



# Executive Health Plan (EHP)

COULD YOUR COMPANY MANAGE WITHOUT YOU?





# A solution for your business in the event of a critical illness

The Executive Health Plan (EHP) allows you to own a critical illness policy jointly with your company.\*

Your company will receive a lump-sum benefit if you are diagnosed with a covered critical illness. If you remain healthy, you will get back up to 100% of the premiums paid by both you and your company.

\*Company refers to a Canadian-controlled corporation.

In the event of a covered critical illness, your company can use the non-taxable lump-sum benefit to:

- maintain the company's financial integrity;
- Limit its financial losses by hiring qualified replacement personnel
- Repay debts, thereby reassuring its creditors, suppliers and customers
- Buy back your shares, or the shares of another shareholder who is ill or wishes to retire
- Help you get back on your feet by paying you a portion of this amount\*.

\*This portion will be taxable.

This brochure is only a summary of your critical illness insurance policy. Certain definitions and exclusions apply. Please consult your policy for full details.

# Setting up an EHP

- 1 Your company and you jointly purchase Health Priorities – Business critical illness insurance.
  - Your company pays the portion of the premiums for the critical illness and death benefits for the needed coverage period.
  - You pay the portion of the premiums for the health benefit.\*

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- 2 Your legal advisor prepares a shared ownership insurance agreement.

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- 3 At the first of the following events, a non-taxable benefit is paid if:
  - You are diagnosed with a covered illness, your company receives the **critical illness benefit**.
  - You die, your company receives the **death benefit**.
  - You remain healthy until the expiration of the coverage period needed by your company, you can claim the **health benefit**\*\*.

**The critical illness benefit** is a non-taxable amount paid to your company if you are diagnosed with one of the 26 covered illnesses.

**The death benefit** is a non-taxable amount paid to your company if you die prematurely. This amount is the greater of 100% of all the premiums or 25% of your insurance amount.

**The health benefit** is a non-taxable amount paid to you if you remain healthy. This amount can be up to 100% of what you and your company have paid.\*\*

\*The premium split between you and the company reflects the situation at the time at which you take out a Health Priorities – Business T75 policy with the agreement that the company needs coverage if you were diagnosed with a critical illness. This coverage is required by the company until you turn 75.

\*\*You cannot receive the health benefit before the expiration of the coverage period without tax consequences if the company still needs it.



## Shared ownership insurance agreement

This agreement sets out the rights and obligations for the parties involved in this insurance contract.

It is established for a period of time equal to the coverage period needed by the company. It indicates the portion of the premiums assumed by your company and yourself.

Please consult your legal and tax advisors to prepare a shared ownership insurance agreement.

## Don't let the unexpected affect the financial future of your company.

Desjardins Insurance's comments are based on legislation and administrative policies published by the tax authorities as of June 2021 but do not cover every possible situation. These comments also only pertain to the tax rules that apply to the EHP concept. Desjardins Insurance expressly reserves the right to amend its comments, without notice, with respect to the tax implications outlined in this brochure in the event of any such change in legislation and administrative policies. Since Desjardins Insurance cannot guarantee the tax implications of the EHP and cannot be held liable for any tax consequences that arise from the company paying the portion of premiums for critical illness and death coverages or from the payment of a benefit to the beneficiary, clients should consult their independent legal and taxation advisors before setting up an EHP.

