Your Personal Life Insurance vs. Mortgage Insurance

Personally Owned Insurance	The Bank - Mortgage Insurance
Protects you and your family Beneficiaries can be named and/or changed	**Protects the bank** *Beneficiary will always be the bank*
Pre death underwritten Approved when you purchase policy	**Post death underwritten** *Not approved when purchased and can be denied at claim*
Policy *is* portable Your policy is always in effect and moves with you anywhere	**Policy is *not* portable** *Protection expires if you move or sell the house*
Flexibility Proceeds from insurance can be paid to anyone or invested	**No flexibility** *Proceeds always go to the bank.*
Choice You choose the amount of coverage you require and the coverage does not decrease over time	**No choice** *Coverage amount must be equal to the mortgage amount and this amount decreases as the mortgage is reduced (but premiums do not)*
Ability to tailor the policy Optional benefits available to suit clients' needs	**Limited options for tailoring customized solutions**
Ability to shop rates With an Insurance Broker we shop around to keep cost down	**Unable to shop and compare**
Renewable and Convertible Certain policies can be renewed and/or offer conversions	**No conversion privileges**
Provides Stability Personal owned insurance plans have built in grace periods from 30 to 90 days for missed premiums	**No stability** *A missed payment often means lost coverage*

Protect your family and ensure you have the best coverage in place.
Contact one of our insurance specialists for a free insurance quote

The Money Broker donates $2820 to Mental Health Network of Chatham-Kent

The Money Broker employees initiated a 'Jean Friday' for The Mental Health Network of Chatham-Kent, last year by donating $2.00 per week; which the company then matched! Lisa Lucio and Sylvia Lauzon were pleased to present Kelly Gottschling with a cheque for $2820.00, which represented last year's contributions. The Mental Health Network is a 'not for profit' organization who offers hope through education, support, social rehabilitation, networking and advocacy and peer support to those whose lives have been affected by mental illness.

BLENHEIM	RIDGETOWN	CHATHAM	TILBURY	LEAMINGTON	PARIS
48 Talbot St. W.	4 Main St. E.	551 Queen St.	40 Queen St. S.	107 Erie St. N., Suite 1	12 Mechanic St.
519-676-8106	519-674-3613	519-380-0262	519-682-3183	519-322-0245	519-442-5588

www.themoneybroker.ca

SAVING INVESTING RETIRING ESTATE

MB FINANCIAL SERVICES

INTERGLOBE
Financial Services Corp.
MUTUAL FUND DEALER

The Money Broker

Notes of Interest

A publication of **The Money Broker Inc.**, and **Mel Bender Insurance Agency Inc.**

Wills 101

Preparing a will is not something most Canadians look forward to. Yet there are a number of good reasons why you shouldn't procrastinate in getting your will prepared – especially when you consider how little it costs and the benefits that come with it.

Having a will helps facilitate the administration of your estate and can help you save taxes. A will communicates your intentions and can allow you - and not the government - to determine how your assets will be distributed upon your death. You put a lot of effort into acquiring wealth, so doesn't it make sense to ensure your interests are preserved after you pass away?

WHAT IF I DON'T HAVE A WILL?

If you don't have a will or your will is determined to be invalid, you will be deemed to have died intestate. Ultimately, the court will appoint someone to administer and distribute your estate according to the intestacy laws of the province in which you reside, regardless of what your wishes are. This means that your assets may not be distributed to your beneficiaries as you intended.

Under the provincial intestacy laws your spouse will usually receive a certain amount of your estate, commonly known as the "preferential share," and the remainder will be divided between your spouse and your children. This may not seem problematic, but in some situations it can lead to undesirable results. Take a case in which spouses are separated and estranged. Because they haven't divorced they are still technically spouses, which means the intestacy rules require that all or part of the estate be distributed to the surviving, separated spouse.

Contents:

Also, consider situations in which there are minor children. Portions of an estate payable to a minor child are usually paid into court (administered by the surviving parent or a court-appointed guardian) until the child reaches the age of majority. This means that at the age of 18 (this varies from province to province), a child could take charge of his or her full entitlement. For many people, leaving significant sums of money to young adults is a concern since many teenagers are not mature enough to ensure that a sudden windfall will be put to prudent use.

Intestacy may also result in more taxes being paid, resulting in less money for your family. What's more, the distribution of assets is often much slower and more expensive with intestacies, which can make the whole process frustrating for your loved ones at a time when they are already grieving your loss.

