

Disability Insurance Needs Analysis



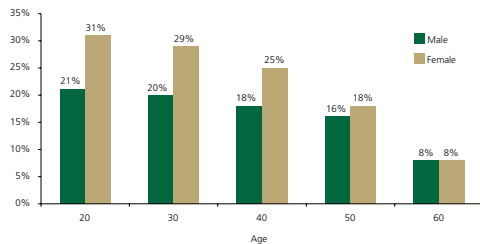
Do you know that ...?

Most people recognize the need for home insurance, car insurance and even life insurance. But many overlook the need for disability insurance – insurance that provides a source of income if you should become ill or injured and can't work.

The fact is that disability strikes working people far more often than premature death. Did you know that one in three people, on average, will be disabled for 90 days or more at least once before they reach age 65?

Source: A guide to disability insurance. Canadian Life and Health Insurance Association.

The chance that you will be disabled for 90 days or longer before age 65 is ...



Source: 1985 Commissioners Individual Table A (for occupations involving no manual labour)

The Potential Sources of Income

- **Government benefits** – Can you count on them? CPP/QPP only pay for the most severe disabilities. EI only covers employees and only pays a short-term benefit. Workers' Compensation primarily covers work related injury.
- **Savings** – How long will they last? Even a relatively short disability can wipe out years of savings. And if you have to use your RRSP savings to cover your expenses, don't forget you'll have to pay tax on the withdrawals, which will deplete your savings even more rapidly.
- **Liquidation of assets** – Even if you have no sentimental attachment to them, will you receive fair market value?
- **Borrowing** – Do your family and friends have the money to spare? Would a bank lend to you if you were not working?
- **Group long term disability (LTD) insurance** – If you're currently eligible, how much are you covered for? Does your plan provide the comprehensive coverage you need? Will you be covered if you change employers or become self-employed?
- **Individual disability insurance** – A personalized disability insurance coverage that can be tailored to your unique needs.



Where will the money come from if you're unable to work?



Can you afford NOT to have personally owned disability insurance?





The Value of Your Income

Use the following calculation to forecast your potential earnings to age 65:

Current income \$ _____

Multiplier* from table below _____

Potential earnings to age 65 (AxB) \$ _____

Current Age	Multiplier*	Current Age	Multiplier*
25	67.4026	41	32.3490
26	64.7830	42	30.5844
27	62.2273	43	28.8629
28	59.7339	44	27.1833
29	57.3014	45	25.5447
30	54.9282	46	23.9460
31	52.6129	47	22.3863
32	50.3540	48	20.8647
33	48.1503	49	19.3802
34	46.0003	50	17.9319
35	43.9027	51	16.5190
36	41.8563	52	15.1404
37	39.8598	53	13.7956
38	37.9120	54	12.4835
39	36.0117	55	11.2034
40	34.1578		

* Assumes that earnings grow 2.5% each year

Insuring Your Assets

The value of your home and car(s) \$ _____

The premium you pay to insure these assets \$ _____

The value of your potential earnings up to age 65 (from page 3) \$ _____

The premium you pay to insure this asset \$ _____

You spend a lot of money protecting your home and car(s). But, what about the one thing that makes them possible – your income? Personalized disability insurance can provide the protection that you need for insuring your potential income.

To maintain your current standard of living, you need:

Monthly expenses

Mortgage or rent \$ _____

Utilities \$ _____

Loan repayments \$ _____

Groceries \$ _____

Personal care (clothing, fitness, etc.) \$ _____

Transportation \$ _____

Medical/dental \$ _____

Childcare (including alimony,

child support) \$ _____

Education \$ _____

Retirement savings \$ _____

Other \$ _____

Total expenses \$ _____

If you were disabled and lost your earning power, how many months or years could you maintain this lifestyle without the money you earn?



Have you insured your most critical asset - your income?



What can you do to meet these expenses? How much disability insurance would you need?

Disability Needs Analysis Worksheet

Total expenses (from page 3) \$ _____

Minus existing coverage:

Individual \$ _____

Group \$ _____

Total existing: \$ _____

The total new amount required is the difference between these two: \$ _____

The amount of disability insurance that you can apply for depends on many factors, including your current income, occupation and existing disability coverage. See the chart below for the non-taxable benefit limits by income.

Annual Income	Monthly Benefit Limit	Annual Income	Monthly Benefit Limit
\$20,000	\$1,300	\$200,000	\$8,080
\$40,000	\$2,440	\$300,000	\$10,490
\$60,000	\$3,420	\$400,000	\$11,940
\$80,000	\$4,300	\$500,000	\$13,710
\$100,000	\$5,070	\$600,000	\$15,930
\$120,000	\$5,780	\$700,000	\$18,340
\$140,000	\$6,430	\$800,000	\$20,750
\$160,000	\$7,040	\$900,000	\$23,170
\$180,000	\$7,620	\$1,000,000	\$25,580

Quote Detail

Complete the following to determine the disability insurance plan that you need.

Name: _____

Date of Birth: ____ / ____ / ____ Sex: M F

Occupation: _____

Duties: _____

Student or new grad? Yes No

In what profession: _____

Smoker: Yes No

Taking any medications? Yes No

If yes, why? _____

Declined for insurance elsewhere? Yes No

Company? _____

Why? _____

Do you work from home? Yes No

Eligible for EI? Yes No

Other D.I. plan? Yes No

If yes, amount: \$ _____

If self-employed:

Percentage ownership: _____

Years as owner of this business: _____

Number of full-time employees: _____

Income for last year:

Earned Income: \$ _____

Income Splitting: \$ _____

Other: \$ _____

Total: \$ _____

Coverage desired:

Monthly amount: \$ _____

Elimination period: 30 / 60 / 90 / 120 / 730 days

Benefit period: 5 years / to age 65

Options: Cost of Living Adjustment rider (COLA)

Additional Insurance rider (AIR)

Partial/Residual Disability Benefits

Pensionguard rider

Premium Refund rider



You know the monthly benefit that you're eligible for, now what plan do you need?



Ask your advisor today about a high quality disability insurance plan from Manulife.

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MK1715E 04/2011

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