



**Freedom 55  
Financial**

A division of London Life Insurance Company

# Your Financial Security

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NEW IDEAS FOR YOUR STRONGER FINANCIAL FUTURE

## What's the cost of delaying life insurance?

**While it's human nature to procrastinate, delaying the purchase of life insurance can be costly.**

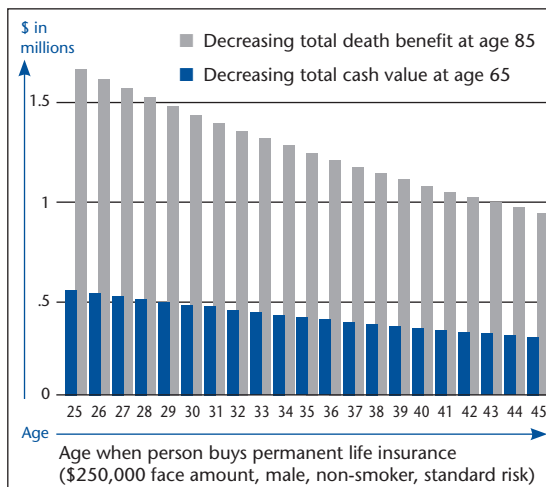
Of course, the biggest potential cost is the impact on your family if you die before putting in place the financial protection they need. However, beyond that, each year of delay can also lower your policy's future total cash value and total death benefit.

### Lower total cash value

Many permanent life insurance policies accumulate cash value. You can use this cash value during your lifetime for many purposes. However, each year you delay buying life insurance means one less year of growth in the policy's cash value.

For example, a 28-year-old male who delays until he's 30 could end up with \$28,320 less in total cash value by age 65, based on an initial death benefit of \$250,000.\*

### Cost of delaying life insurance\*



### Lower total death benefit

Each year of delay also means one less year of growth for your permanent policy's total death benefit.

To continue the same example, the 28-year-old who delays purchasing a policy until he's 30 could give up \$86,319 in total death benefit by age 85.\*

### Why put it off? You don't have to

Some people delay purchasing life insurance because they think they can't afford it. However, you don't have to break the bank to buy the life insurance you need. Your financial security advisor can help you customize a policy to meet your specific needs and budget today, while building in flexibility for the future.

Talk to your financial security advisor about life insurance today.

\* Assumptions: London Life participating life insurance, Life Premiums to 65, male, non-smoker, standard risk, \$250,000 coverage, annual premiums. Total cash values are shown at age 65. Total death benefit is shown at age 85. These figures include guaranteed and non-guaranteed policy values. Non-guaranteed values are based on the dividend scale as of December 2010. Dividends are not guaranteed. Future dividend scales may vary upward or downward, depending on future participating account performance. This example is not complete without a London Life policy illustration of the same date and including all pages.

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# Real people, real claims

**“I’m a believer and tell everyone it is worthwhile to have insurance.”**  
~ Karen Timchuk



Planning for the future involves more than just saving money; it involves planning for the unexpected.

**K**aren Timchuk is a critical illness insurance policyholder who, when faced with a critical illness, was able to keep her retirement plans on track. This is her story.\*

In late 2009, only a few years after purchasing her policy, Karen suffered sudden back and abdominal pain which, when investigated, revealed both non-Hodgkin’s lymphoma and colon cancer. “Needless to say, December was dark and gloomy for me,” Karen says. “The fact I was going to get \$100,000 was the only good news I got that month.”

She recalls the day her cheque arrived. Karen used the funds to cover the cost of chemotherapy-related drugs not covered by her health plan, take a holiday with her spouse in between chemotherapy treatments and keep up her pension plan contributions.

“I was on long-term disability from work and had to pay over \$10,000 into my pension for the 11 months I was off,” she explains. “My plan is to retire in 2014. If I couldn’t afford the pension contribution, I wouldn’t be able to retire on schedule.”

Karen also had some concerns knowing non-Hodgkin’s lymphoma can recur. But the benefit amount she purchased allowed her to set aside some funds as a security blanket in case of a relapse.

Karen says she is thankful she made the decision to go with the insurance. Although her medical was normal, as her parents both had a history of cancer, her policy was rated. “The premium was around \$50 a month more with the rating,” says Karen. At that time, I was in my early forties and felt invincible,” she says. “But even with the rating, I still felt it was a good deal for me. I’m a believer and tell everyone it is worthwhile to have insurance.”