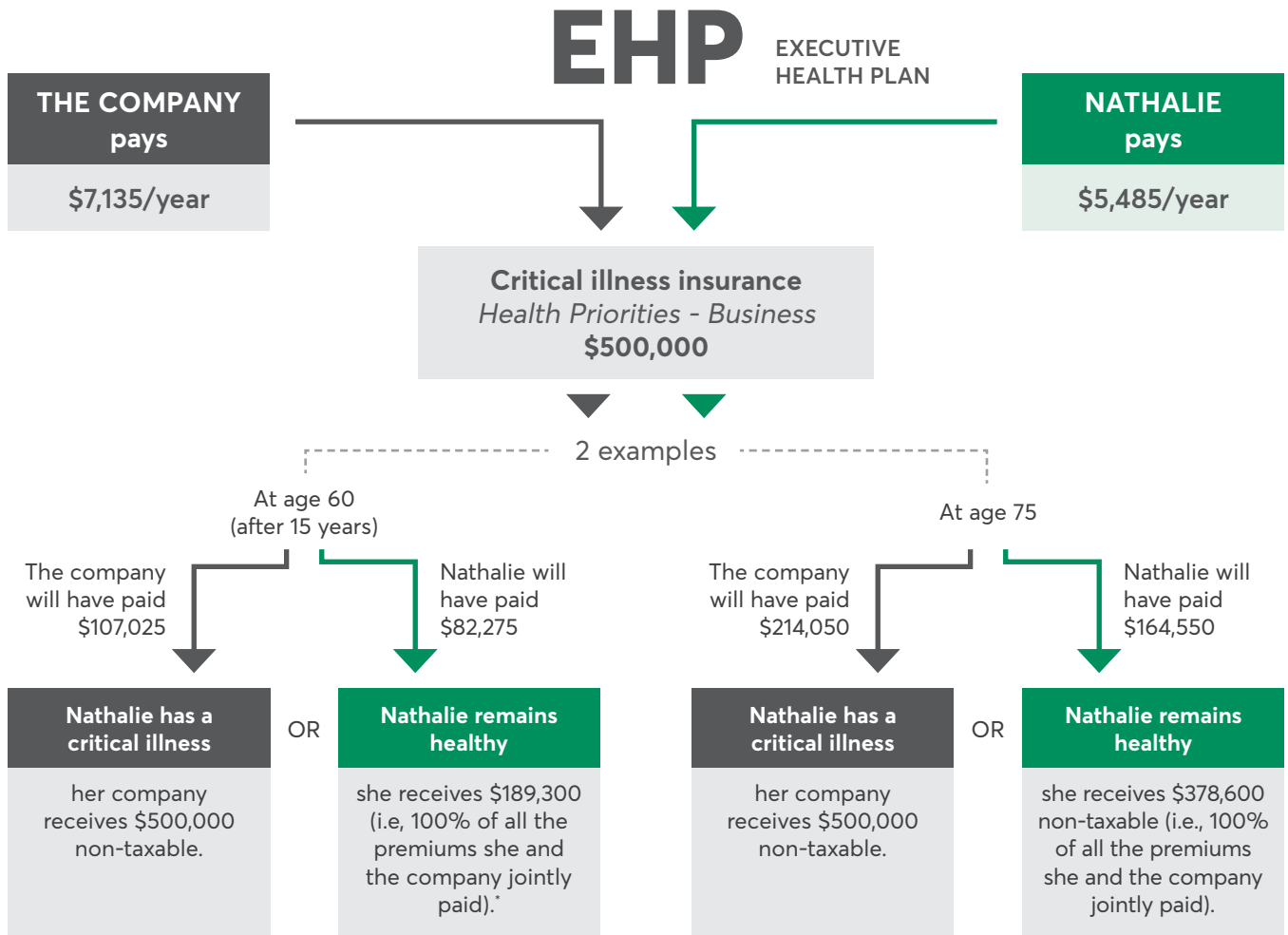
# How it works

## Example 1



**Nathalie, age 45, an Ontario resident and shareholder/owner of ABC Consulting Inc.**

Nathalie and her company set up an EHP for a term ending on her 75th birthday, with a critical illness insurance amount of \$500,000.



\* As the EHP ends when Nathalie reaches age 75, she cannot receive the health benefit of \$189,300 at age 60 without tax consequences unless the company no longer needs the coverage.

Note 1: In order to simplify the presentation, the death benefit has not been illustrated. Should Nathalie pass away before any critical illness benefit is paid, her company would receive the greater of the following payments:

- 100% of all premiums paid OR
- 25% of the insured amount.

Note 2: As the company and the shareholder will jointly hold the insurance contract, a legal document must be drafted to stipulate the terms and conditions of the agreement. You should seek assistance from legal and taxation advisors when planning your EHP.



# Defer your premiums for one year... without interest

If your business experiences financial challenges that make it difficult to pay the EHP premiums, you have the option of deferring them for one year without paying interest. Please note that your EHP coverage must have been in force for at least 5 years prior to requesting a deferment.

## EHP is also for key employees

Because the long-term absence of a key employee can often create just as big of an impact on a business as the owner's absence, you can also set up an EHP for your employees.\*

- Ensure the smooth running of your business in the event a key employee is away due to a covered critical illness
- Show your appreciation to your most important contributors with the health benefit
- Make your employee's recovery as worry-free as possible



\* When the **employee is not a shareholder**, the tax authorities may be of the view that the employee received a taxable benefit by virtue of their employment when the health benefit was paid. The determination of the value of this benefit is a question of fact and clients should consult an independent taxation advisor in this regard.



