

Solutions

FOR FINANCIAL PLANNING



Term life insurance can deliver
peace of mind

Important, affordable coverage that can help secure your family's future.

Creating a safety net that protects your loved ones and all that you're working hard to build may be more important than you realize. Whether you're just starting out and thinking more about big life goals, such as marriage, kids and real estate, or you're already juggling kids, helping aging parents, tackling home renovations and possibly switching careers, you need a solid plan – and that plan should include life insurance.

Life insurance is a subject that can stir emotional reactions.

Can you identify with any of these?

- 1** I don't like to think about death.
- 2** Insurance is too expensive.
- 3** I'm young and healthy – I don't think I need it.
- 4** I waited too long and I'll never qualify.
- 5** I just don't have time to deal with complicated application processes.
- 6** I'm embarrassed about not understanding how life insurance works and hesitant to ask for help.



Why do I need it?

Nobody likes to think about the “what ifs,” but they can happen. Life insurance is a way to ensure some peace of mind that your loved ones will be supported in the event of your death. Think of it in practical terms:

- Your loved ones will have guaranteed financial support to carry on after you're gone
- A home mortgage can be paid off rather than your family having to sell and start over
- Your children will have the financial means to pursue post-secondary education

How much insurance do I need?

Having enough life insurance to cover 10 times your annual salary is generally considered an appropriate benchmark. For example, an annual salary of \$75,000 would translate into a policy worth about \$750,000. While this might seem like an extravagant sum of money, consider what your current monthly expenses add up to each year.

The purpose of having life insurance is to prevent financial hardship. If 10 times your annual salary feels like a bigger policy than you want, look closely at your monthly expenses, which may include mortgage payments, property taxes, daycare costs, tuition fees, financial support for aging parents, utilities, groceries and more. Then factor in any outstanding debt, future education costs for children, cost of living increases that your family may have to contend with, and how much you ultimately want them to inherit.

Figuring out expenses, budgets and the right amount of insurance coverage might feel overwhelming, but this is where your advisor can be a solid guide and source of information. There are also lots of [life insurance calculators](#) available for free online that can help you complete this important task.

Term can be a great starter option

Of the various types of life insurance available, term life insurance can be a good place to start. The application process can be quick and easy and gets you on your way to providing protection for a set period, such as 10 or 20 years, that can be renewed up to a certain age. Term insurance often has lower premiums (the payments you make) than other kinds of life insurance.

A term life insurance policy can be created for essentially any amount that you need – from enough to cover funeral expenses right up into the millions of dollars. And in the unfortunate

case of being diagnosed with a terminal illness, you could have the option of taking a cash advance on the policy.

Today, some new types of term life insurance also offer potential cost savings on insurance premiums in recognition of healthy living habits.

Term coverage for business

Not only is term life insurance a good option for individuals and families, it can also add an important layer of protection for business owners. Including a term life policy as part of your business strategy can help to ensure that the company you've worked hard to build continues to run with minimal disruption in the event of a tragedy. The coverage can help beneficiaries handle day-to-day operating expenses, capital gains or estate taxes, and some of the potential costs associated with transferring ownership.

Important considerations

Term insurance policies have a defined expiry date, so it's important to review your life insurance needs as you move through different life stages. What may have seemed like enough coverage in your early 20s might feel inadequate as you approach midlife. By working with an advisor, you can make adjustments as your circumstances change. Be sure to have your advisor explain the options regarding renewals for term coverage, or whether converting into a permanent policy makes more sense. Permanent policies usually have higher premiums, but they carry a cash value, which could be used to supplement retirement income.

Owning life insurance is like laying a foundation upon which you can build your overall life plan by providing a layer of protection and security for your loved ones. With all the [recent digital innovations](#) in the industry, applying for and getting set up with a policy has become easier. If you'd like to learn more, [this article](#) offers a broader view of other insurance protection options available for individuals.

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