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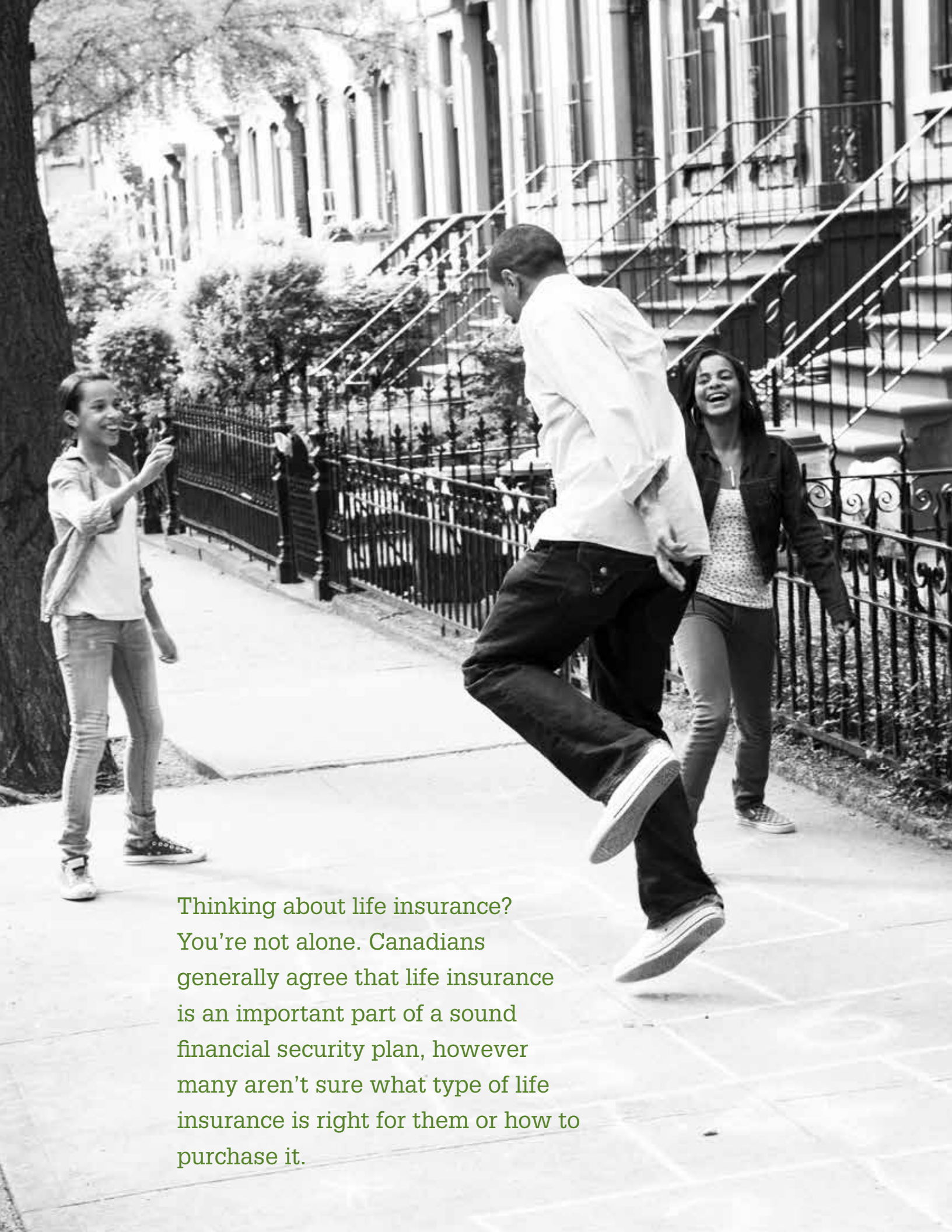
about life insurance

The right life insurance can have an enormous effect on your life and the lives of those you love.

Thinking about life insurance? You're not alone. Canadians generally agree that life insurance is an important part of a sound financial security plan, however many aren't sure what type of life insurance is right for them or how to purchase it.

This guide outlines the basics of life insurance in a way that's easy to understand. It helps you answer questions like:

What can life insurance do for you?

Protect the people who rely on you
Build value you can access during your lifetime

What types of life insurance are available?

Term life insurance
Permanent life insurance

Who needs life insurance?

People who are supporting others financially
Young and healthy people
Single people
People with assets or an estate to protect
People who want to leave something to charity
Parents who want to set up their children for success
Business owners

When should you buy insurance?

What about other types of life insurance?

Mortgage or creditor protection
Group life insurance

How do you select the right life insurance for you?

Professional advice

Read this guide, and talk things over with your financial security advisor to better understand the choices you have with life insurance. Making the right life insurance choice today can help both you and the people you care about most in the future.

What can life insurance do for you?

Help protect the people who rely on you

Life insurance is one of the best ways to help protect the people who rely on you. Buying life insurance shows you are committed to creating a positive future for your loved ones and can reassure them that they will be taken care of.

When someone dies, loved ones left behind have to make important – and often difficult – decisions at a stressful time. Life insurance provides options for the people you care about, allowing them the time and financial help needed to make decisions.

Insurance proceeds can be received within days. This money can be used to cover funeral costs and other expenses, such as:

› Legal fees
› Taxes
› Outstanding medical expenses
› Mortgage payments
› Loan payments
› Credit card bills
› Child care

Life insurance can also help replace the loss of your income and help fulfill your future plans in your absence, such as funding a child's education or your spouse's retirement plans.

