



SPECIALTY WEALTH & FINANCIAL INC

38 Baldwin St., PO Box 20085, Newcastle, ON L1B 1M3
905 987 3866 ~ 888 388 3114 www.SpecialtyWealth.com

What is the best life insurance for you?

There are two kinds of life insurance coverage—temporary and permanent. They offer different features to meet different needs, as shown in the chart below. Temporary coverage may be all you ever need, or it may be an interim step before you purchase permanent coverage. The best solution for you might be a combination of temporary and permanent coverage in the same policy.

Temporary coverage is available through term life insurance. Permanent coverage is available through participating life insurance or universal life insurance.

TERM

- ✓ Temporary need
- ✓ Lower initial cost
- ✓ Increasing premium
- ✓ Pay as you go
- ✓ Fixed expiry date
- ✓ Fixed value over a limited time period
 - Level death benefit
 - NO CASH VALUE
- ✓ Benefit paid at death

Combination
of
TERM
and
PERMANENT

PERMANENT

- ✓ Permanent need
- ✓ Higher initial cost
- ✓ Level premium with built-in flexibility
- ✓ Buy and own
- ✓ Coverage for life *
- ✓ Increasing value over your lifetime*
 - *Level or increasing death benefit*
 - *Access to tax-advantaged accumulated cash value*
- ✓ Receives benefits during life and at death
 - *Access to cash value while living*
 - *Life insurance proceeds at death*

* As long as premiums continue to be paid or there is cash value in the policy

Ultimately, the kind of insurance you choose depends on your individual situation today, and what will be important to you in the future.

A review of your needs and goals will help you determine which product is best for you.

Find out more about how life insurance fits into your future.

Contact:

SPECIALTY WEALTH & FINANCIAL

and a financial security advisor will help you determine which policy is right for your needs.



SPECIALTY WEALTH & FINANCIAL INC

38 Baldwin St., PO Box 20085, Newcastle, ON LIB 1M3
905 987 3866 ~ 888 388 3114 www.SpecialtyWealth.com

A guide to understanding life insurance

Canadians generally agree that life insurance should be part of a sound financial security plan. However, many people aren't sure what type to buy or where to purchase it. Having the right life insurance protection can have an enormous effect on your life and the lives of those you love. A proper financial security plan can mean the difference between leaving your loved ones well positioned financially, and leaving behind debts and an inadequate income.

An instant estate

Few individuals, particularly those with the responsibility of a young family, have sufficient savings to adequately protect their loved ones should the main income earner die. Life insurance can help create an estate at a time when funds may be needed most. This is a low-cost way to ensure your family's continued financial well being. In most cases, your beneficiary, the person(s) you name to receive the insurance money, will be paid within a few days of the insurance company receiving the required information. By contrast, savings and other assets may be tied up for some time after death while going through the legal process.

Financial benefits you enjoy

Some people have the impression that insurance pays only if you die. That's not the case. Many permanent insurance policies (i.e. participating and universal life) build cash values (equity that typically builds in your policy on a tax-advantaged basis) that you can access during your lifetime. Cash value growth is generally only subject to income tax when it is withdrawn from the policy. How you use the money is really up to you, but you could use it to:

- ✓ Provide funds in an emergency
- ✓ Finance a down payment on a home or cottage
- ✓ Launch or expand a business
- ✓ Act as collateral for a loan from a third party lending institution
- ✓ Supplement your income

Life insurance also provides several other advantages:

- ✓ The death benefit isn't subject to income taxes.
- ✓ Probate costs can be avoided (outside Quebec) if you name a beneficiary other than your estate.
- ✓ Unlike a will, information regarding your life insurance can remain private.
- ✓ In many instances, life insurance may be protected against creditors.

Getting the right insurance for your needs

Life insurance is one of your most personal and important buying decisions. It's important to understand the variables affecting the cost of life insurance and why value doesn't necessarily rest with the lowest-priced policy:

- ✓ Gender – women pay less than men because statistics show that, on average, women live longer.
- ✓ Age – the younger you are, the lower the premium you'll pay.
- ✓ Health and lifestyle – good health and sound lifestyle habits usually mean you qualify for the best rates. Non-smokers get a discount.
- ✓ You pay less initially for term insurance.
- ✓ You pay more for a policy that builds cash surrender values because it provides benefits beyond the basic insurance protection.
- ✓ Method of payment – you'll pay less if you choose to pay your premium on an annual basis rather than monthly (not applicable to universal life).

Other factors:

- ✓ Occupation or avocation – some occupations or hobbies/sports are riskier than others from both a health and accident standpoint, which may impact the premium you'll pay.
- ✓ Foreign residence – Canadian insurance policies are based on Canadian mortality experience. If you live outside of Canada, you may be exposed to an increased mortality risk which may impact the premium you'll pay.

Your best buy is a policy with features that suit your situation today, with flexibility to meet changing needs in the future.

Get professional advice

Purchasing life insurance that meets your needs now and in the future can be complex. Life insurance is definitely not a one-size-fits all product. Neither are life insurance companies. Take the time to understand your financial goals and insurance needs, risk tolerance, and the control you want in managing your policy. Your financial security advisor can help you to consider your options and ensure your life insurance is a good fit for you now, and in the future.

Find out more about how life insurance fits into your future.

Contact:

SPECIALTY WEALTH & FINANCIAL

and a financial security advisor will help you determine which policy is right for your needs.

The information provided above is of a general nature only and should not be taken as providing legal, accounting or tax advice. The information is only applicable for Canadian residents. You should obtain your own independent professional advice from your lawyer and/or accountant to take into account your particular circumstances.