

Because your successful business depends on your people

Key Person Protection

A business continuation strategy using Life and/or Critical Illness Insurance.

Meet Bill



Bill owns ProductCo, a manufacturing corporation that owes much of its success to the efforts of the general manager, Jim.

Jim, age 45, has become a key person on Bill's team. As the General Manager of Bill's company ProductCo, he has established important relationships with their customers, suppliers and the bank and is largely responsible for the company's rapid growth. If ProductCo were to lose Jim as a key person, the company could suffer lost revenue and the costs associated with getting the company back on track.

The challenge

Bill's business could be seriously affected if Jim left the company, passed away or suffered a critical illness.

After speaking with his advisors, Bill realizes that the loss of Jim's expertise could mean a loss of about \$500,000 due to:

- Reduced profit from loss of revenue and increased costs — loss of confidence might cause suppliers to restrict credit or demand cash payments. Uncertainty may cause the bank to call in loans or charge higher interest rates on the remaining debt.
- Additional costs to find a replacement general manager — including recruiting expenses, an above-market compensation package, and high training costs.

If Bill's business can't absorb these costs, its value could be seriously reduced, and its very existence may be threatened. He needs a financial strategy to protect against these risks.



The solution:

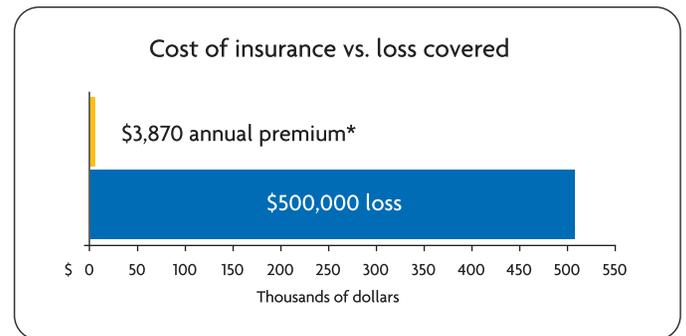
Protect your business with Key Person Protection.

Key Person Protection uses life and/or critical illness insurance policies to help you protect your business from the costs that result from the death or critical illness of a key person. Here's how it works:

- You and your financial advisor estimate the financial impact of the loss of your key person. In this case, the loss of Jim would have a financial impact of \$500,000.
- Your company takes out a life and/or critical illness insurance policy on the key person's life.
- If the key person dies or suffers a covered illness, it triggers the policy benefit, resulting in a payout to your company of an amount sufficient to cover the costs.

The advantages of this strategy:

- Life and critical illness insurance lets you transfer some of your risk to the insurer.
- Your total cost is limited to the premiums paid for the insurance policy. Annual premiums for \$500,000 of term life insurance coverage would likely be less than \$1,000 if Jim is healthy.
- Annual premiums for \$500,000 of Term 10 critical illness insurance would likely be less than \$4,000
- The expenses resulting from the loss of a key employee are no longer unexpected, or unmanageable.



*premium shown is for Critical Illness Insurance only

The choice:

Specific plans can customize protection to the unique needs of your business.

- For immediate but temporary coverage – low cost term insurance based on the key person's age and expected employment period.
- To raise additional cash during employee's life – universal life turns excess deposits into accumulating tax-deferred cash values.
- To protect against illness – critical illness insurance pays a lump sum if the key employee survives a critical illness but can't work as effectively as before.

Key Person Protection is a cost-effective way to ensure the continued viability of your business in the face of a specific risk.

Call your advisor today to see how the Key Person Protection plan could work for your business.

Advisor information:

These products are underwritten and issued by Sun Life Assurance Company of Canada, a member of the Sun Life Financial group of companies.

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