

Life Insurance: What You Need to Know

When it comes to life insurance, the name is a little misleading—it's not really for your benefit. It's there to protect the people you care about most if something happens to you. In a way, it's more of a "loved ones' lifestyle protection plan."

One of the first things to understand is that you don't buy life insurance with money—you buy it with your health. If you become seriously ill, you may not qualify, no matter how much you're willing to pay. So waiting too long can backfire.

There are really just four main reasons people need life insurance:

1. Covering funeral costs
2. Paying off debt
3. Managing taxes (especially in estate planning)
4. Replacing lost income

Let's say you just had a baby and bought a home. Suddenly, there's a big need to ensure that mortgage payments can continue and your family can manage financially if you're not around. That's a classic income replacement scenario.

Now, there are two basic types of life insurance: term and permanent.

Term insurance is for temporary needs—like covering a mortgage or protecting your kids until they're financially independent.

You can buy it in 10- or 20-year chunks, or even up to age 65. It's usually the most affordable option and lets you get a lot of coverage for a relatively low cost. The catch? It gets more expensive as you age, especially when it's time to renew.

Permanent insurance, on the other hand, is for lifelong needs—like covering taxes on large RRSPs or private business assets when you pass away. There are a few types, like Term to 100 (coverage for life with no cash value), whole life, or universal life. Each has its own features and pricing, so it's worth digging deeper if you think permanent coverage is what you need.

You can also add options—called riders—to your policy. These might include coverage for your kids, protection if you become disabled, or a clause that waives your premiums if you can't work. Most term policies also let you renew or convert your coverage without a medical exam, which can be a lifesaver if your health changes down the road.

At the end of the day, the goal is to get the right amount of coverage at a price that fits your budget—and with the right features for your life. An experienced insurance advisor can help you figure out what that looks like.

Life insurance is just one part of a solid financial safety net. If you're not sure where to start, let's talk. We're here to help you build a plan that protects the people you love.

Questions about your insurance strategy? Contact our office!



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