# Covered illnesses and conditions

## 26 critical illnesses eligible for full payment

You can select a coverage amount from \$10,000 to \$3,000,000. If you are diagnosed with one of the covered illnesses, your company is eligible to receive the insurance amount without a waiting period. However, a 30-day waiting period is applicable for cardiovascular procedures.

### Cancers and tumours

- Cancer (mettant la vie en danger)
- Tumeur cérébrale bénigne

### Accidents and functional loss

- Severe burns
- Blindness
- Coma
- Acquired brain injury
- Paralysis
- Loss of speech
- Loss of limbs
- Deafness

### Cardiovascular

- Stroke
- Aortic surgery
- Heart attack
- Coronary artery bypass
- Heart valve replacement or repair

### Other

- Aplastic anemia
- Occupational HIV infection
- Permanent loss of independent existence

### Neurological

- Dementia, including Alzheimer's disease
- Parkinson's disease and specified atypical Parkinsonian disorders
- Motor neuron disease
- Bacterial meningitis
- Multiple sclerosis

### Vital organs

- Major organ failure on waiting list
- Major organ transplant
- Kidney failure



Critical illness insurance also provides a partial payment (an advance) for certain illnesses and conditions that do not meet the definitions of the 26 covered illnesses. These payments range from 1% to 30%. For more information, please refer to the Health Priority Guide.

#### DID YOU KNOW?

Health Priorities provides coverage for all types of cancer. Depending on what stage the cancer has progressed to, you'll receive either a partial or total benefit payment.

To qualify for payment for a cancer diagnosis, you must not have had any initial symptoms or received a diagnosis within 90 days of your policy coming into force or being reinstated.

#### DID YOU KNOW?

Your policy doesn't just cover permanent loss of independent existence—you may also be entitled to a partial benefit in the event of temporary loss of independence.

## Long-term care (loss of independence)

If you are no longer able to perform at least 2 of the 6 activities\* of daily living on your own or if your mental capacity\*\* threatens your health or safety for 90 consecutive days, an advance payment for long-term care is paid to your company. This one-time advance is equal to 15% of the insurance amount, up to a maximum of \$25,000.

If you recover from this condition, the remainder amount of insurance will be available in the event of another covered illness, other than temporary loss of independence. If you do not recover and there is no reasonable chance of recovery, the remaining balance of the insurance amount is paid in full.

### DID YOU KNOW?

With your Desjardins Insurance coverage, you and your loved ones have access to our complimentary assistance services, based on your insurance coverage.

**The complimentary assistance services** allow you to get a second opinion on your diagnosis, a treatment plan or a surgical intervention. You and your loved ones can take advantage of this service to talk to world-renowned specialists who can answer your questions and help you make informed decisions about your health.

You can use them when times are good, or when times are bad. 24/7 assistance is also available by phone.

The complimentary assistance services are not a contractual obligation of Desjardins Insurance and may be withdrawn at any time without notice.

\* Activities of daily living independently are: bathing, dressing, toileting, transferring, feeding and continence.

\*\* Diagnosis of a problem with mental capacity is a medical one that is based on a physical and/or neurological issue or a psychological one.

# Why choose Desjardins Insurance?

- 1 **This insurance partially or fully covers all cancers<sup>1</sup> and covers several cardiovascular procedures<sup>2</sup>**
- 2 **Get back all or a significant amount of what you and your company have paid, if you remain healthy**
- 3 **Defer premiums for a year without fees if you hit a rough patch (effective after the 5th policy year)**
- 4 **In the event of your death, at least 25% of your insurance amount is paid to your company**

<sup>1</sup> For some cancers, a partial benefit of 30%, 15% or 1% will be paid depending on the severity of the diagnosis. Some conditions and exclusions may apply. For more information, please ask your advisor or check your insurance contract clauses.

<sup>2</sup> As at June 2021.



# Look to the future with confidence

## Choose Desjardins Insurance

**Choose the strength and stability** of a company specialized in life and health insurance and retirement savings that over 7.5 million Canadians count on each day to ensure their financial security. Backed by over a century of experience, it is also one of the country's leading life insurers.

**Choose Desjardins Group**, the leading cooperative financial group in Canada and one of the country's best capitalized financial institutions. Desjardins Group enjoys excellent credit ratings comparable to those of several major Canadian and international banks and is recognized as one of the most solid financial institutions in the world.

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**You're working hard to build your business.  
We can help you protect it.**



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