

# INSURANCE & SAVINGS FOR HOME OWNERS



## WHEN PURCHASING A HOME

Protecting ourselves and our investment is one of the most important considerations that we have to make. Of this we can all agree, but the way we go about putting these protections in place can vary greatly. Depending on our knowledge and the resources we have at our disposal, the options are often daunting. Here is a simplified overview of the best insurance coverages for home owners, their advantages, and how I can help:

## THE BETTER WAY TO INSURE YOUR MORTGAGE

Because the purchase of a home is one of the biggest investments that you'll make in your lifetime, it's essential to protect this investment. To make this protection sustainable, it's also essential to do so in a way that is adapted to your situation and your budget. In addition to costing significantly less, purchasing mortgage insurance through your insurer, rather than through your mortgage lending institution, has several advantages.

In Canada, mortgage insurance is not mandatory, but it is designed to cover your payments and protect your family against the unexpected. It differs from Canada Mortgage and Housing Corporation (CMHC) insurance, which is mandatory for homes purchased with a down payment of less than 20%, because the CMHC insurance is designed to protect the mortgage lenders against default.

When you purchase mortgage insurance from your mortgage lender, they own the contract and are the beneficiary. By purchasing mortgage insurance through your insurer, you own the contract and choose the beneficiaries. You can further adapt this coverage to account for other needs, like existing debts in addition to your mortgage.

Another one of the disadvantage with the policies that are offered through your lending institution, is that while the amount of your mortgage coverage decreases with your mortgage balance, your premiums stay the same.

As a Financial Security advisor, my priority is to help you to establish peace of mind and efficiently protect yours and your family's finances. Through a thorough analysis, my needs-based approach allows me to create personalized recommendations to better protect your investments, save more efficiently and effectively, and to minimize your risks.

#### LIVING BENEFITS: CRITICAL ILLNESS AND DISABILITY INSURANCE

Life has a way of surprising us - and it's not always a pleasant surprise. Whether you've suffered from an accident, illness, or any other cause of disability, the consequences can be devastating to both your morale and your finances.

If something were to happen to you, having health and disability insurance in place will give you peace of mind about your financial situation, so that you can focus on what matters: your recovery.

Critical illness insurance is created to be adaptable to your needs and your budget.

*Transition* is a flexible and comprehensive critical illness insurance option that further adapts to your needs by offering two levels of coverage. The first is *4 Illnesses*, which is an affordable solution covering 4 critical illnesses that represent more than 85% of critical illness claims; the second is *25 Illnesses*, designed for those who want more complete coverage, and it includes conditions such as paralysis and loss of independent existence.

The third product is *Cancer Guard*. It is a simple-issue product, designed to protect your finances if you are diagnosed with cancer.

Each of these policies pay a tax-free, lump sum in the event of diagnosis of any of the diseases that are covered by your chosen contract.

You can use the payment as you see fit: for yourself, your family or your business, as the contract imposes no restrictions on how the money is used. For example, you can use it for home care, to take a trip to rest and spend quality time with your loved ones, or to have the financial freedom to remain at the bedside of your sick child or spouse.

The part of these policies that I am always most excited to share is the choice of a 100% return of premiums. This means that if the policy isn't used, either after 15 years or at the age of 65, you can opt to receive the premiums paid returned to you. With this option, there is no financial risk to electing this coverage for yourself, and it can work for you like a savings plan.

## INCOME REPLACEMENT WHEN YOU ARE UNABLE TO WORK

Disability insurance provides monthly income replacement to cover income lost due to a disability, an illness, or both. It's the ideal solution to avoid a disability or illness-related work stoppage affecting a person's income and lifestyle. This insurance can be elected as a comprehensive, stand alone policy, or as an additional coverage rider with a Critical Illness policy. Disability insurance is an essential part of anyone's financial plan, considering 1 in 2 Canadians live paycheck to paycheck and 1 in 3 Canadians will have a 90-day or longer period of disability at least once before the age of 65.

Also marketed as 'income replacement insurance,' it is designed for employees, entrepreneurs and self-employed workers alike. It has the ability to offer further enhanced and customized coverage for each individual, including: covering partial disability where the insured has not completely left the workplace, providing eligibility for seasonal and contractual workers, accidental death and dismemberment, accidental fracture, and extended medical care following an accident.

The premium is based on the worker's occupation and varies according to six occupational classes, including a class for occupations that are traditionally not eligible for disability insurance.

## TAX-FREE FIRST HOME SAVINGS ACCOUNT (FHSA)

In your consideration of purchasing a home, you've likely encountered mention of the FHSA (First Home Savings Account) a few times. So what is it exactly?

The FHSA is a tax-free savings account designed to help future home owners save for the purchase of a qualifying first home in Canada. Combining the advantages of an RRSP and a TFSA, the FHSA gives you a deduction that reduces your annual taxable income, and further allows you to generate tax-free returns.

You're then able to use the accumulated funds to finance the purchase of a home. Unlike an RRSP or HBP (Home Buyer's Plan), withdrawals for the purchase of a first home do not have to be repaid.

To be considered a first time buyer, there are just a few qualifications. Essentially, you or your spouse cannot have owned a home that you have lived as a primary residence, at any time in the year the account is opened, or during the four previous years. In order to qualify, you must also be a Canadian resident, be over the legal age of majority in your province of residence, and under the age of 71 as of December 31 of the current year.

For more information and to discuss your financial and insurance needs, I can be contacted at [hannah.plouffe@agc.ia.ca](mailto:hannah.plouffe@agc.ia.ca)