LIFE PROTECTION SERIES

DOING OUR BEST TO SIMPLIFY THE UNDERSTANDING OF LIFE INSURANCE

D'COSTA FINANCIAL GROUP

TRAVEL WITH PEACE OF MIND

Did you know that OHIP does not cover all your emergency medical expenses in another country?
Do you have any current medical conditions, that an accident or sickness abroad could have a greater financial impact than anticipated?

Why your guests to Canada need visitor's insurance!

- Did you know a day in the hospital could cost your visitor on average $1,500 to $7,000.
- Will you or your visitor be able to cover all the medical expenses in the event of an illness or an accident.

There is an affordable solution to this concern.

D'COSTA FINANCIAL GROUP

905-471-0572 OR 1-800-97DCOSTA

UNDERSTANDING LIFE INSURANCE

The 3 "W"s of purchasing life insurance are—WHY, WHEN and WHAT.

WHY:

Basically, life insurance is purchased because an individual does not want to pass a financial burden to his loved ones. If someone you love will suffer financially when you die, especially if you are a contributor to the family income then you need life insurance. The tax-free benefit received by your loved ones upon your death helps in various ways such as assisting your family to replace your income and can help meet many important financial needs such as funeral costs, daily living expenses, college funding, final expenses, outstanding debts, outstanding mortgage, et cetera. There are many more reasons a life insurance contract makes good sense to own. It's the most tax effective method to pass your wealth to your beneficiaries - Tax-free.

WHEN:

As life insurance is paid upon death it is logical that you buy as early as possible, as death usually comes unexpectedly. As life insurance is medically and financially underwritten, which means that your eligibility to purchase life insurance along with the amount of protection you can purchase are based on your current health, medical history, and other factors. If your health deteriorates or as you age, you may find it difficult or expensive to purchase life insurance. So, delaying the purchase is detrimental to your purchase.

WHAT:

There are two types of plans namely Term and Permanent you could opt to. A term plan is like renting and ideal for short term needs. Obviously, it's cheaper because it's for a short period. You have a choice of various term plans you could buy such as 10, 20 or 30 year terms. Upon the expiry of the term the premiums increase. However, the insurance company lets you know your next premium increase in advance when you purchase the initial plan. Ideal situations for such plans could be to protect your mortgage, a loan to protect, a young family to take care of and more.

Permanent plans are generally known as Whole Life and Universal Life. Both these plans cover you for life. Whole life is more rigid, and you are dependent on the insurance company's dividends to manage the plan. Most of these policies have guarantees incorporated in the contracts. Universal life, on the other hand, is more flexible and you have a choice of investment funds available, increasing or decreasing your premium as per the contract, et-cetera. These plans could be used to cover long term needs and could be tax efficiently utilized to assist you in retirement planning, tax concerns upon your death and more.

The easiest way to understand term and permanent plans is to relate them to buying or renting a house. A term plan is like renting a house whilst a permanent plan is like buying a house. By the way, both plans when in force satisfy the same need. When you die, they both pay your beneficiaries a tax-free benefit when they need it most.

It's important to find out how much you need and what type of insurance will benefit your family when you are no longer there physically to take care of them. An insurance advisor will be the right individual to assist you with your decision-making process providing you with various options which will suit your cash flow.

The question you need to ask yourself - **How will my family survive when I am gone?** I am sure you will agree that 2 incomes are usually required to balance household expenses. So, with reduced household income how will the surviving spouse be able to maintain the family's financial objective?

There are different ways you could acquire Life Insurance. Obtaining life insurance through your employer is an option. Many employers provide, at their own expense, a basic life insurance benefit. Generally, it's a temporary measure and if you are employed with the same employer. Via the internet is another option. In many ways, the Internet has transformed the way life insurance is bought. Nowadays, you can get quotes, apply for and even purchase policies with a few clicks. It's generally your responsibility to figure out which product best fits your needs.

Eventually, Life insurance may be one of the most important purchases you'll ever make. Hence, speaking to a qualified insurance advisor never hurts. You will be surprised by the options available to enhance your plan.