PREPARING YOUR WILL

It is generally recommended that you retain the services of an experienced lawyer when preparing a will. Wills must satisfy certain technical requirements and it is very important to anticipate and provide for all possibilities. If a court does not agree with the way you have prepared your will, or if parts of it are unclear, it may be declared invalid.

Preparing a will involves several steps:

1.Make a list of your assets. Include your home, car, cottage, business interests, life insurance, investments, etc. You'll need to review the ownership of these assets. Do you own them solely or jointly? For life insurance policies or registered plans (such as RRSPs or RRIFs), is there a beneficiary named within the contract?

2. Consider how your estate will be divided and who will get what. If done properly, this should include an estimate as to the size of your estate and the taxes owing on your death.

3. Choose an administrator (executor) of your estate. The executor has to protect and administer your estate in a prudent and responsible manner. This person should be trustworthy and willing and able to assume such a responsibility. Naming an alternative executor in case the first one is unable or unwilling to do the job is usually a good idea.

4. Decide who you want to take care of your children should you and your spouse pass away. When deciding whom to select, keep in mind the age of the guardian(s), their health and their ability to care for your children. It is recommended that you speak to those you are considering to confirm they are willing to accept this responsibility. It's also a good idea to name back-ups in case your first choice(s) can't or won't take on the responsibility when the time comes. Note that ultimately it is up to the courts to decide what is in the best interest of the child(ren); however, the parents' wishes usually play a significant part in the courts' decision.

5. Set out any instructions or wishes for your funeral arrangements. You can outline how your funeral arrangements are to be handled or any other special instructions.

YOUR WILL HAS BEEN PREPARED - NOW WHAT?

Once you have prepared your will, you must remember to keep it updated to ensure it continues to reflect your intentions. You should review your will regularly, perhaps every few years or whenever there is a significant event in your life or the lives of your heirs, such as a marriage, divorce, birth, death, disability or new business. Keep in mind that in most provinces a marriage revokes an existing will unless the will specifically contemplates the marriage. A will should also be reviewed after a change to income tax, family or successor laws.

Generally, a will can be updated either through the use of a codicil (a testamentary document that makes one or more changes to a will) or a new will. In addition, a will is revocable - that is, the testator (the person making the will) always has the ability to amend or revoke the will.

DO COMMON-LAW OR SAME SEX PARTNERS HAVE THE SAME RIGHTS AS SPOUSES?

Although common-law and same sex partners are treated in the same way as spouses for tax purposes, their rights under certain provincial estate laws may be limited, and this varies from province to province. If you are currently in a common-law or same sex relationship, it is very important to consult with a lawyer to become more familiar with the laws in the province where you reside. Without a valid will, a common-law or same sex partner could be left with very little. This could be particularly detrimental if there are minor children involved. A common-law or same sex partner may not have other assets to adequately provide for him or herself and the children, and it may be that they cannot easily access any money inherited by the children.

Here is a simple worksheet to identify possible risks, determine how big a concern they are, and assess your current level of insurance protection.

Which of the following risks would make a big difference in your life?	How big a concern is this risk? 1 = Not a big concern 5 = A very big concern	Are you insured for this risk? Yes or No?
Your car is stolen	1 2 3 4 5	Y or N
Your house is broken into	1 2 3 4 5	Y or N
You're too ill to travel on your big vacation	1 2 3 4 5	Y or N
You lose your favourite jewelry item	1 2 3 4 5	Y or N
You are diagnosed with cancer	1 2 3 4 5	Y or N

If you're like most Canadians, chances are you said "no" to the last risk. Most of us don't expect to suffer a critical illness like a heart attack or a stroke or be diagnosed with a serious disease such as cancer. But these events can happen. Life is unpredictable.

That's why there's Critical Illness Insurance.

Facing a critical illness can be emotionally and physically devestating. It can also lead to significant and unexpected costs that may not be covered by your provincial or employee health plans. And the last thing you want to think about as you recover is how to cope with the financial burden. That's where Critical Illness Insurance can help.

What is Critical Illness?

Critical Illness Insurance provides a lump sum cash benefit if you're diagnosed with a covered condition and satisfy the waiting period. The money is yours to use however you want. You can use it to:

- **Help pay your medical bills and prescription costs**
- **Replace lost income or make mortgage payments**
- **Hire a nurse or caregiver to help you out at home**

Critical Illness Insurance lets you focus on what really matters – **getting better**.

"Life Insurance... pays if you die, Critical Illness... pays when you get sick, Disability Insurance... pays when you can't work, Long Term Care Insurance... pays when you can no longer take care of yourself... Be responsible... Be insured."

Are you prepared for *all* of life's important events?

(Hint: they won't all be the good kind!)

