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A Pandemic Still Rages Outside

I am reading the headlines day after day with deep reluctance, *worried of the next one*, and the next one. And it keeps coming. Now, they tell us the 2nd wave is here. I feel like we never even really got out of the 1st wave.

It is a world none of us are really prepared for. Going about our daily lives, none of us ever imagined it could get this uncertain and this scary. Yes, we heard and read, maybe someday, something will strike but that day seemed so far away. It is October 2020 and I am still very wary of this novel COVID-19, fearful that it will strike harder the moment we let our guard down.

Just a few months ago, headlines splashed across the pages kept reminding us that we are surely not out of the woods.



The warnings have not stopped. Our borders are still closed. *Our world is no longer the same.* Everything that was simple and normal has become so much more tedious to get completed.

Grocery shopping to buy the bare necessities of life is now a masked and gloved, stand in line, 6 feet apart expedition; to get into a store. People are still cautious about looking at each other in the eye, only glancing sideways suspiciously. Someone coughs quietly, and everyone nearby cringes into a ball.

This has become our new norm, while we await some good news or brace for more bad news. This has become our novel everyday life, as we grapple with incomplete answers and piecemeal data about a virus which wreaks havoc on our once stable lives. No one has answers to the tough question; *“When will we be normal again or will we ever be able to go back to ‘normal’ again?”*

When Your Need Is Greatest – Jen’s Story

Many are still unemployed as COVID-19 takes a heavy toll. We are mostly huddled at home to keep each other safe. Businesses which shuttered doors a few months ago, to hold the deadly virus at bay, laying off tens of thousands; are once again nervous about another wave. Across the board and for a wide range of Ontarians, our disposable income has taken a nose-dive. *Uncertainty and the fear* of not knowing when a regular paycheck will resume, make spending an overly cautious affair.

The truth? Today, as we carefully assess the gradual reopening of our economy and we heed the warnings of this 2nd Covid-19 wave, people are still very unsure about tomorrow.

For Jen and her husband Caleb, *nothing could have prepared them* for the last few months. Jen an Office Administrator and Caleb a Health Care Worker at the hospital, blessed with two beautiful children are a regular everyday Canadian family. Both are hardworking, industrious, fun loving, family-oriented people.

As the pandemic started to take a hold on everyday life, Jen, the levelheaded, rock of the family *grew more uneasy*. She was now working from home with just few weekly hours. Her children were home from school. Caleb worked as a Nurse at the hospital and with him being a front-line worker, this family could take nothing for granted.



Caleb’s workdays were tediously stressful, emotionally draining and physically exhausting. He came home everyday highly *anxious for the safety of his family*. Covid-19 is extremely contagious, and he saw the awful devastation of this virus all day.

Like so many, *Jen was already digging into their saving* and so very unsure of the months ahead. But nothing could have prepared her for the worst. In April 2020, Caleb contracted the deadly virus and though he fought one heck of a fight; no amount of medical care could save him. Doctors and medical professionals *lost the feverish battle to hold onto Caleb*, and he slipped away into deafening silence without Jen and the kids being able to say a final goodbye.

A terrible blow for this family. Within one month, Jen’s entire world was turned upside down, the rug yanked right from under her feet. Her heart deeply jagged and broken. In the blink of an eye, she became the sole breadwinner of her family with only a few hours of work weekly, two children, *mortgage, low savings*, and an emptiness in her heart which nothing could fill.

This unfortunate situation could potentially, cripple any family financially. The one saving grace for Jen was, Caleb had wisely made sure that he was well insured for life insurance. And through thick and thin, he never defaulted on the payments. His *wisdom and foresight protected his family's future*. When he could not be there for his family, the finances were there to take care of them. Their standard of life, their home, the kids' education, and the family's dignity were preserved.

What would have happened if Caleb did not have that life insurance money come to his family?

Why Do I Need Life Insurance?

ANOTHER BILL TO PAY: No one likes paying for Life Insurance! That I can tell you outright. I have interacted with many folks who are not thrilled to pay another bill on any given day of the month.

The bare, naked truth is, this is the one bill which you pay, that could one day, *determine the course of life for your family*. It is the one benefit which continues to provide when you are not around. And true, it is never for you! You will never see the benefit of this purchase because the benefit goes to the people who you care about. So yes, it is the most *unselfish bill you will ever pay!*

Let's revisit Jen's story. With low savings and *not enough to pay for Caleb's funeral expenses*, which was over \$20,000, Jen negotiated with the funeral home and Caleb's Insurance provider, so that a portion of the proceeds went *directly to the funeral home* to pay for those expenses without Jen having to pay out of pocket right up front. This was a big stress relief for this family.

There was enough from all of Caleb's insurance proceeds, to pay off their mortgage, pay off credit cards, hold dollars for the kids upcoming education bill, and hold onto cash to put into a conservative segregated fund investment. Jen was able to *maintain her dignity*, her financial obligations to her family and avoid many sleepless nights of worry.

Proceeds from a life insurance can make the world of difference and assist with the following:

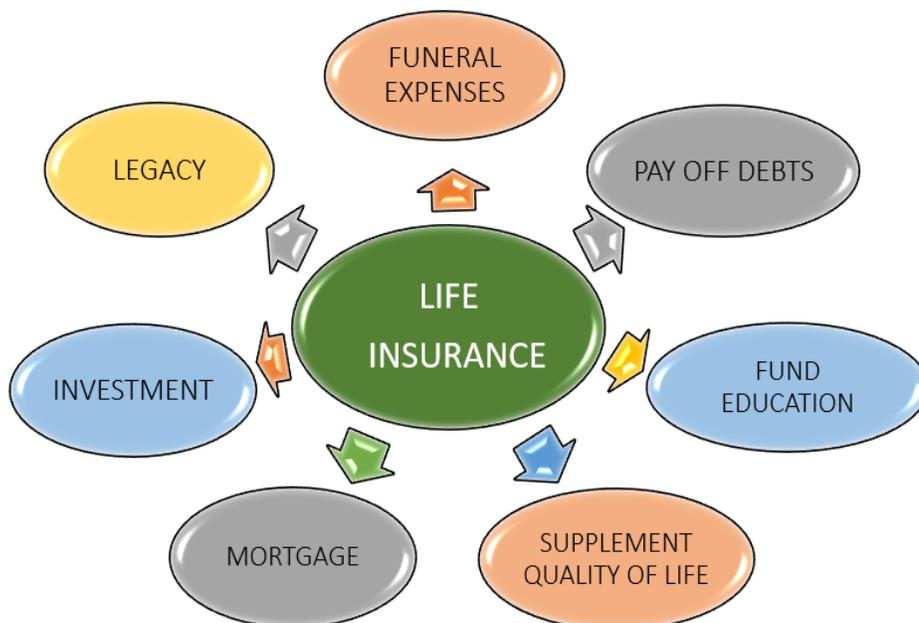
FUNERAL EXPENSES – This is the first expense which comes up when God forbid, someone we care about passes away. So many times, I have seen families pooling funds together to handle this immediate expense when there was no insurance policy in place for the deceased. It is heartbreaking for a family to endure this struggle.



MORTGAGE – Many families are 2 income families. Cost of living is high for most families and as such it takes *2 incomes to run a home smoothly*. In many families one income cannot sustain the quality of life the family is used to should they lose one breadwinner. Having *enough insurance proceeds* to pay off the mortgage on a family’s home, is a critical part of financial planning.

EDUCATION – The cost of a post-secondary education can easily run a family *over \$20,000 per child* and that’s just tuition and books, not including accommodation and food. So yes, *it is not* a small nominal amount. Losing the income of a breadwinner parent poses a major challenge for funding higher education. Many students end up starting their young life in debt because they have no choice but to borrow and fund their education with a loan if education expenses are not planned for by parents.

FUNDS FROM A LIFE INSURANCE POLICY



DEBTS – We all have some form of debt, whether that be a car loan, credit cards or other debts. Life insurance proceeds are a big financial relief, providing the funds to pay off these debts in the event of death. Not having the burden of heavy debt is a major plus for the surviving partner.