TERM INSURANCE

If your needs are temporary; such as a mortgage, term insurance can cover that type of need. Term insurance cost is cheaper as it covers you for a shorter term. There are various lengths of terms you could purchase - 10, 15, 20, 30 year terms.

Basically, Term insurance is a rental plan which does not have any cash values and is designed to protect you for the term you select. These policies are affordable and flexible and serve the same purpose—Protection.

When the term is up, most plans allow you to renew up to age 80 with no hassles and you always know your renewal rate in advance. The rates, however, increase on every renewal. You also have a choice to convert or exchange it to a permanent plan. The age and the plan you opt to will determine the new premium you need to pay. No health questions are asked.

UNIVERSAL LIFE

Another key difference between universal life coverage and term life insurance is that in addition to providing life insurance protection, there is also a savings component to your policy.

Like RRSPs, a universal life policy allows you to accumulate interest while tax is deferred, enabling you to realize returns that may be significantly higher than those offered by traditional savings vehicles.

It is flexible and is more client oriented. You have a choice to decide on the amount of investment. You have a choice of selecting the type of cost applied for your coverage and more. It can also give you an opportunity to take a premium holiday if your funds in the plan permit you to do so. It's an excellent plan for someone who needs a flexible and permanent plan.

WHOLE LIFE

A whole life policy covers you for your entire life. This differs from a term policy since that only lasts for a specific period of time.

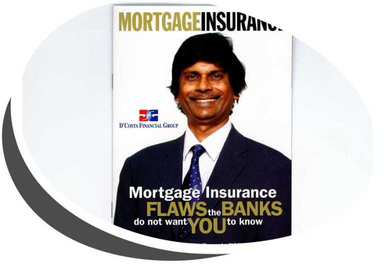
Whole life insurance also builds cash value, which is a return on a portion of your premiums that the insurance company invests. Your cash value is tax-deferred until it is withdrawn.

It offers 2 types of cash values—guaranteed values and dividends which are not guaranteed. An Ideal plan for someone who needs protection for life. Unlike Universal Life, it's rigid and not very flexible.

MORTGAGE INSURANCE

Speak to an insurance advisor who could offer you a mortgage plan which could be cheaper and with better features than the ones offered by the banks.

The booklet on mortgage insurance I have written, outlines the 22 reasons in depth why a mortgage protection plan with an insurance advisor is better than purchasing one offered by the banks.



Below are some of the excerpts:

* *Cheaper*
* *Flexible*
* *Guaranteed Premiums*
* *No additional PST charge*
* *Benefit does not decrease as your mortgage drops*
* *Can have 2 benefits for both spouses*
* *Plans are portable, in case you move your house or your mortgage*
* *Choice of coverage which allows you to buy more or less than the mortgage as per your budget*
* *Convertibility Option to move to a permanent plan*
* *Creditor protection*
* *Medical underwriting is done at issue of the plan and not at claim*

Simplified Life Insurance

Are you hard to Insure? ....
Did you have a Heart Attack, Stroke, Angina?
Are you Diabetic and using insulin?
Do you have Blood Pressure?
Are you over weight?

No problem

*** No medical exams   * No Doctors Visits**

*** No Needles   * Only a few simple Questions**

No waiting period - Coverage begins immediately and policies can be issued until age 85

Benefits included with the plan

- **Terminal Illness Benefits** (50% of coverage)
- **Transportation Benefit** (Extra $2,000)
- **Accidental Death Benefit** (Up to 3 times the coverage)
- **Tax-Free Death Benefit**
- **Reduced Paid up Coverage**
- **Guaranteed Cash Values**

CREATE INCOME STREAM FOR LIFE

- PAY FOR 20 YEARS
- WITHDRAW FOR THE REST OF YOUR LIFE

Ideal for ages 1-40

PAY INSURANCE PREMIUMS FOR THE PLAN FOR 20 YEARS AND THEN STOP PAYING.

WITHDRAW UP TO DOUBLE THE PREMIUM PAID PER YEAR FOR THE REST OF YOUR LIFE FROM THE 26TH YEAR ONWARDS.

