



Protect your family with insurance

Car insurance, home insurance, life insurance, pet insurance – it's a lot to think about. But remember what these products are designed to do: protect you and your family by insulating you from the financial repercussions of unforeseen events such as illness, death, job loss, disability, accidents and theft.

There is an abundance of insurance products available to meet a wide variety of needs. Some of the more recently introduced products include long-term care insurance and critical illness insurance.

Which types of insurance you need, and how much coverage you require, depends on a few variables. To determine your needs, ask yourself questions such as:

- If I became disabled and couldn't work for five years, would I still be able to maintain a comfortable lifestyle and make my rent or mortgage payments?

- If I died suddenly, would my partner and children be sufficiently provided for?
- If I suffered a stroke and needed long-term care in a nursing facility, would I have the funds to pay for it?
- If I was diagnosed with cancer tomorrow, how would I cover any medical costs and protect my family from your loss of income while I recover?
- If I or my partner were to die suddenly, would I have sufficient term insurance to pay off my mortgage?
- If I'm self-employed, do I have sufficient disability insurance or extended health coverage? If I run a small business with just two or more employees, have I considered creating my own group plan?

In all of these scenarios, consider the short and long-term ramifications for you and your family if you didn't have insurance.





If you feel tempted to skip life insurance and play the odds, look at it this way, says Gail Vaz-Oxlade in her *Retirement Answer Book*. “You’re not insuring your life, you’re insuring the economic value of your life, or your ability to earn an income in the future.”¹

Whether or not you need to buy life insurance, she says, depends on how much you have in the way of assets, how much debt you have, and whether or not your family could make ends meet without your income. An insurance specialist or financial advisor can help you assess your requirements.

CALCULATING YOUR INSURANCE NEEDS

When it comes to disability, most insurance companies will not insure you to collect more than 70 per cent of your regular income. Anything more, they believe, would discourage you from getting back to work. To choose a disability policy, get professional advice on the value of optional riders such as “own occupation” protection, cost of living adjustments, and the option to increase your benefit amount at a later date. (“Own occupation,” refers to a policy that lets you collect disability benefits when you can’t work in your accustomed profession, rather than requiring you to find a different job that you can do.)

To figure out how much life insurance you should have, says Vaz-Oxlade, add up the following expenses, and subtract them from your family’s assets and income:

- Your family’s monthly budget needs
- Costs associated with your death
- Debts to be paid off
- Exceptional expenses

“The discrepancy between what your family has and what it will need must be covered in some way if you wish to minimize the financial impact of your death,” says Vaz-Oxlade. “That’s where the insurance comes into play.”

Of course, this calculation just gives you a general idea. Every situation is different, and it would be best to consult a financial advisor for a closer look at your insurance needs.

1. From *The Retirement Answer Book*, by Gail Vaz-Oxlade. Copyright ©Gail Vaz-Oxlade, 1997. Published by Stoddart.

Compliments of: