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# Insurance Discussion - Meeting Summary

7 messages

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Wed, Aug 14, 2019 at 12:05 PM

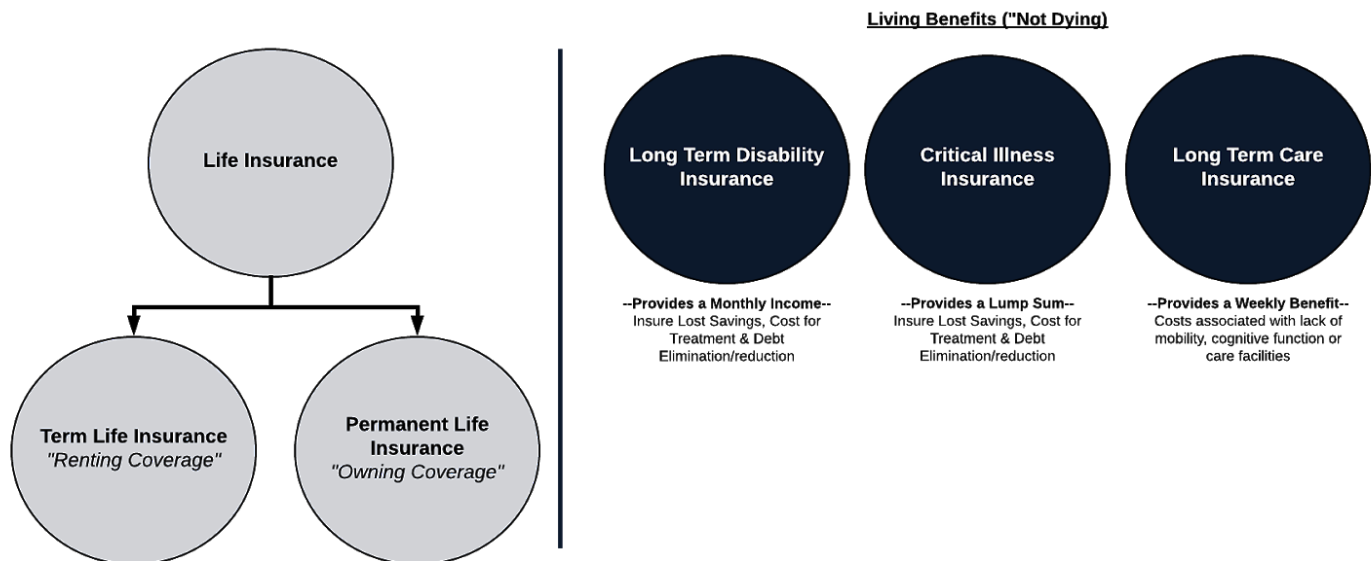
Hi Zak,

Thanks again for taking the time to speak with me this morning. I enjoyed our conversation.

The purpose of this email is to summarize (in detail) our conversation. For me, this email is essentially my notes from the meeting and what I will refer back to in future conversations. I apologize for the length, but I hope you find great value in the message.

## A. Type of Insurance

I always like to spend time educating about the different types of insurance plans that are available. Below is a copy of the diagram that we went through together. More details about each coverage will be provided later in the email.



## B. Long Term Disability Insurance

Long term disability insurance provides after-tax monthly income if you're unable to work due to a disability. Essentially, it's insurance for your ability to earn an income. In my opinion, this is the most important type of coverage for you given your own circumstances (ie. single with a dependants). For example, most professionals (ie. doctors, lawyers, etc) and many business owners maximize this coverage. Personally, I've maximized my own disability insurance because if I don't bring home income, my entire financial situation is in peril (my spouse will never earn as much as me -- she's a stay-at-home mom right now).

Given you have employer provided long term disability already, we agreed that no additional coverage is required. Of note, your group plan says that the premiums for long term disability are paid by the employer. That means if you claim, the benefits received will be taxable (generally speaking employees pay premiums from payroll deduction, thereby making the benefits non-taxable). You can't change this, but I thought you should be aware.