INSURED RETIREMENT

An Insured retirement Strategy lets you use a permanent life insurance policy as a collateral to provide supplemental retirement income and a tax-free death benefit for your beneficiaries.

1. Maximize the policy’s cash value

Clients overfund their Universal Life policy up to the maximum allowable limit thus allowing these funds grow on a tax-deferred basis.

2. Supplement retirement income

At the time of retirement, clients supplement their retirement income by borrowing money from their bank using the cash value of their universal life policy as collateral.

3. Defer repayment of the loan

The loan, and all accumulated interest and fees, is repaid by the estate, upon client’s death, by using the proceeds of the UL policy’s death benefit.

This strategy is designed to meet your insurance needs and on retirement avail an additional income. Upon your death the loan is paid off from your policy’s tax-free death benefit and the balance is paid to your beneficiaries.

Most banks will be able to provide with a loan equivalent to approximately 60 per cent of your policy’s cash values. Basically, this is almost like a mortgage borrowing concept, whereby you get a collateral loan on your house from the bank.

RRIF TAX ELIMINATION UPON DEATH

Upon the death of both the spouse’s the balance in their RRIF plans will be subject to taxation to their beneficiaries totally taxable.

We have an excellent strategy which will avoid this tax.

SAVE by EXTENDING existing term insurance

<u>Term Insurance Facts:</u>

- **Premium remains level for the term selected**
- **On renewal, the premium will increase as per the contract**
- **Premium increase is substantially higher than a new plan with a medical requirement**
- **Choice of converting the term plan to a permanent plan without any medicals**

The case study provided below is to give you an insight on how you could extend your term coverage for some more years, if you don't have medical concerns, and don't want to convert it to a permanent plan.

John is currently 52 years of age. He has a 10-year term coverage of $500,000 with ABC Life Insurance and paying a premium of $ 57.00 per month. He had purchased this plan when he was 45 years of age. At age 55, his premium will increase to $ 355 per month. John can currently qualify for a new 10-year term for $109 per month, which will extend his coverage to age 62.

- **With the new plan he will be paying $109 an extra premium of $52 for the next 3 years** (New $109 - Old $57) - ($52 x 36 months) = **($1,872)**
- **Thereafter, he will be saving $246 per month for the next 7 years -** (Renewal $355 - new premium $109)
- **John's substantial savings for the next 7 years - (**$246 x 84 months) = **<u>$20,664</u>**
- **This strategy saves John a whopping** ($20,664 minus extra premium he paid $1,872) **= $18,792**

If you would like a no obligation analysis on your current plan, please email or call me.

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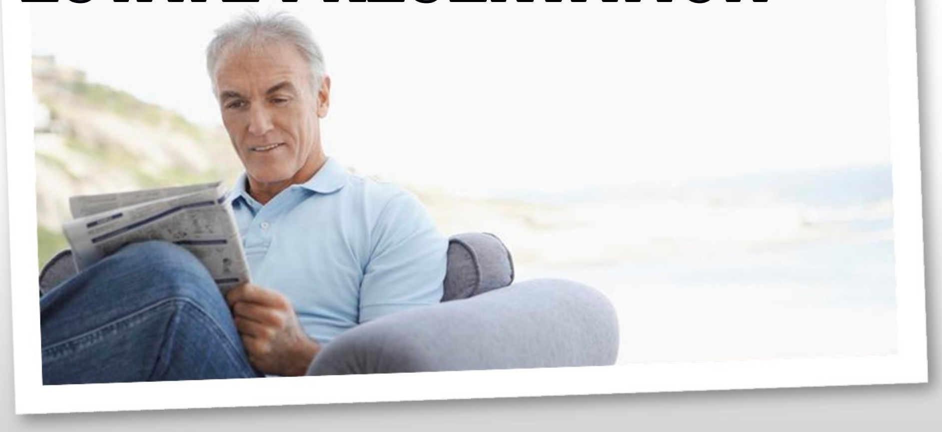
Flexcare®

