Living benefits

Overhead expense plan

canada life™

How disability insurance can help protect your business

As a business **owner**, you've worked to make your business a success. That's why protecting it from unexpected events is so important.

For instance, what would happen if you became disabled and couldn't work?

How would you keep revenue and savings, which you've worked so hard to build up, from rapidly depleting before you return to work?

It could jeopardize everything you've created. It's why you need a plan in case a disability does strike.

With the Canada Life™ disability insurance overhead expense plan, you get coverage for your monthly business expenses.

1 in 3

Canadians will become disabled

(for more than 90 days) before they're 65.[1]

[1] "A guide to disability insurance", Canadian Life and Health Insurance Association, December, 2018

Let's find out more

What’s an overhead expense plan?

It’s a disability insurance policy for business owners, which could help cover eligible business expenses if you can’t work because of a disability.

You choose how long your benefit coverage lasts:

Up to 12 months | Up to 24 months

How much coverage you can get depends on your:

- ✓ Occupation
- ✓ Industry
- ✓ Eligible monthly business expenses

Maximum amount

When you buy your policy, you pick a maximum monthly expenses benefit amount. If while disabled your expenses are less than this amount, you can carry the difference over to future months.

What are eligible business expenses?

- Employee salaries
- Rent
- Utilities
- Internet
- Phone and fax lines
- Lease costs for dental equipment

Why the overhead expense plan may be right for your business

If you are disabled, an overhead expense plan can help:

- ✓ Focus on recovery
- ✓ Keep valued staff
- ✓ Pay ongoing expenses and avoid financial downfall
- ✓ Keep your business on track

Add the return-of-premium (50%) rider and if you don't become disabled, you may get back up to 50% of yearly premiums you've paid.[2]

[2] Provided the insured isn't disabled at the end of the applicable return period and any benefits paid and any eligible premium waived or refunded have not exceeded 20% of the total amount of eligible premium that was paid or waived.

No one expects to be disabled

Robert is a dentist with a growing practice. On his way home from work one evening, he's seriously injured in a car crash. Robert needs immediate reconstructive surgery, followed by months of rehabilitation, before he can walk again.

Let's look at a scenario to see how the overhead expense plan works.

While Robert focuses on recovery, his business is in trouble.

Since there's no dentist able to see patients, his office assistant cancels all appointments until they can hire a short-term replacement. Within a month, they've found a replacement. But business and revenue are down 40% as a result of this delay.

Robert assumes he'll be able to return to work. In the meantime, how will other monthly expenses be covered?

Solution: An overhead expense plan for Robert's dental practice

How does Robert use his policy for coverage

Three years before his car crash, Robert bought an overhead expense plan through Canada Life.

After his crash, Canada Life reimbursed him for expenses up to the maximum monthly benefit amount Robert picked when he bought his policy.

Disabilities lasting longer than 90 days tend to be long term.

How long could your business stay open?

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
30	42%	3.2 years
40	37%	3.9 years
50	28%	4.7 years

Source: 1985 Commissioner's Disability table A (CiDA), blended 50/50 male/female and 50/50 accident/sickness

Want to know more?

Talk to your advisor – they can provide more information about how an overhead expense plan may be right for your business.

Visit **canadalife.com**

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The above example is for illustrative purposes only. Situations will vary according to specific circumstances.

The Canada Revenue Agency (CRA) and Revenue Quebec have not provided a formal ruling regarding the tax treatment of return-of-premium benefits that are included in a disability policy. The tax treatment of an optional return-of-premium benefit is, therefore, subject to interpretation.

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