

Do you have enough life insurance?

Imagine, through some stroke of fortune, you have a money-making machine in your basement. At its maximum capacity, this machine can pump out \$60,000 annually for the next 30 years.

Would you insure this machine for only the first three years of its useful life or would you insure your money-making machine for all its worth?

In many ways, the income you generate through your salary is just like this fictional money-making machine. However, while most people wouldn't hesitate to insure a machine, many fail to protect their own earning potential in the event of premature death.

In an independent study by LIMRA International Inc, a respected research company, five million Canadian families admitted they need more life insurance.* These underinsured families said they want enough life insurance to replace their incomes for an average of 6.2 years. However, they currently own life insurance to replace their incomes for only three years. With this large gap between what families believe they need and what they actually own, you may wonder whether you're in the same boat.

How much life insurance do you need?

Your loved ones can use the proceeds from life insurance to maintain their financial well-being. The amount of life insurance you should leave behind depends on their financial position and goals. Here are some important factors to consider when deciding how much life insurance is right for you.

Mortgage and debt protection

With life insurance, your family can cover outstanding debts and continue to live in the family home.

Protecting your family's lifestyle

Proper coverage can replace your future income, allowing your loved ones to maintain their standard of living.

Funeral costs

Upon death, life insurance can cover your last expenses, including burial costs.

Education funding

Life insurance is a great way to put a financial plan in place to make sure your children's education is paid for.

Leaving assets intact for heirs

With life insurance, you can ensure your estate has the liquidity to pay final taxes.

Business continuation

The loss of a key person could create many problems, even threaten the viability of your business. Life insurance can help fund future succession and business continuation plans.

Charitable legacy

Life insurance allows you to leave a lasting legacy for your favourite charity.

Find out if you have enough life insurance

Your financial security advisor can work with you on a plan to give you and your family the life insurance coverage that's right for your specific situation.



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* Source: LIMRA, *Canadian Life Insurance Ownership: Household Trends, 2007*