Customize your health care coverage with **Flexcare® Health & Dental Plans.**

Manulife

The Manufacturers Life Insurance Company

ESTATE PRESERVATION

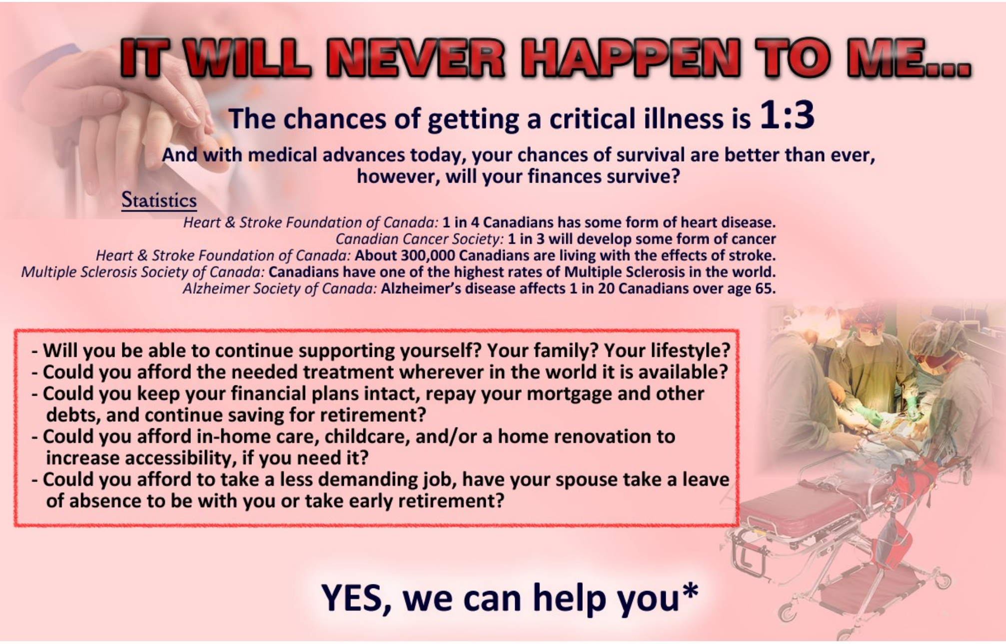


The assets you have built up over your lifetime—such as home, cottage, investment portfolios, business mean a lot to you, and to your family. However, when you and your spouse pass away, virtually all these assets will be subject to tax. As a result, your heirs could receive an estate of considerably less value because they may have to borrow against the value of the estate, or even be forced to sell these cherished assets just to pay the tax bill. Estate Preservation Strategy is designed to solve this issue.

- Grow some of your assets within a tax-deferred investment vehicle
- Significantly increase your estate's after-tax value to your heirs
- Avoid probate, legal and executor fees in respect of the insurance proceeds
- Potentially protect your assets within the policy from creditors

SOME MORE STRATEGIES

- **Loan Collateral Plan**
- **Charitable Giving**
- **Pension Maximization**
- **Line of Credit Insurance**
- **And more**



Every precaution has been taken to have the content in this booklet published correctly. Its purpose is to provide a broad view of the various products available. However, we apologize for any inadvertent errors. E.O.E.

Francis D'Costa *started in the financial industry in 1991. He has qualified for the MDRT membership for 21 years.* ***Million Dollar Round Table*** *is a prestigious organization for financial advisors around the world. Less than 1% of advisors qualify for this elite membership.*

He also qualified for the ***Court of the Table*** *7 times (It's 3 times MDRT requirement). Also, qualified for the* ***Top of the Table*** *2 times, an Elite group of approximately 90 advisors qualify for this membership in Canada. Its requirement is 6 times the MDRT qualification.*

He was the Zone Chairman of MDRT for Toronto. He was also the Zone Chairman of MDRT for Ontario.

He uses strategies to enhance his client's wealth. Estate preservation and distribution are the key areas he specializes in.

He works with all the major insurers to assist his clients to solve their concerns.

This booklet is designed to give the reader a brief summary of some of the various solutions.

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D'Costa Financial Group

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