Life is full of unexpected events.
Some create wonderful, lasting memories. Others, unfortunately, are the kind you'd like to forget.

While you can't always prevent bad things from happening, you can look to protect yourself against some common risks. You buy car insurance in case you have a car accident. You purchase home insurance in case of a fire. But are you covered for other risks that may have a major impact on your life?

PROTECTION FOR YOU AND YOUR FAMILY

A will is the foundation of an estate plan. The goal of having a properly drafted will is to ensure your assets will be distributed according to your wishes and that your loved ones will be properly provided for in a tax efficient manner. By creating a will, you can avoid unnecessary costs, delays and the undesirable results of intestacy, while gaining the ability to choose the executor of your estate and the guardian(s) of your children. When you consider that most wills can be prepared for a few hundred dollars, and also take into account the potential consequences of not having one, it is clear that everyone should have a will.

NOTE
There may be certain situations in which a will is properly drafted, but a dependant who is left out or inadequately provided for can make a dependant's relief claim. If successful, this may change the distribution of assets contemplated by the will.

IDEAL CANDIDATES

Investors who want to:

- Ensure their assets are distributed according to their wishes
- Facilitate the administration of their estate and minimize taxes
- Select the executor(s) of their estate and guardian(s) of their children
- Set our specific instructions on certain matters such as their funeral arrangements

TAKE ACTION

If this applies to you, then:

- If you don't have a will, have one prepared by your lawyer
- If you do have a will, review it regularly to make sure it still reflects your wishes and amend or update it if need be

OTHER TYPES OF WILLS

Holograph will: A holograph will is simply an entirely handwritten will that is signed only by you. Holograph wills can be problematic if the instructions are not absolutely clear. Furthermore, some provinces don't recognize holograph wills or have different signing requirements.

Stationary will: Wills that are referred to in some jurisdiction as "stationary wills" are available through various retail outlets. Here, a pre-set form provides paragraphs with blanks that the writer of the will completes to provide directions after his or her death.

While stationary wills have grown in popularity in recent years, you should be aware that problems with interpretation and non-compliance with provincial statutory requirements have been associated with these types of documents. Such issues may invalidate the will or add costs to the administration of the estate and delay distributions out of the estate.

Having a will prepared by a lawyer is always preferable to both holograph and stationary wills, especially if you have family members you wish to protect or significant assets you wish to allocate after you are gone.

This article provided by Manulife Investments, TRS Tax and Reitrement Services, Wealth Transfer Strategy 5.

in **sickness**

and in **health**

MANAGING THE POTENTIAL COSTS OF LONG TERM CARE

You meant what you said during your vows. And, as a couple, you've shared your plans and dreams for the future. But have you thought about what will happen if your retirement years don't go as planned?

No one likes to think about it, but as we age we're more likely to get sick.We may even reach a point where we can't take care of ourselves. What if that happens to you or your partner? How will you manage the expenses of long term care?

Les and Sherry, both 60, wonder the same thing. So they arrange to meet with their financial advisor to see how they can prepare for what might lie ahead. Sherry knows firsthand the emotional and financial hardship her mother endured trying to take care of Sherry's father after he developed Alzheimer's disease. Les and Sherry don't want each other to go through similar turmoil.

Stephen, their financial advisor, suggests they consider long term care insurance. He explains that long term care, whether it's home care services or care in a facility, can be quite expensive. It can easily exceed $5,000 per month. He says his clients sometimes assume the government will cover those costs.That's not usually the case. As a result, the financial impact on families can be devastating.

According to Stephen, the choice is simple: you can pay for long term care in the future by drawing down your retirement savings or you can purchase long term care insurance now to help cover the cost of your care. Les and Sherry agree that purchasing long term care insurance to help protect everything they've worked hard to achieve makes sense.

Unlike life insurance, which pays a lump sum to your beneficiary when you die, long term care insurance provides a monthly payment that can help cover the cost of home or facility care.

To be eligible, Les or Sherry must become functionally dependent and satisfy a waiting period. Functional dependence means they require substantial assistance with two of the six Activities of Daily Living or substantial supervision because of a cognitive impairment, such as Alzheimer's disease.

Stephen explains that with some long term care coverage plans, the monthly payment that Les or Sherry receives could be equal to 0.5 per cent to 1.0 per cent of their total benefit amount.The amount varies based on where they receive their care. For example, if they purchase long term care insurance with a total benefit amount of $300,000, they could receive 0.5 per cent of that amount, or $1,500 per month, if their care is received at home. That amount could double if they require facility care, which means they could receive 1.0 per cent of the benefit amount, or $3,000 per month.

