

# FOR YOUR FAMILY

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## Providing an income

Whether your family depends on two incomes or lives exclusively on one, you'll probably need income to meet ongoing expenses. Most life insurance companies offer a range of options for proceeds received from a life insurance policy. The following options may be available to you:

### 1 Take the policy proceeds in cash or transfer them directly to an investment product

You can take your insurance proceeds in cash to invest as you wish. You can invest this money in long or short-term guaranteed investments or a segregated fund policy. Your financial security advisor can help you decide on the best asset mix for your financial security plan.

### 2 Receive an income for life

If you choose a life income annuity, you'll receive regular payments for your lifetime, with a guarantee to pay for a specified number of years; i.e., five, 10, 15 or 20 years. If you die before the end of this period, payments will continue to your beneficiaries.

### 3 Guarantee income for a specified period

With a term certain annuity, you'll receive regular payments for a specified period of time. You can select a term that lasts between one to 50 years. This kind of annuity is often used to provide an income bridge to retirement. A term certain annuity gives you the greatest income for the fixed period. All proceeds are fully paid at the end of the period you choose. This option is attractive if, for example, you need a larger income while children are young or until your pension begins.

Once you set your goals, you'll be in a better position to make these decisions.

We can help!

## Life insurance benefits

Here are some things you should know about life insurance benefits.

### How life insurance benefits are paid

The policy amount, according to the terms of the insurance policy, is paid to named beneficiaries tax-free.

If the named beneficiary is a corporation, the death benefit is paid to the corporation. The corporation may then distribute funds to shareholders or the deceased's estate. If a buy-sell agreement exists, it will dictate the flow of money from the corporation to the deceased's beneficiaries.

The claim amount will earn interest from the date of death until it is paid to the named beneficiaries or estate. This interest is taxable.

### Thinking about future needs

The benefits you receive from the deceased's life insurance policy may be significant, but this money may need to last a lifetime. You'll want to ensure you have enough money to support yourself and your family now and for the future, taking into consideration cost of living increases.

Take time to carefully think about your needs as they can change throughout your lifetime. With the guidance of your financial security advisor, you can make choices that support your needs today and help achieve financial security over the long term.

### Here are some questions to consider:

- Do you have a young family to support? Do you need income for the next 10 to 20 years for daycare, education and living expenses, until the children are on their own?
- Are you concerned about providing for your children's post-secondary school education?
- If you have no dependents, is your own income sufficient to meet your needs? Do you need only periodic amounts of cash to pay for major expenses such as a new car or repairs to your home? Or do you need a regular guaranteed income?
- Do you wish to use the money to relocate, start a new business or continue your education?
- Are you a business owner? What plans do you have for your business now and in the future?
- Will the life insurance benefits serve as your retirement savings?
- Do you wish to give all or a portion of the life insurance benefits to your children, grandchildren or your favourite charity?

Once you've thought about your goals, you'll be better prepared to make important decisions about how you want to receive the life insurance benefits.

**This brochure is for you and your family. It helps you understand the many difficult decisions your family will face after you die. It also serves as a reference guide for your family to help them understand what may be required of them upon your death.**

**You and your family should review this brochure together, then discuss the information. Taking time to do so now will help ensure everyone is aware of what is expected of them when the time comes.**

# Making arrangements

This brochure provides an overview of who to contact and what life insurance benefits may be available when a family member dies.

It can be helpful to gather as much information as possible in advance. Information and documents can be given beforehand, or left in a location that can be easily accessed when they're needed.



## Who to contact

Here's a list of the people and organizations to contact when a family member dies.

### Executor

If the executor is not an immediate family member, he or she should be notified immediately, to begin settling the estate.

### Banks, credit unions and trust companies

Contact each financial institution the deceased held an account with to confirm current balances.

Check for any creditor life insurance that automatically pays an outstanding loan balance at death. A mortgage, personal loan or vehicle loan may carry this type of insurance. Don't pay off any debts until you know if creditor insurance was in place to cover the debt.

Don't automatically pay off long-standing debts, for example a mortgage, that could carry a low interest rate. It may be advantageous to keep making mortgage payments and invest the life insurance benefits at a higher rate of interest.

Any benefits you receive from your spouse's registered retirement savings plans (RRSPs), pension plans or deferred profit sharing plans are considered taxable income. You may be able to keep this money tax deferred by transferring it directly into your own registered plan.

### Employer

Contact the deceased's employer to check for unpaid salary, commissions or bonuses, accrued vacation or sick pay, and group life insurance or pension plan benefits owed.

If the deceased was retired, contact the organization providing the pension payments to determine if a death benefit is owed to the beneficiaries of the policy.

### Canada Pension Plan

Beneficiaries may be entitled to a lump-sum death benefit, a survivor's pension or children's benefits. A disability benefit may also be payable if the deceased was disabled for four months before death.

If the deceased was receiving Canada Pension Plan (CPP) benefits, the cheques may be cashed up to and including the month of death. Any cheques after that must be returned.

Contact the CPP office nearest you and ask for the appropriate claim forms. You'll need to provide the deceased's birth certificate, death certificate and social insurance number. To claim a survivor's pension, you'll need your birth and marriage certificates. To claim children's benefits, you'll need the children's birth certificates.

### Employment insurance

If the deceased was receiving employment insurance benefits at the time of death, the estate is eligible to receive benefits for the two weeks following their death.

Contact the local employment insurance office (listed under Human Resources Development Canada in the telephone directory).

### Veterans Affairs Canada

Veterans may be eligible for additional benefits. To find out more, contact the Veterans Affairs office nearest you.

### Union or business associations

If the deceased was a member of a union, club, business or fraternal association, contact them to determine if he or she had any group life insurance or other benefits.

### Business agreements

If the deceased was a business owner, there are additional contacts to consider.

### Lawyers

Contact corporate and personal lawyers to obtain the most current buy-sell agreement. This agreement can tell you the value of the deceased's shares, or how to determine their value, and what was agreed on for the succession of the business.

### Business partners

Contact surviving business partners to determine what to do as a result of the information contained in the buy-sell agreement. For the viability of the company, surviving partners should contact suppliers, creditors and employees.

Obtain the appropriate forms to claim any group life insurance or pension plan benefits owed to the beneficiaries of the deceased.

### Life insurance companies

Contact insurance companies that have issued life insurance policies on the deceased. You'll need to provide them with a death certificate, coroner or medical examiner's report or in some provinces, a funeral director's statement.

You'll also need to complete a claim form that includes basic information about the deceased, such as their social insurance number, and their date and place of birth.

Once the insurance company has all the information required, it will review the claim and once approved, pay the proceeds according to the terms of the contract.