



Life is dynamic; your financial obligations can be as well. Your protection needs today will vary greatly from your needs in 10, 20, or 30 years. Term insurance provides the coverage you need now, with interesting options later in life to easily adjust your coverage or to convert to permanent life insurance to address your future financial needs and goals.

Working with Scotiabank's team of wealth experts, your ScotiaMcLeod advisor can develop a protection strategy that is tailored to your needs and goals.

Protection for your needs – today and tomorrow.

Susan Forint, MBA, Manager, ScotiaMcLeod

PROTECTING YOUR NEEDS TODAY

Term life insurance is designed to provide temporary coverage for temporary needs that you have today. You may have just purchased your first home and want to ensure that your mortgage can be paid. Or your children may be entering post-secondary education and you are looking to ensure that their tuition fees are covered. Term life insurance is a product that protects simple, time-limited financial obligations. The policy pays a death benefit that can be used to cover these financial obligations, avoiding the need to draw on your savings. You can choose single person

coverage or joint term insurance for coverage of two people who share a joint financial risk such as a mortgage.

Term insurance is a lower cost premium option than other types of life insurance and can be an ideal solution for: those who are looking for affordability and flexibility; younger people; small business owners dealing with debt or start-up costs - or as supplemental coverage to an already existing permanent life insurance policy. It is the most affordable way to ensure adequate insurance protection.

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PROTECTING YOUR NEEDS TOMORROW

You initially purchased term insurance for a specific purpose and to address a need over a particular period of time.

However, as your life evolves your needs change and your life insurance coverage should change with your life's requirements. Your term life insurance policy has provided reliable coverage for the term you selected, but when the end of that term nears, what are your options?

1. Renew Your Existing Term Life Insurance Policy

You can continue the existing coverage you have by renewing your term insurance policy, depending on the terms of your contract. Most term insurance contracts allow you to renew. Renewal is somewhat of an "automatic" process, whereby continuing to pay your premiums is seen as an acceptance of the new terms of the policy. No formal renewal action is required on your part. You do not need to go through underwriting again to prove that you are healthy, which can be a great benefit if you have a medical condition or cannot otherwise qualify for coverage. However, this advantage comes with a cost - renewal premiums (which are

determined at the time that the original policy is purchased) tend to be considerably higher than if you were to reapply for the same coverage and go through underwriting.

2. Purchase a New Term Life Insurance Policy

Before your existing term policy expires you can reapply for a new term policy. You will have to qualify for the insurance, which means going through underwriting for a second time. However, even though you are older than when you purchased your initial term insurance policy, your premiums may actually be lower than if you renewed your policy if you can demonstrate that you are in good health. As well, if you do choose to purchase a new term policy, be sure to do so before you cancel your original term policy to ensure you are always covered.

3. Convert Your Term Policy to a Permanent Life Insurance Policy

Before your existing term policy expires, you can convert a portion or all of your policy into a permanent life insurance policy, without having to go through the underwriting process, depending on the terms of

your contract. Most term insurance contracts allow you to convert. As with renewing your policy, premiums will increase, however that is because these premiums will remain level for the rest of our life. If you convert only a portion of your term policy to permanent insurance, the balance would then be transferred into a new term rider without underwriting as long as there is no increase in the total amount of insurance. Permanent life insurance is designed to address your permanent needs such as estate planning, tax liabilities, and business succession planning. And as with term insurance, your beneficiaries receive the proceeds from the death benefit tax-free and avoid probate fees and delays. Other benefits include:

- Coverage throughout the insured's lifetime with no increasing premiums.
- May include a savings element that builds cash value that you can access through policy loans or other options.
- Tax-deferred asset growth - no tax is paid while the assets remain in the policy, enhancing your estate.
- The flexibility to accelerate your premium payments.

ASSESSING YOUR OPTIONS

It is important to review your insurance coverage on a regular basis, to evaluate how insurance fits into your plan and how it aligns with your current and future financial needs and goals. Life is dynamic and situations change. Has your family grown? Has your marital status changed? Have you started a business?

Each person's financial obligations at various points in their life are diverse. Your ScotiaMcLeod advisor can determine if any major changes in your life

suggest that renewing or purchasing a new term policy best suits your needs, or if now is the right time for you to convert to permanent life insurance. Your advisor will also help you determine if the coverage amount is still adequate. You can take this opportunity to reduce your coverage or apply for an additional amount if required, ensuring that your financial needs and obligations are always suitably protected.

TYPES OF PERMANENT LIFE INSURANCE

Universal Life (UL)

A policy that provides permanent life insurance coverage with an investment account that you manage through a variety of investment options. Allows assets to grow on a tax-deferred basis and enhance your estate, while providing the flexibility to tailor your premium payment schedule according to your personal cash flow. Typically, the original death benefit and the investment account value are paid out tax-free to your beneficiaries when you die, however UL provides many benefit options to suit your needs.

Whole Life Insurance

Although less flexible than a typical UL policy and investment decisions are made by the insurance company, a whole life insurance policy also provides tax-deferred growth for your estate while it accumulates a cash value and offers a guaranteed death benefit. Participating Whole Life (PAR) insurance is eligible to receive dividends, which can be applied in a variety of ways to increase coverage or accumulate wealth.

Paperless Record Keeping

Clients enrolled for ScotiaMcLeod Online will now be able to sign up for paperless record keeping through Scotia eRecords. This new service allows users to easily sort and retrieve your ScotiaMcLeod documents, such as statements and annual trading summary, while online. Later this year the service will be enhanced to include trade confirmations. Plus, with this new service, you will be able to opt out of receiving your paper documents through the mail. ScotiaMcLeod Online users can sign up for this service through the Accounts and Transfers tab (Document Preferences link).

If you are not yet registered for ScotiaMcLeod Online and would like to learn more, please contact your advisor or member of their team.

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- Review account history for up to 30 months.
- Access top rated research on a wide range of equities and mutual funds.
- Retrieve real time stock quotes and company news.

Plus, if you are a Scotiabank client, you'll be able to see all your banking and borrowing information along with your ScotiaMcLeod account information with *one simple sign on*.



Reflections
*Knowledge becomes wisdom
only after it has been put to
practical use.*
Anonymous

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