



Integrating Life Insurance into Your Financial Strategy

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Life insurance is one of the most overlooked financial solutions and its role within a well-developed financial strategy is often under appreciated. Not only can it provide the necessary safeguards for you and your family, it can also protect and enhance your investment portfolio.

There are a variety of reasons why individuals may not have addressed their life insurance needs. They may think that:

1. Having a large portfolio negates the need for life insurance altogether.
2. Life insurance premiums add little value to the financial strategy.
3. Life insurance is an essential financial planning tool only for young families.

THE FACTS

Individuals with a large portfolio may not necessarily need life insurance, but it can help them address complex estate planning concerns such as excessive taxation upon death and the possible need to liquidate valuable assets to fund the tax bill. It can allow you to build additional wealth on a tax-sheltered basis - with a tax-free benefit paid to your estate - to ultimately maximize the asset value passed on to future generations. If you have sophisticated financial planning needs, these are important opportunities.

While some people may feel life insurance premiums are a waste of money or are reluctant to consider the possibility of death, we all have obligations regardless of whether we are here to meet them or not:

- burial expenses,
- children's education,
- mortgage and other debt payments,
- tax liabilities, and
- ongoing daily expenses.

Case Study: The Value of Life Insurance within a Financial Strategy

Consider the Wrigleys, former owners of the Chicago Cubs baseball team. When Philip K. and Helen a. Wrigley died within three months of each other, their deaths triggered a large tax liability.

Although wealthy, the Wrigley family did not have enough accessible cash to fund this bill. A portion of their investment portfolio was liquidated and still it was insufficient. They were forced to sell the Cubs, giving up a six-decade, treasured family legacy.

Incorporating a life insurance solution into their financial strategy would have provided the needed funds to protect the family from making difficult decisions in an already trying time.

TO OUR CLIENTS

In the third year of a challenging market, we appreciate it can be easy to lose sight of the bigger picture and forget about other essentials that also influence our individual financial well being.

This issue of *Exchange* looks at the additional benefits offered by life insurance beyond protection, and how it can contribute to the overall success of your financial strategy.

Sincerely,
ScotiaMcLeod

Life Stage

Early Career



You May be Concerned With...

- Providing comfort and security for your family
- Saving for your children's education
- Protecting your business interests

You can use Life Insurance Solutions to...

- Replace your income and cover expenses in the event of your death
- Replace your income in the event of a disability or serious illness
- Protect your business against the loss of a key employee or provide funding for a buy-sell arrangement between business partners

Mid to Late Career



- Reducing the amount of income tax you pay
- Enhancing your retirement fund
- Keeping your business interests within your family
- Managing your health
- Sustaining your lifestyle

- Develop additional tax-sheltered growth to complement your RRSP assets and perhaps generate a higher retirement income
- Address your business succession plan and secure interest for future generations
- Obtain the best medical care and preserve your retirement assets in the event of a life-threatening illness

Retirement



- Ensuring that you don't outlive your income
- Protecting your assets when you die
- Creating a legacy

- Create a lifetime stream of income with a very desirable low risk, net yield
- Cover the inevitable tax liabilities at death with minimal impact to your assets
- Grow and distribute your wealth to future generations in the most efficient manner possible

Furthermore, a life-altering event such as diagnosis of a critical illness would mean your family may need to fund medical expenses through the investment portfolio. So it is important to protect your family and your portfolio through proper tax and estate planning.

While young families have significant financial obligations and need protection, life insurance is a risk management tool with a tremendous investment upside at any stage. No matter what your assets or debt, or where you find yourself in the lifecycle, there is likely a life insurance

solution that could form an essential part of your overall financial strategy.

YOUR EVOLVING PRIORITIES

What's important to you today is not the same thing that was important to you in high school, nor will it likely hold the same importance in several years' time. Similarly, your investment portfolio will evolve as your personal situation, priorities and risk comfort change. The same can be said for your life insurance strategy, as the chart shows.

Life insurance is an important part of financial planning, the value and purpose of which hasn't always been clear. Your advisor, along with ScotiaMcLeod's team of experts, can assess your situation, determine the right approach, and develop a life insurance solution that fits right into your overall financial strategy.

Reflections

*"One generation plants trees,
and the next enjoys the shade."*

Anonymous



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