



rethink.

How can you give Clients more assistance in retirement?

Many Clients consider themselves ready for retirement. They may have a good nest egg and they might have set up an efficient transfer of wealth to their family. But many Clients overlook that they may simply live longer than expected. And that's important.

Canadians are living longer, but they aren't necessarily living healthier

Think of it this way: the average Canadian life expectancy is 80 years for males, and 84 years for females.¹ But this statistic says little about the quality of those latter years. Statistics Canada provides data on the health-adjusted life expectancy (HALE), which represents the number of years expected to be living in good health. The HALE is just 70 years for males, and 71 years for females.² This suggests that Canadians expect to spend a considerable portion of their lives with a diminished quality of life and in need of health care. Our data shows that the average length of time that a Sun Life long-term care insurance Client is on claim is 4-5 years.³

Rethinking options for long-term care

A lot of Canadians want to set the terms for how and where they will receive health care when they need it. Many want to stay in their home as they age, receiving care there. Canadians have options to help ensure they can cover the expense of receiving care at home. A deferred annuity can provide affordable insurance against the costs of living longer and needing care. Similarly, **Sun Retirement Health Assist (Sun RHA)** provides a reliable income-style payment if a Client becomes dependent on someone for care over a lengthy period.



Sun RHA’s unique design involves sharing the risk between Sun Life and the Client. It allows for a simplified underwriting process and helps Clients plan for the health risks that may emerge later in life. It is an affordable solution and available to a broader group.

Sun RHA offers a choice between a one- or two-year waiting period. This is the length of time the Client must be continuously dependent after the coverage effective date and before a claim payment. The coverage effective date is the later of:

- five consecutive policy years from the policy date (the policy set up date), or
- the policy anniversary nearest the insured person’s 65th birthday.

Rethinking the cost

Sun RHA is a simple option to help Clients with the expense of long-term care. It can also help recoup the premiums paid sooner than expected.

The table below shows the cumulative premiums paid for Sun RHA by a 60-year-old female with a \$1,000/week benefit and a 1-year waiting period.

Assumed age at claim date	Cumulative premiums paid by claim date ⁴	Duration to recoup cumulative premiums paid ⁵
75	\$60,992	1.2 years
80	\$80,052	1.5 years
85	\$99,112	1.9 years
90	\$118,172	2.2 years

RHA includes inflation protection: The weekly benefit amount increases by 3% on each policy anniversary while benefits are being paid (compounded annually).

Sun RHA premiums are payable for the lifetime of the policy. The benefit period is unlimited. If a Client dies before the coverage effective date, Sun Life returns all premiums paid.

Sun RHA premiums won’t change for the first five policy years. After this period, we may change the premium on a policy anniversary, which could affect the time to recoup premiums paid. If we change the premium, we’ll tell the policy owner in advance and will guarantee that new premium for at least another five years.

Contact a Sun Life sales representative to learn about our RHA Breakeven Excel tool.

¹ Statistics Canada. Table 13-10-0409-01 Life expectancy at birth and at age 65, by province and territory, three-year average, 2021-09-17

² Statistics Canada. Table A Life expectancy (LE) and health-adjusted life expectancy (HALE) at selected ages, by sex, Canada, 1994/1995, 1998/1999, 2001, 2005, 2009/2010 and 2015

³ Sun Life claims data of Sun LTCL. This duration includes any waiting period until benefits are paid. Data collected in 2020.

⁴ Example calculation of cumulative premiums paid: in row 1, the annual premium of \$3,812 is paid for 16 years (15 years until the claim at age 75, plus the 1-year waiting period). This equals \$60,992.

⁵ For a male insured, premiums are typically cheaper and the duration until breakeven is shorter (assuming all other factors remain the same).