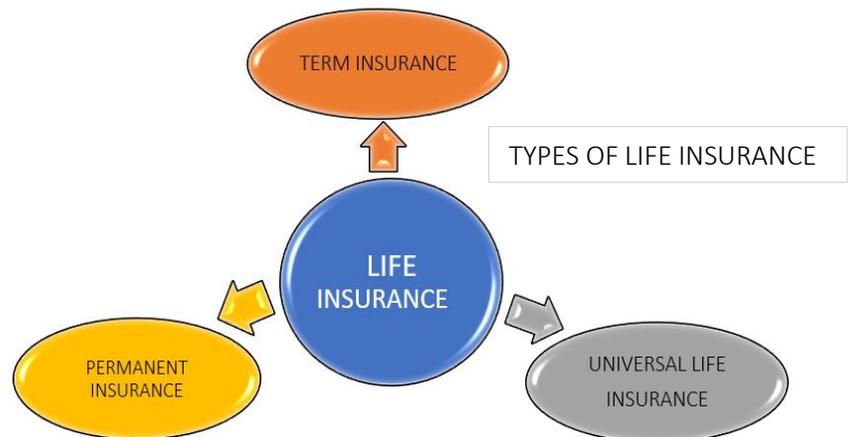
INVESTMENT – Should one breadwinner pass away then, the income which this person normally contributed to the home stops. Proceeds from a life insurance can be used to invest in a *Segregated Fund*. The fund growth would replace some if not all of that yearly income.

LEGACY – In my experience, many of my clients have indicated the desire to leave funds as a *legacy for posterity*, so that their loved ones would have some money to continue in life. This can be achieved via a permanent life insurance policy.

Types Of Life Insurance

Understanding the types of Life Insurance available and how each may serve the purpose you strive to achieve, is the key to making *smart purchase decisions*. With the aim of *keeping it simple*, we shall discuss the 3 types of *Life Insurance* which would take care of most of your needs.

- ✓ Term Insurance
- ✓ Whole Life (Permanent) Insurance
- ✓ Universal Life Insurance



TERM INSURANCE – Term insurance as the name suggests lasts for a specific ‘term’. For example, a 10-year term insurance, has a *fixed premium* (monthly or yearly) and a fixed face value (proceeds upon death) for 10 years. What happens after the 10-year period? Assuming the policy is in good standing, the insured is still alive and wishes to continue with the policy, then the policy may be renewed. However, the current *health status* of the person insured, and the *current age* shall determine the new monthly (or yearly) premium, which will most likely be higher now. As such, keep in mind that a change in health will many times affect the premium. Many insurers now have an *additional Covid-19 questionnaire*. Term insurance is mainly used to cover a specific need, for example, a mortgage. One may purchase a 15-year term insurance (not mortgage insurance, there is a difference) to pay off (partially or fully) a mortgage, should the insured pass away during that 15-year period. Term insurance *tends to be less costly* than permanent insurance.

WHOLE LIFE – Whole Life insurance is a *permanent type of life insurance*. As the name indicates it will last for the whole of your lifetime, provided the policy remains in good standing. This type of life insurance covers specific needs, for example funeral expenses. We all know that it will cost dollars for a funeral and the related formalities. Another example would be where the insured wants to leave a *legacy for their beneficiaries*. A whole life policy would ensure (since you are covered for all your life) that your beneficiaries receive a lump sum of the proceeds upon your passing. The important point about permanent insurance is, the premiums stay fixed and the face value of the benefit remains the same throughout the life of the policy.

UNIVERSAL LIFE INSURANCE – A Universal Life Insurance policy tends to be a *blend of a whole life policy and an investment portion*. Some of the premiums paid goes towards paying for the insurance coverage and some goes to the investment. While this may seem an attractive option, there are many factors to consider. This type of insurance *tends to be pricier* since you are covering both insurance and investment. In my experience, the folks who opt for this type of insurance are those who have maxed out their RRSP and TFSA contributions and wish to shelter more funds from taxes legally. The growth of the investment in a Universal Life insurance is not subject to taxes until it is withdrawn. For more on the tax aspects of this type of insurance it is best to discuss with your accountant.