To learn more about disability insurance go to this link: <https://brianlaundry.ca/long-term-disability>

## C. Critical Illness Insurance

This type of insurance provides a tax-free lump sum if you are diagnosed with Cancer, Heart Attack or Stroke (or any of the 25 covered conditions). This coverage provides an injection of capital to use for any purpose you wish (ie. medical expenses/treatment, debt elimination, lost savings, etc.).

In my professional experience, I've managed more claims for critical illness insurance than any other insurance product (life insurance included). Critical illness insurance is often the most difficult coverage to acquire. Coverage cannot be purchased for any pre-existing conditions or illnesses (family history also plays a role in getting an approval).

Since the long term disability insurance provides income to retirement, critical illness insurance is used as a tool to pay for immediate costs associated with your condition (ie. home renovations) or to eliminate/pay down your mortgage (or infuse money into savings).

I've attached an illustration/quote that explains the coverage in more detail

To learn more about critical illness, visit my website <https://brianlaundry.ca/critical-illness>

#### D. Combination Insurance

We need to manage the need for life insurance with a budget. Although long term disability, critical illness and life insurance are all very important components to protecting you and your family, it's often impossible for families to pay for the different types of coverages.

Designed to help middle-income Canadians Manulife offers a combination policy called 'Synergy'. It's a life insurance policy, a disability insurance policy and a critical illness insurance policy all rolled into one easy-to-manage and affordable solution. If you purchase a Synergy policy the amount creates a pool of money called their Synergy amount of insurance from which benefits are paid. Whenever a benefit is paid, the available amount of insurance (or pool of money) reduces by that amount. For example, a \$500,000 Synergy policy provides life insurance (\$500,000), long term disability insurance (\$2,500/mth) and critical illness insurance (\$125,000).

The contract can be purchased as a 10 year term plan (with one renewal premium after 10 years). Alternatively, it can be purchased with guaranteed costs to age 65 (which I recommend -- and purchased for myself in 2012).

My first insurance purchase (when my daughter was born) was a Synergy policy for \$500,000 (guaranteed costs to age 65). Personally, I liked the idea of having one contract that protected me against various risks (see snapshot of my personal coverage below):

Coverages/Policies				
Description	Status	Insured	Amount of Insurance/ Monthly Benefit	Annual Premium
32 LEVEL COST TO 65	In Force	BRIAN LAUNDRY	500,000.00	2,399.88
33 CRITICAL ILLNESS	In Force	BRIAN LAUNDRY	125,000.00	0.00
34 DISABILITY INSURANCE	In Force	BRIAN LAUNDRY	2,500.00	0.00

I've attached a quote/illustration for you to review. The cost for this plan is about \$150/mth (guaranteed to age 65)

#### E. Life Insurance

For now, you really don't "need" life insurance. You have no debt, no dependence and \$60,000 of coverage with your employer. That said, you are correct, the sooner you lock in your insurability/price, the lower the costs. It makes sense to consider a 10 or 20 year term life insurance plan. These plans guarantee that you're insurable in the future and can be converted to permanent life insurance at any time (without medical evidence). During our meeting I showed a 20 year term for \$1,000,000 of coverage. The cost was about \$60/mth (guaranteed for 20 years). See attached

#### F. Next Steps

When making a decision about insurance, I suggest breaking the decision making process into two parts. First, do you need any insurance whatsoever? If yes, we should proceed to the application process and complete a telephone interview with a nurse. Insurance underwriting can take as much as 10 weeks. During this time, we continue our conversation, take the time necessary to educate you further about the different products and options.

You don't actually make a decision about what insurance products (if any) you wish to proceed with until after the insurance company approves you medically. Applications are completely electronic and take minutes. I recommend submitting an application. There is no cost or obligation, but at least we get the process started.

Next, we should schedule another video meeting to review this email together. You'll be much more prepared to ask questions and participate in any changes to the plan. Are you available during the last week of August?

Whew! Lots of information to digest. Thoughts/comments?