



## Can You Be Over-Insured?

Most Canadians take the correct steps to protect their property against loss in case anything they own is lost or stolen.

Concerns about recouping losses if a home is robbed, or a favorite vintage guitar is destroyed during a basement flood, are questions with very routine answers. But when it comes to considering the value of a human life, many people don't take the necessary steps to protect their loved ones against the financial loss when a primary income-earner dies.

If a married couple wants to guarantee that each can maintain their current lifestyle if one of them passes away, they will need to address the following points as they go through the process of assessing their personal life insurance needs.

**Income** - For the family member of the deceased to maintain their way of life after the death of the insured individual, they will need to address their income needs over time. The death of a loved one not only takes away their personal impact on our life, but there are usually financial losses that need to be considered. Monthly income that usually needs to be replaced include wages, employer benefits, government benefits, or income from various investments. When completing a life insurance assessment, it is critical to determine the amount required to provide enough income to maintain the survivor's long term financial strategy.

This could come from either a lump sum invested to provide an income for life or a smaller, finite amount to be used up over a set period.

**Lump Sum Cash** - In the event of your death, you don't want to leave behind any debts for your loved ones and family members. A lump sum of cash in the event of death can help take care of debts and obligations including mortgages, car loans, credit card debt, and other lines of credit. From here, you will want to address estate costs like the expenditures associated with a funeral, plus legal fees and income taxes. If there are dependent children, you will want to provide for their immediate education and childcare. Afterwards, you will also need to address emergency funds, charitable donations, or other potential costs that can be earmarked for insurance to cover.

Once you have calculated your income and immediate cash needs, you can bring these together to determine how much you will need to guarantee as part of your insurance policy. Additionally, it is also important to remember to deduct the resources you already have available. Cash, investment funds, fixed-income investments, RRSPs, real estate holdings, and other assets would usually be passed on to a surviving beneficiary. Assets like these should be appraised and deducted from cash and income needs to arrive at the perfect number for your life insurance policy.

Life insurance is all about having a plan so that your family and loved ones will be taken care of even after you are gone.

**Need insurance advice? We got you covered.**

**Myles Rempel, Ch.F.C., CLU, CFSB**

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