IMPORTANT LINGO

REVOCABLE VS IRREVOCABLE – A *'revocable'* beneficiary is one which the insured can make changes to the beneficiary as they see fit. If you designate your beneficiary as *'irrevocable'*, then you need the permission of the irrevocable beneficiary to make changes to their beneficiary status

LIFE INSURED VS POLICY HOLDER – The *'life insured'* is the person upon whose passing triggers the proceeds of the policy to be paid out to the beneficiaries. The *'life insured'* and the *'policy holder'* are usually the same person. However, the policy holder, could be someone else who has an *insurable interest* in the life insured. For example, an adult age child may be the policy holder on her mother's life insurance policy

HARD TO INSURE – Not everyone is in great physical shape and health. As such, there are some folks who are considered *'hard to insure'* due to existing, underlying health challenges. For example, someone who has had a heart stent surgery could be in this category, or someone who has Crohn's disease, same issue. Does this mean that these folks are uninsurable? Not so fast! The life insurance industry is constantly evolving, and today we have excellent solutions for folks with underlying issues. There are several providers which would be able to handle *guaranteed issue life insurance* for hard to insure folks. [CLICK HERE TO GET MORE INFO](#)

MORTGAGE INSURANCE – Mortgage insurance as the name suggests is purchased so that the expected proceeds go towards paying a portion or all of a mortgage loan if the person insured passes away. Typically, banks issue a *'mortgage insurance'*. Simply put, a mortgage insurance has a *fixed premium* payment, however the benefit *proceeds paid out from this policy continues to decline*, because the mortgage owed is a declining balance. A pure term insurance is usually a better option because the *premium stays fixed* for the duration, and the *face value of the payout* of the insurance is also fixed not decreasing.

Frequently Asked Questions

- 1) **HOW MANY LIFE INSURANCE POLICIES CAN I HAVE?** There is no exact limit as to how many policies an individual can have, however providers (insurers) generally want to establish that you have a financial *need for the life insurance* applied for. And usually a 'Needs Analysis', which is a short questionnaire, helps to establish how much life insurance an individual needs to handle all their financial responsibilities in the event of death. [FREE NEEDS ANALYSIS CLICK HERE](#)



- 2) **CAN I GET A LIFE INSURANCE WITHOUT A MEDICAL?** The short answer is yes! For those who prefer not to go through a medical process, a *guaranteed life insurance policy* is the solution. There are several insurers offering this type of product, each with a little bit of difference and cost. [GET QUOTES HERE FREE CLICK HERE](#)
- 3) **DO I NEED TO TELL SOMEONE ABOUT MY LIFE INSURANCE POLICIES?** The smart answer here is yes! It makes sense to provide your loved ones (beneficiaries) with this information. We have a short document "My **INFO Toolbox**" where you can make notes on your policy details, bank details and all this type of important information. *Keep it in a safe place.* This way when the time comes your family is not searching high and low to find crucial information. [GET IT FREE - CLICK](#)
- 4) **ARE THE PROCEEDS OF LIFE INSURANCE TAX FREE?** The proceeds of personal Life Insurance are *typically tax free*. If in doubt, and your situation requires it, speak to your accountant for further clarifications.
- 5) **CAN CREDITORS TAKE THE LIFE INSURANCE PROCEEDS?** The proceeds of a personal Life Insurance go *directly to the designated beneficiaries*. Creditors of the deceased or creditors of the beneficiaries cannot intercept these proceeds from the Insurance company.
- 6) **WILL THE PROCEEDS HAVE TO GO THROUGH PROBATE?** Typically, no. The proceeds of a life insurance policy are generally paid out *directly to the designated beneficiaries* without having to go through a legal probate process. If in doubt, and your situation requires it, speak to your attorney for further clarifications.

7) Don't hesitate to connect with us at info@actionwinner.com with questions. Same day reply service.

Smart Advice ...

We are in a changing financial environment and consumers must seek credible information and take an *active role in their financial future*. Do not procrastinate. Do not leave your family's financial wellbeing to chance. *Financial stability and financial freedom* are not achieved by accident. Practice smart decision making and begin putting in place the pieces of the financial puzzle to make it whole, practical and achievable.

While it may take a bit of time to rebalance your position and your path forward, gain knowledge, take action and be confident in your ability to make informed, wise decisions. The world has shifted and while the financial industry is scrambling to adapt and re-position, make sure that you emerge from this pandemic with a *sharpened sense of purpose, direction, and a blueprint* to face a brave, new world!

"We believe in the united strength of our human race and know that collectively and with the right people at the helm, nothing is impossible. Together we are unstoppable!" – ActionWinner Group



Action Winner Group
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