It’s important to remind ourselves that serious health problems can strike any of us at any time. Unforeseen events can derail your carefully thought-out retirement plans and have a devastating impact on your family finances.

Imagine having to dip into your registered retirement savings plan (RRSP) savings or cease contributions in order to make mortgage payments and pay for drugs. Situations like these not only expose you to greater taxes, but can also short-change your retirement nest egg.

Planning for the future involves more than just saving money; it involves planning for the unexpected.

Your financial security advisor can provide more details on this important piece of a comprehensive financial security plan.

\*The information and views expressed are solely those of the individual represented but may have been edited for brevity.

# Periods after weak markets, a good time to invest

Market volatility is neither new nor unusual. If you're concerned about recent market behaviour, remember markets typically recover from downturns and go on to post positive overall returns.

Consider this: As of December 2010, the TSX posted a one-year increase of 13 per cent. The S&P 500 increased nine per cent over the same period\*. These increases are consistent with the story history tells us: in periods after a weak market, markets have tended to offer above-average returns.

Taking action sooner rather than later can help position you to benefit from this trend.



## How will you be invested?

While being hesitant about getting back into the market is a normal reaction, sitting on the sidelines can mean you miss key periods of market appreciation — periods that can make the difference between reaching your investment goals or falling short.

If you're uneasy about investing, here are a few things to consider.

### The basics

Maintaining a long-term view and being properly diversified are two key principles for managing volatility.

Diversification can be easy to achieve. A well-diversified portfolio that is matched to your risk tolerance is something your financial security advisor can help you put in place.

## Select the right investment

Segregated fund policies offer several features that can help protect you from the potential risks associated with investing. Your financial security advisor can help you determine whether insurance-based investment vehicles such as segregated fund policies, or other investment fund-based products such as mutual funds, are more appropriate for you.

### Build the right portfolio

Your financial security advisor is a professional with access to tools that can help you determine the right mix of investments for your investment portfolio. He or she can help you make sure these decisions are based on your unique situation and your risk tolerance.

## Contact your financial security advisor regularly

It's important to remember tolerance for risk may change over time, so maintaining contact with your financial security advisor is important. This will ensure you have the current information and advice about how to structure your portfolio to reflect your risk tolerance.

Whether you're in the savings phase of your retirement plan or drawing an income, your financial security advisor can work with you to review your plan and, if appropriate, determine if there are opportunities for you to reinvest in it.

\*Source: Fun capital market facts, The Globe and Mail, Dec. 10, 2010.

**FUND-OF-FUND SOLUTIONS:** Fund-of-fund solutions are professionally managed, diversified, and scientifically engineered funds which can help reduce the risks of investing. Typically, they consist of a mix of funds, put together in the right proportions to create a single fund solution.

Fund-of-fund solutions range in risk. Each reflects the risk exposure associated with the underlying securities in that particular fund.

Your financial security advisor has access to a number of these funds.

# Accommodation options for post-secondary education

**Post-secondary tuition can be costly, and that doesn't include the cost of the student's accommodation.**

If you have a child who is going to be heading off to college or university, you may want to consider purchasing a secondary residence or rental residence for your child to live in while at school.

Here are some facts to consider:

Secondary residence	Rental residence
Minimum down payment of 5%	Minimum down payment of 15%
Occupied by family member rent-free with bedrooms available for other students	Occupied by family member and renters who all pay rent
	Earned income
Mortgage interest is not tax-deductible	Mortgage Interest is tax deductible
Home improvements are not tax deductible	Some home improvements are tax deductible
Property must be in good condition and marketable	Property must be in good condition and marketable



You'll need to have a good credit rating, stable income, positive net worth and the down payment from your own resources to qualify for a mortgage.

Once your child graduates, you can sell the property. If real estate prices rise, it's possible the transaction would generate a profit.

If you have a child who will be attending a post-secondary institution within the next couple of years, talk to your financial security advisor. He or she will put you in touch with a mortgage planning specialist who can help you decide if one of these options is right for you.

Make your investment decisions wisely. Important information about London Life's segregated funds can be found in the Information Folder, available from your Freedom 55 Financial security and investment representative and important information about the Quadrus Group of Funds can be found in the funds' simplified prospectus. Please read these documents carefully before investing.

Mutual funds are not guaranteed. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund and segregated fund investments. Their values change frequently and past performance may not be repeated.

**Any amount that is allocated to a segregated fund is invested at the risk of the policyowner and may increase or decrease in value.**



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