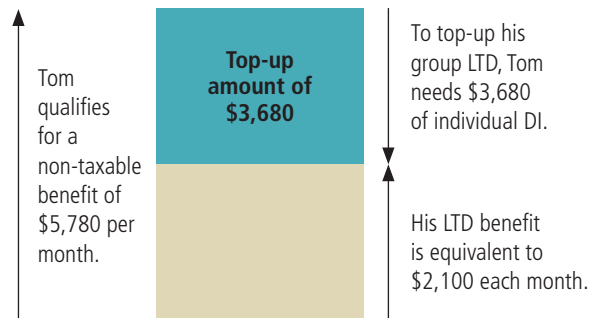
Disability Insurance



If you have some group LTD coverage, your best route to financial security may involve using individual disability insurance (DI) as a supplement to group LTD coverage. There are three ways you can do so. Let's demonstrate this by looking at Tom Johnson's situation. Tom is a 38-year-old business executive with an income of \$120,000 and \$3,000 per month of taxable LTD coverage. Tom is eligible for \$5,780 per month of non-taxable individual disability insurance.

TOP UP

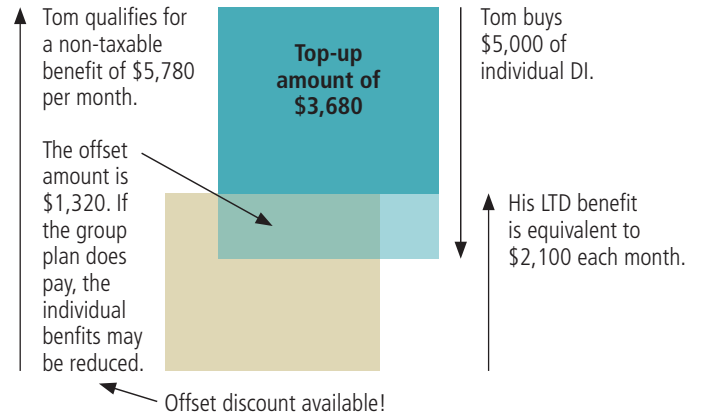
If your existing insurance is less than what you're eligible for, you can "top up" by buying the difference. For example, Tom has \$3,000 of taxable coverage, which is equivalent to about \$2,100 of non-taxable coverage. He is eligible for \$5,780 of non-taxable benefits each month, so he can buy a top up of $\$5,780 - \$2,100 = \$3,680$. His monthly individual DI premium* would start from \$71.



*45 Male Non-smoker, Age 38, Venture Series, Benefit and Regular Occupation Period to age 65, 90 day Elimination Period. No riders.

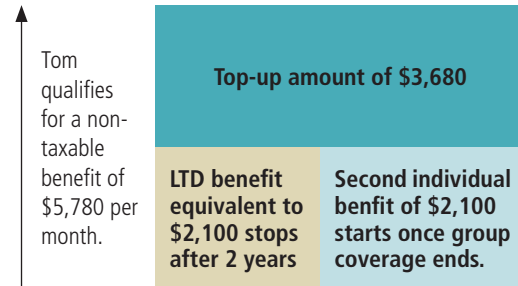
OFFSET

“Offset” means that you want more individual DI than a top up would provide. This typically happens when you are worried about the quality of your group coverage and whether it will pay at the time of claim. If the group plan DOES pay, the amount paid by the individual DI policy may be reduced depending on your pre-disability income. Because of this potential offset, you may qualify for a premium discount. For example, Tom wants to buy \$5,000 of individual DI to make sure that his living expenses, mortgage and children’s education are covered. This is \$1,320 per month more than the straight top up. His monthly individual DI premium, including offset discount, would start from \$85.



WRAP-AROUND

A “wrap-around” involves coordinating with an existing short term benefit – for example a group plan that only pays for two years. First, you need to top up or offset the existing benefit. Then you need a second benefit to take over after the short term benefit ends. For example, Tom’s group plan pays for only two years. For the first two years, he has put in place individual DI coverage that pays a top up of \$3,680 per month. After two years, his DI policy pays the full total of \$5,780. His monthly individual DI premium would start from \$101.



Your advisor can review your needs and resources to help you find the best solution.

In any case, you would typically also want to add an Additional Insurance Rider (AIR) for the maximum amount. This way, if you leave the group plan, you can increase your individual DI policy without proof of medical insurability.

