

Life insurance's primary role is simple: to help provide your family with financial security when you die.

However, life insurance can also help you manage risks in other aspects of your life.

Help with retirement risks

Retirement risks include not having enough income or having your savings depleted by illness or emergency. Permanent life insurance can be a tax-effective way to manage these risks.

Permanent life insurance allows you to accumulate a cash value inside the policy, within certain legislative limits, without paying income tax on the accumulation.

During retirement, you can access this cash value as a source of income or as collateral for a loan. You can use it to deal with emergencies or pay for long-term care.

Help with disability risks

If a disability forces you to take time off from work or require long-term care, your whole financial security plan could be at risk. Many life insurance policies let you manage this risk with riders.

Disability riders can waive premiums during the disability, provide a lump sum payment or even provide an advanced death benefit in the event of a terminal illness.

Help with estate-planning risks

A major risk is that taxes on your estate, and other costs, can reduce the amount you leave to your loved ones and your favourite charities.

For your heirs named as beneficiaries, life insurance can provide the immediate cash they need to cover final expenses, taxes and the costs of settling your estate. This helps preserve as much of your estate as possible for your loved ones.

For your favourite charities, life insurance can allow you to provide stable long-term funding without reducing the estate available to your heirs. Carefully arranged, a planned gift can be a tax-effective planning tool, balancing your financial needs and the needs of your family.

How are you using your life insurance to manage risks?

Your life insurance is a crucial part of your overall plan to manage risk. I can help you get the most out of it, not only to protect your family after your death, but also to manage risks during your lifetime.

The information provided is based on current tax legislation and interpretations for Canadian residents and is accurate to the best of our knowledge as of the date of publication. Future changes to tax legislation and interpretations may affect this information. This information is general in nature, and is not intended to be legal or tax advice. For specific situations, you should consult the appropriate legal, accounting or tax advisor.