The monthly payment can be used however Les and Sherry decide, whether they're being cared for in their home or in a facility. The monthly payment does not depend on the actual cost of their care, so they don't have to report how they're spending the money. They can receive the monthly payment and use it however they want.They can even use it to pay a family member or friend who's helping to take care of them.

Now that Les and Sherry understand the concept of long term care insurance, they ask Stephen for some advice on the type of coverage they should buy. Stephen tells them about a plan that's designed specifically for couples. It offers a shared coverage option that is unique in Canada. Stephen explains that it will provide them with much more flexibility than purchasing two individual plans. It's also a more efficient solution for their long term care planning, since it's impossible to predict which spouse might require long term care at some point.

WHAT IS LONG TERM CARE INSURANCE?

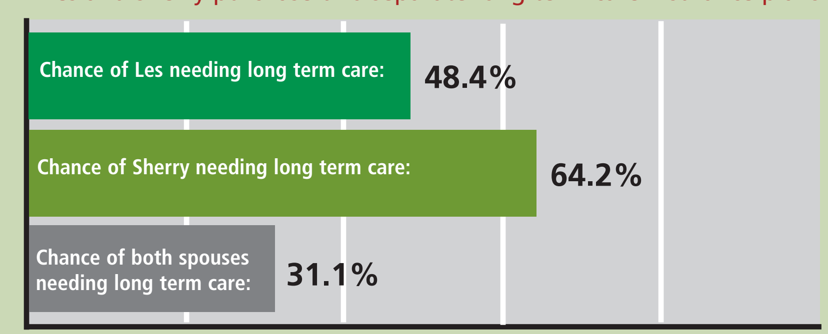
Long term care insurance helps cover the cost of home or facility care if you require substantial supervision or assistance with two of the six activities of Daily Living, which include:

• Bathing • Eating • Dressing • Toileting • Transferring • Maintaining Continence

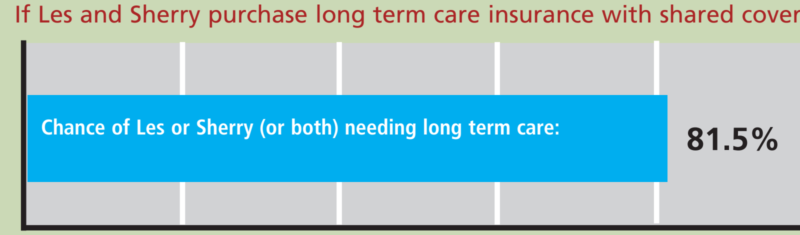
THE CHOICE IS SIMPLE: YOU CAN PAY FOR LONG TERM CARE IN THE FUTURE BY DRAWING DOWN YOUR RETIREMENT SAVINGS OR YOU CAN PURCHASE LONG TERM CARE INSURANCE NOW TO HELP COVER THE COST OF YOUR CARE.

The beauty of the shared coverage plan is that Les or Sherry could receive the benefit – or they could both receive the benefit at the same time. With two separate plans, they would be far less likely to use all the long term care benefits they purchase. Stephen shows them why.

If Les and Sherry purchase two separate long term care insurance plans:



If Les and Sherry purchase long term care insurance with shared coverage:



Figures shown are based on the probabilities of a 60-year-old male or female who hasn't needed care in the past requiring long term care in his or her remaining lifetime. Assumes no waiting period. Source: Munich Re, 2007.

Key advantages of shared coverage for Les and Sherry:

- **The long term care benefit is shared by Les and Sherry; one or both of them can be eligible to receive a monthly payment to help cover the cost of their home or facility care**
- **While either Les or Sherry is receiving benefits, the monthly premium (for the cost of the long term care insurance coverage) is waived**
- **The long term care insurance coverage can be split into two individual policies[1] in the event of a divorce**
- **If one of them dies, the long term care coverage would simply continue for either Les or Sherry as a single policy with the remaining balance of long term care benefits; their monthly premium would also be revised**

Les and Sherry decide that long term care insurance is a worthwhile investment because it helps them prepare today for what might lie ahead.They also choose a plan that offers shared coverage since it takes the guesswork out of buying long term care insurance.There's no need to figure out who is most likely to need long term care because they will both be covered. And, with shared coverage, there's a much greater chance that at least one of them will receive the benefit amount.

[1] Revised premiums would be based on original ages and premium rates, subject to any changes in premium that have occurred for policies in force. Some conditions apply.

This article taken from Solutions Magazine, Fall Edition 2010 Manulife Financial.
To obtain a copy of Solutions Magazine, or for more information, contact your advisor.