Build value you can access during your lifetime

Permanent life insurance provides an opportunity to grow cash value over time. You can use it to help you achieve your big goals in life: to supplement your retirement income, to help pay for your children's education, to go towards starting a business, or leave as a larger legacy to those you care about. **

You can access this cash value in your life insurance policy several ways**:

› Take out a loan
› Make a cash withdrawal
› Use it as collateral to help obtain a bank loan

What types of life insurance are available?

There are two kinds of life insurance coverage: term and permanent. Each type offers unique features designed to meet different needs.

1 **Term life insurance** is temporary, low-cost coverage where your payments stay the same for a set period of time. When that time's up you can renew your coverage at a higher cost or convert it to permanent life insurance without having to answer further health questions.

2 **Permanent life insurance** provides you with more security because it lasts a lifetime, as long as payments are made. It costs more than term insurance, but can grow money tax-free inside your policy over time (called cash value), which you can access while you're still alive.

Who needs life insurance?

Life insurance can help you, no matter what stage of life you're in.

People who are supporting others financially

Whether it's your spouse, partner, children, another family member or a friend, life insurance is a great way to help provide for the people who rely on you.

Young and healthy people

You may not think you need to have insurance if you're young and healthy, but there are many advantages to buying it at this stage of your life.

› Your payments for insurance will be lower when you're younger, meaning you can afford more coverage. And that means a larger legacy for loved ones, or a charity you choose.

› With permanent life insurance, it means more time to build up cash value.

› Buying life insurance when you're young ensures you have coverage if you later develop health issues.

Single people

Life insurance is an important part of your financial security plan.

During your lifetime

› You can use permanent life insurance to supplement your retirement income or support your long term goals.**

After death

› Proceeds from a life insurance policy can take care of final expenses, unpaid bills and other debts, or be left as a gift to a friend or loved one.

As a parent, you want the best for your children, but sometimes big dreams come with big costs.

People with assets or an estate to protect

Life insurance can play a very important role in preserving the estate you've built over your lifetime and can help you leave the most assets possible to your heirs. But as your estate grows, so can the burden of taxes and fees that may have to be paid when you die. Life insurance can help cover these costs, allowing you to pass on your estate as planned.

People who want to leave something to charity

Life insurance gives you the opportunity to leave a personal contribution to your favourite charity or non-profit organization.

Parents who want to set up their children for success

As a parent, you want the best for your children, but sometimes big dreams come with big costs. Imagine being able to say yes to your child buying a car, traveling, having a dream wedding or purchasing a home because you've bought them permanent life insurance today. **

› Any cash value that grows within the policy can be accessed during your child's lifetime** and if it isn't needed right away, your child can use it later to supplement their own retirement income.**

› Buying your children life insurance now can help provide a lifetime of protection.

Insuring yourself and your key people can help protect the business you've worked so hard to build.

Business owners

When you own a business, your most valuable asset is your ability to create revenue. But what would happen if you or one of your essential employees suddenly died, creating a risk to your business? The ripple effect could be significant, jeopardizing your lifestyle and even those of other employees.

Protecting your business means more than just protecting its physical assets—it also means thinking about what will happen after you die. Will your heirs and any surviving owners be able to work together? Will your heirs need to sell the business to cover capital gains, probate fees and other costs?

Insuring yourself and your key people can help protect the business you've worked so hard to build.

* If the accumulation stays within prescribed limits, the cash value is only subject to income tax when it's withdrawn.
**Borrowing or withdrawing money from your policy will reduce the policy's death benefit and cash value.

When should you buy insurance?

Whether you're just starting your career, supporting a growing family or preparing for retirement, life insurance helps you meet different needs at different stages of your life. In particular, there are some key times when you should be thinking about your insurance needs, such as when:

› Purchasing your first home or cottage
› A child or grandchild is born
› Starting a business
› Succession planning
› Taking on a new job
› Getting married or divorced
› A parent or spouse dies
› A child leaves home
› You're approaching retirement

What about other types of life insurance?

Mortgage or creditor protection

These are types of term insurance offered by lending institutions as part of their mortgage loan or line of credit products. They provide simple, low-cost insurance to cover the balance owing if you die before the mortgage or line of credit is paid off.

However, there are some important differences between mortgage, creditor and individual life insurance. When it comes to mortgage or creditor insurance:

› The lender or mortgage broker owns the policy

› Your coverage typically decreases as your mortgage is paid down

› The insurance money can only be used towards the balance of your mortgage

› Often, you can't make changes to your coverage as your needs change

› Your coverage ends when your mortgage or debt is paid off

Group life insurance

If you're working, there's a good chance your employer offers group life insurance. You may also have group life insurance through an association, professional body, union or club.

While this form of insurance provides simple, low-cost coverage, there are some important differences between group and individual life insurance.

› Group life insurance normally provides basic protection or benefits. Unless you get added coverage, your insurance could be significantly short of your actual needs

› Group insurance benefits are pre-set and not personalized to your specific situation

› You're often only insured as long as you're part of the group

› Employers own their employees' coverage and can change it at their discretion, based on an annual review

How do you select the right life insurance for you?

Get professional advice

Life insurance is definitely not one-size-fits-all and buying coverage that meets your current and future needs can be complex. That's why professional advice is essential.

Your financial security advisor can:

› Take the time to understand your personal financial goals, insurance needs, risk tolerance, and how hands-on you want to be in managing your insurance

› Help you evaluate your options and select the type of insurance that's a good fit for you now, and in the future