



Wawanesa
Life

How much

LIFE INSURANCE

is enough?



**Find out how much life insurance
is right for you with this easy
to complete questionnaire.**

LIFE INSURANCE DOES NOT INSURE LIFE; IT INSURES THE CONTINUITY OF LIFESTYLE AND STANDARD OF LIVING

Each family has different needs. The needs depend, among other things, on whether there are one or two income earners, whether there are children or other dependents. Each individual family's unique lifestyle depends on these income needs, values, interests and goals. Life insurance can help preserve and protect this lifestyle upon the death of a family member. The job of life insurance today is therefore to ensure that the lifestyle and living standard created before death, continues after death, for the survivors, for a lifetime if necessary.

These are some of the basic needs which normally arise upon a person's death:

FUNERAL AND FINAL EXPENSES

Figures can vary from \$5,000 to \$10,000, and up. It will include cash for emergencies, probate court costs and legal fees.

MORTGAGE AND RENT

Where would your family live? Would they stay in the same neighbourhood with friends, neighbours and schools? Survivors have to live somewhere.

EDUCATION COSTS

Now running as much as \$6,000 to \$10,000 per child per year of post secondary education.

SURVIVOR'S INCOME

What will the surviving family members have to live on if the wage earner's income stops? Would the surviving spouse continue or be forced to go back to work? What about the children (if any)? Would there be extra cost for baby-sitters, transportation, etc.?

Take note that two-income households generally outspend their one income counterparts such that if BOTH spouses are working 70% of their total gross income should usually be provided for the survivors, whatever the income level.

THE FIRST STEP: DETERMINE WHAT YOU WANT FOR YOUR FAMILY

Look at each of the four basic needs in turn as it applies to your family and fill in the blanks for each spouse as if you or your spouse had died today. Remember that income needs of the surviving family will depend on total family pre-death income.

- denotes fields that require calculations
- denotes fields that are carried forward from previous entries

My current monthly income	A \$	<input style="width: 95%; height: 20px;" type="text"/>
Spouse's current monthly income	B \$	<input style="width: 95%; height: 20px;" type="text"/>
TOTAL CURRENT MONTHLY INCOME	A+B= C \$	<input style="width: 95%; height: 20px; background-color: #ADD8E6;" type="text"/>

NEEDS OF THE SURVIVING FAMILY – IF YOU OR YOUR SPOUSE DIES TODAY

	Upon My Death	Upon My Spouse's Death
Funeral & final expenses	D \$ <input style="width: 95%; height: 20px;" type="text"/>	\$ <input style="width: 95%; height: 20px;" type="text"/>
Mortgage/Rent	E \$ <input style="width: 95%; height: 20px;" type="text"/>	\$ <input style="width: 95%; height: 20px;" type="text"/>
Education	F \$ <input style="width: 95%; height: 20px;" type="text"/>	\$ <input style="width: 95%; height: 20px;" type="text"/>
Surviving family monthly income required $C \times 70\% =$	G \$ <input style="width: 95%; height: 20px; background-color: #ADD8E6;" type="text"/>	\$ <input style="width: 95%; height: 20px; background-color: #ADD8E6;" type="text"/>
Bequests	H \$ <input style="width: 95%; height: 20px;" type="text"/>	\$ <input style="width: 95%; height: 20px;" type="text"/>

WHAT DO YOU HAVE TO MEET THESE NEEDS?

Now you need to determine what assets you have to provide for these needs if you or your spouse had died last night. We have many types of assets, but not all of them will be able to provide the surviving family members with income. For example, the family has to have a place to live so the equity in the home can't be used to pay bills or provide an income; the family will still probably require a car; household effects may be valuable, but they do not put bread and milk on the table.

YOUR LIQUID ASSETS

The following outlines the usual family assets that can be converted to cash upon death. Fill in the current value of the assets available to your spouse (beneficiary/children) if you die. Then fill in the current value of the assets available to you if your spouse dies. Many of these assets will have the same dollar value for each spouse. Exceptions may be life insurance and values of pensions plans/RRSPs.

		Upon My Death	Upon My Spouse's Death
Savings/ Investments	I \$	<input type="text"/>	\$ <input type="text"/>
Life Insurance	J \$	<input type="text"/>	\$ <input type="text"/>
Pension ¹	K \$	<input type="text"/>	\$ <input type="text"/>
RRSPs ¹	L \$	<input type="text"/>	\$ <input type="text"/>
Other Liquid Assets	M \$	<input type="text"/>	\$ <input type="text"/>
TOTAL LIQUID ASSETS			
I+J+K+L+M=	N \$	<input type="text"/>	\$ <input type="text"/>

¹ Due to the taxable nature of withdrawals from RRSPs and Pensions, these assets should be divided in half.

YOUR LIABILITIES

In addition to leaving assets to the surviving family, the deceased family member will probably also leave them with debts and liabilities. Fill in the amount of liabilities left behind if you die, then fill in the amount of liabilities which you will have if your spouse dies.

