

## Canada Life My Term case scenario: Mortgage protection for loved ones

### Scenario

Ally, 33, is a business analyst for a tech company and her husband Todd, 35, works as an IT administrator for the school board. Together they have a yearly income of \$142,000. The young couple have a one-and-a-half-year-old child together. They're also planning to have two more children in the next three to four years. They recently purchased a four-bedroom home and financed their \$425,000 mortgage over 25 years.

### Financial situation and insurance needs

Ally and Todd don't have life insurance. In the event something happens to them before the mortgage is paid off, the couple wants to ensure their family is not left with this huge debt. They're looking for a basic and lower cost insurance with steady payments.



### Priorities

A needs analysis helps the advisor determine that if Ally or Todd were to die unexpectedly their financial priority would be to ensure their mortgage is paid off.

### Advisor recommendation

Based on their financial situation and needs, Ally and Todd's advisor recommends a joint first-to-die Canada Life My Term™ life insurance policy with a coverage of \$425,000 and a term length of 25 years. This translates to a monthly insurance premium payment of \$77.27, which covers the full amount of Ally and Todd's mortgage.

### Budgetary restrictions and revised recommendation

Ally and Todd are worried about the monthly premium payment required for their coverage amount for 25 years. With a variety of terms to choose from the advisor easily finds one to fit their budget of \$55 per month. The advisor then recommends 16 years of term length at \$425,000 to give them the coverage they need at the premium amount they can afford.

### Future options

The advisor uses a needs analysis to recommend they look to be covered past 16 years and to reassess their insurance needs at their yearly review touchpoints. After the policy's 16-year initial term, the policy would renew yearly, and premiums would begin increasing each year. For cost-efficient, longer coverage, Ally and Todd could apply for new coverage later to add to the length of time they're covered for or convert to a longer term or permanent policy without new evidence.

## Canada Life My Term advantage

With traditional term, the advisor may have suggested a term 30 or – based on the revised recommendation – a term 20 insurance policy which would have cost approximately 10% more than the term 16 and is not the exact timeframe that the couple needs coverage for. Canada Life My Term perfectly suits the couple's needs for a custom insurance solution. If they need coverage beyond their initial term, they have the option to renew their policy, on a yearly basis, as a more affordable solution.<sup>1</sup>

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<sup>1</sup> Assumptions for this case scenario: Female, 33, non-smoker, standard risk and male, 35, non-smoker, standard risk. Term 16, Term 25 and Term 20 policies are Canada Life My Term joint-first-to-die with \$425,000 benefit. Source: Canada Life Concourse (March 2021).