

# Understanding life insurance

The life insurance solution you choose can have a big impact on your financial stability and overall wellness.



## What is life insurance?

Essentially, it's a legal agreement between the insured and the insurance company that specifies payment of a predetermined benefit amount upon death, subject to the terms of the insurance contract. Life insurance proceeds are generally free from federal income tax.<sup>1</sup>

### Who needs life insurance?

Anyone who wants to protect survivors or dependents from financial hardship if you die. For example, if your family were to have trouble getting by without your salary, a life insurance policy can provide funds they need to continue living their lives. Here are some other ways, life insurance can benefit you:

**Final expenses.** A death benefit can be used to help pay medical bills, funeral costs and other related expenses.

**Mortgage protection.** Your loved ones can use the death benefit to help cover mortgage payments should they lose your income.

**Income replacement.** Your family can use life insurance proceeds to help maintain their standard of living.

**Estate planning.** Life insurance can be an effective way of paying the costs associated with settling your estate. A legal or tax professional can provide you with the right guidance when it comes to estate planning.

**Charitable giving.** Expanding your legacy by giving to your favourite charity may also provide you with a valuable tax benefit.

## What is modern life insurance?

It's life insurance that does more than just pay a death benefit after you're gone. It's a holistic solution that helps provide economic security while providing opportunities for you and your family to live richer, fuller lives.

Our unique member benefits<sup>3</sup> program is designed to help you live your best life today and every day.

- Fun family events
- Volunteer opportunities
- Community grants
- Competitive tuition scholarships<sup>4</sup>



## Did you know...

**22 million**

Canadians own \$4.7 trillion in life insurance coverage.<sup>2</sup>

**\$12.5 billion**

in benefits were paid to Canadians in 2018, with 42% of the total going to living policyholders as disability benefits, cash surrenders or dividends.<sup>2</sup>

The average protection per insured household is **\$417,000.**<sup>2</sup>

# How much life insurance do you need?

Every individual's insurance needs are different based on various factors, including:

- Current income
- Accumulated debt
- Retirement and financial needs
- Current savings
- Future education needs
- Your age and life stage

You may need different life insurance protection at different stages of your life. A life insurance advisor can assist you in determining the right coverage for you.

You can also calculate your life insurance needs online at [foresters.com/calculator](https://foresters.com/calculator).

## Foresters Financial™ life insurance products

**Foresters offers a number of term life and permanent life insurance products based on your individual needs and financial goals.**

**Term life insurance** is designed to cover you for a specified period of time – usually 10, 20 or 30 years. A death benefit is only paid if the insured dies within the term period.

**Whole life insurance** has no fixed term and is designed to cover you for your lifetime. The premiums are typically higher than term life insurance but may come with a cash value component. Whole life insurance policies include:

- **Participating whole life insurance** is generally available at higher premiums, but may pay dividends<sup>5</sup> to certificate-holders.
- **Non-participating whole life insurance** does not pay dividends but premiums are generally lower.

**Critical Illness insurance** protects your family's income and lifestyle if you can't work due to a serious illness, like a stroke, heart attack, paralysis or life-threatening cancer.

## Talk to your life insurance advisor today about your needs.

For more information about Foresters Financial go to [foresters.com](https://foresters.com) or call us toll-free at **800-828-1540**.

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<sup>1</sup> Foresters, their employees and life insurance representatives, do not provide, on Foresters behalf, estate or tax advice.

<sup>2</sup> Canadian Life and Health Insurance Facts 2018 Edition

<sup>3</sup> Foresters Financial member benefits are non-contractual, subject to benefit specific eligibility requirements, definitions and limitations and may be changed or cancelled without notice.

<sup>4</sup> This program is administered by International Scholarship and Tuition Services. Available to eligible members. Please visit <https://www.foresters.com/en-ca/foresters-difference/scholarships> for eligibility criteria.

<sup>5</sup> Dividends are not guaranteed. Past dividends are not an indicator of future dividend performance.