

# LIFE INSURANCE

## What's happening with the price of lifetime coverage?

For a number of years the premium cost of level permanent insurance has been stable. The economics of improved life expectancy and administration overshadowed the reduction in bond yields. Bonds are the primary investment insurers use to meet the reserve requirements for insurance claims.

With the economic downturn, those bond yields have reduced even further, so much so that many insurers have increased the rates for level premium guaranteed lifetime insurance (term for life) not once in this year but now for a second time.

There is another reason that we are seeing these actions. Most life insurers are now publicly traded and shareholders are looking for reasonable returns on investment. The Canadian capital requirement regulations and mark to market accounting can cause wide swings in the profitability of life insurance companies on a quarterly basis. Insurers can provide shareholder value by raising premiums of marginally profitable products. Policyholders are well



protected by these accounting and capital rules which are conservative.

So what can you do if you are looking to insurance to provide stable long term protection, leave a legacy or if you want to preserve your estate assets for the next generation?

You should consider buying lifetime insurance now. For the next few months there will be insurers using older lower cost premium rates for lifetime insurance.

We would encourage all of our clients and associates who are concerned with lifetime needs to speak to us as soon as possible. Don't forget that your term insurance has an option which allows you to convert to life time insurance without taking a new medical.

**STEVEN COHEN**

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# Does your company offer a RETIREMENT PROGRAM?



On Nov 17th, the Federal Government introduced legislation to establish **Pooled Retirement Pension Plans (PRPPs)**.

The purpose of the program is to encourage employees to save more for retirement through an employer sponsored program which will offer lower management costs by being part of a large pool.

Employers may create a plan without committing to contributions. The regulations and details surrounding these programs will only be available once the bill has passed.

However, a similar opportunity exists now with a Small Business Group RRSP.

## **FEATURES OF A GROUP RRSP:**

**Employer Pays Nothing** – unless they choose to make employer contributions.

**Immediate Tax Savings for Employees** – no income tax on deductions.

**Low Management Fees** – Fees are lower than individual RRSP's, and there are no administrative fees, front end costs, and no deferred sales charges at all.

**Institutional Investment Management** – access to investment products that are typically only available to pension plan clients.

**No Paper** – setup and administration is simple and can be completed online.

**Simple to manage** – employer just submits contributions once a month based on payroll deductions.

**First Class Service & Support** – retirement planning tools, statements, educational materials, etc.

# LIVING BENEFITS

While most of us are aware of the risks associated with premature death, many people have never considered the financial and emotional impact that a serious illness or injury will have on us, our families and our businesses.

Here are some of the concepts which are getting more attention these days:

## **CRITICAL ILLNESS PROTECTION**

More and more Canadians are suffering from critical illnesses such as cancer, heart disease and stroke each year. Thanks to advances in screening and medical science, survival rates are at their highest. However, the financial effects of surviving a serious illness can be devastating. The direct and indirect costs associated with recovery can have a serious impact on your lifestyle as well as retirement plans.

A Critical Illness insurance policy provides a lump sum, tax-free benefit in the event that you are diagnosed with any of the covered conditions. The following is a list of some of the commonly covered illnesses:

- |                         |   |
|-------------------------|---|
| Cancer                  | Loss of Limbs   |
| Coronary Bypass         | Loss of Speech  |
| Heart Attack            | Major Organ Transplantation                           |
| Stroke                  | Major Organ Transplantation<br>Waiting List           |
| Alzheimer's Disease     | Motor Neuron Disease<br>(ALS or Lou Gehrig's Disease) |
| Aortic Surgery          | Multiple Sclerosis                                    |
| Benign Brain Tumour     | Occupational HIV Injury                               |
| Blindness               | Paralysis   |
| Coma                    | Parkinson's Disease                                   |
| Deafness                | Severe Burns  |
| Heart Valve Replacement |   |
| Kidney Failure          |   |

If you are a partner in a professional firm, a business owner, or an executive, you can create a defined group in your business or professional practice and have your firm or company pay the premium on a tax-deductible basis. The plan members can receive the benefit tax free.