		Upon My Death	Upon My Spouse's Death
Loans	O \$	<input type="text"/>	\$ <input type="text"/>
Outstanding Bills	P \$	<input type="text"/>	\$ <input type="text"/>
Child Care Fund	Q \$	<input type="text"/>	\$ <input type="text"/>
Other Liabilities	R \$	<input type="text"/>	\$ <input type="text"/>
TOTAL LIABILITIES			
O+P+Q+R=	S \$	<input type="text"/>	\$ <input type="text"/>

CONTINUING MONTHLY INCOME FROM OTHER SOURCES AVAILABLE TO SURVIVORS

In addition to assets and liabilities, income will often continue from such sources as the surviving spouse continuing to work, income from a continuing business, CPP benefits.

Complete the following as it applies to income available to your survivors and for your survivors if your spouse dies.

	Upon My Death	Upon My Spouse's Death
Monthly Business Income	T \$ <input type="text"/>	\$ <input type="text"/>
Monthly Rental Income	U \$ <input type="text"/>	\$ <input type="text"/>
Monthly Survivor's Salary ²	V \$ <input type="text"/>	\$ <input type="text"/>
Monthly CPP	W \$ <input type="text"/>	\$ <input type="text"/>
Other Sources	X \$ <input type="text"/>	\$ <input type="text"/>
TOTAL MONTHLY INCOME AVAILABLE		
T+U+V+W+X=	Y \$ <input type="text"/>	\$ <input type="text"/>

²In many cases the surviving spouse will continue to work outside the home.

CPP BENEFITS AVAILABLE TO SURVIVORS OF CONTRIBUTORS TO CPP

Visit the Service Canada website at <http://www.hrsdc.gc.ca/eng/isp/pub/factsheets/rates.shtml> for current maximum CPP monthly benefits.

Potentially applicable benefits:

- **Survivors benefit (under age 65):** (i.e. approximately \$510/month maximum)
- **Survivors benefit (65 and over):** (i.e. approximately \$550/month maximum)
- **Children of deceased contributors benefit:** (i.e. approximately \$215/month maximum)
 - **Note:** multiply benefit amount by number of surviving children
- **Death benefit:** (i.e. approximately \$2,500/month maximum)

In the event of your death, what CPP benefits, if any, may be available for your survivors? \$

In the event of your spouse's death, what CPP benefits may be available to you? \$

YOUR ADDITIONAL REQUIREMENTS TO MEET CASH AND INCOME NEEDS

The current concept of life insurance is that there should be sufficient cash to provide for the continued standard of living for the surviving family not just 3 or 4 years, but for a lifetime if necessary. In order to replace an income, the surviving family therefore needs a pool of capital which can be invested safely to provide an ongoing income. Over a long period of time, 3, 4, 5, or 6% may be earned. What do you think is reasonable? Use that figure

Funds required to maintain lifestyle income:

Monthly family income required

Less monthly income available

Net monthly family income required

G-Y=

Capital required to provide balance of family income based on an interest

rate of % $[(Z \times 12) \div \text{int. rate}] \times 100 =$

Funds required for cash needs:

Last expenses/home fund/ education/bequests

D+E+F+H=

Total required

Aa+Ab=

Less net liquid assets

N-S=

Additional Cash Required

Ac-Ad=

Is there a need for additional cash? If so, this is the extra amount of life insurance required.

to determine how much cash you need to provide an income. For example, if you think your family could invest funds at 5% over a long period of time and they require \$22,500/year or \$1,875/month for continuation of lifestyle, the amount of cash required to produce this income would be $[(1,875 \times 12) \div 5] \times 100 = \$450,000$.

Similarly, this concept should be used to provide a capital fund if accommodations are rented.

		Upon My Death		Upon My Spouse's Death
G	\$		\$	
Y	\$		\$	
Z	\$		\$	
Aa	\$		\$	
Ab	\$		\$	
Ac	\$		\$	
Ad	\$		\$	
Ae	\$		\$	

WAWANESA LIFE EARNING YOUR TRUST

The Wawanesa Life Insurance Company has been a proud member of the Wawanesa Group of Companies since 1960. Wawanesa Life complements the insurance lines of Wawanesa Mutual and expands the reach of “Earning your Trust since 1896”.

Wawanesa Life’s beginnings were first focused on expanding the product offerings available to Wawanesa Mutual’s broker network and their clients. Our roots are firmly grounded in the traditions of Wawanesa Mutual and with their support, Wawanesa Life has since expanded its distribution channels to include independent producers, group insurance brokers, third party administrators and managing general agents. Wawanesa Life’s product offerings have also expanded and today include a full range of individual life insurance, savings and group insurance products.

Wawanesa Life offers the following plans and services:

- Life Insurance Planning
- Mortgage Protection
- Family Insurance
- Children’s Plans
- Critical Illness Plans
- Guaranteed Investments and Segregated Funds
- Retirement Plans, RRSPs, RRIFs, Annuities
- Business Insurance
- Key-Person Insurance
- Buy-Sell Agreements & Funding
- Estate Planning
- Group Insurance
- Non-medical Instant Issue Plan

For additional information on how Wawanesa Life can benefit you and your family, contact your nearest Wawanesa Life branch today.



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