**Benefits to the Employer:**

- Employer paid premiums may be eligible as a tax-deductible business expense
- Help attract and retain key employees
- Provide funds to employees and their families at a time when they need it most
- Premium reductions may be available
- Can provide coverage for a defined group of employees

**Benefits to the Employee:**

- Highest quality non-cancellable policy issued for each individual
- No premium payment while a member of this program
- Critical Illness benefit can be paid tax-free
- Company paid premium is not be reported as a taxable benefit to employee
- Coverage can be portable if employee leaves the company

To benefit from this structure, the plan must be documented correctly. We have all of the necessary tools to help you establish one of the last few tax-advantaged programs available for your company.



**DISABILITY INSURANCE**

Many of our clients have reached the limits available in their traditional LTD policies. There are new solutions available that offer extra-high monthly benefits, broad coverage to include special hazards, and the availability of high limit, lump sum benefits in the event of a long term or permanent disability.

**High Limit Disability**

should be considered for anyone who has a contract, a guarantee, an obligation or a value related to their ability to perform their occupation. These are a few of the key applications:

- Top-Up your group coverage (to \$50,000/month)
- Lump Sum Benefits (any amount financially justified)
- Corporate Buy-Sell
- Mergers & Acquisitions
- Key Person Replacement
- Employment Contracts
- Loan Protection
- Partnership Buyouts
- Income Replacement
- Performance Contracts

**WHAT IS LONG TERM CARE INSURANCE?**

Also referred to as pension insurance or retirement protection, Long Term Care plans provide a daily or monthly benefit if the insured loses the ability to care for themselves, and required the services of a long term care facility or professional assistance at home.

**How do I qualify to receive benefits?**

Benefits are paid if the insured requires assistance to perform two or more activities of daily living, or a cognitive impairment leaves them unable to look after themselves. The activities of daily living include:

- |              |                        |
|--------------|------------------------|
| Bathing      | Dressing               |
| Eating       | Toileting              |
| Transferring | Maintaining Continence |

**What does it cover?**

- |                  |              |
|------------------|--------------|
| Long Term Care   | Home Care    |
| Home Health Care | Hospice Care |
| Adult Day Care   | Respite Care |

***While we're never to old to plan, do we ever plan to be old?***

**DID YOU KNOW?**

**GUARANTEED FUNDS STILL AVAILABLE**

Most insurance companies are no longer offering 100% death benefit guarantees on investment funds. However, if you open an account prior to age 80, we still have plans that guarantee all current and future deposits into investment funds are 100% protected in the event of death. You can open an account with as little as \$1000, and enjoy 100% death benefit on all additional deposits up to age 100!

**THE DRIVING FORCE** behind the concept of Critical Illness Insurance was a Physician who witnessed the financial challenges that his clients faced while recovering from a serious illness.

*“ I was agonized because I could see my patients dying financially after diagnosis and treatment of a critical illness. I went to life insurance agencies and encouraged them to develop a policy that does not pay on the diagnosis of death or disability, but pays if people survive – from the diagnosis of a critical illness.”*

**Dr. Marius Barnard**



**PROFESSIONAL LTD FOR STUDENTS & NEW GRADS**

We have uniquely designed Student LTD plans which allow us to waive financial underwriting for students and recent grads in select professions, and many can obtain their coverage at a significant discount that can be maintained for the duration of their entire career. These plans can also be used to guarantee future insurability, allowing for additional coverage in the future without a medical.

# STEVE'S *Wine Tips*



You can find his recommendations on our website on a regular basis at:

[www.stevencohenins.ca/resources.html](http://www.stevencohenins.ca/resources.html)

FOR THE 2011 HOLIDAY SEASON,  
HE SUGGESTS YOU TRY:



## Red

*D'Arenberg Dead Arm Shiraz 2008*    \$54.95    *Henry's Drive Pillar Box Red 2008*    \$15.00



## White

*Hidden Bench, Niagara Chardonnay 2009*    \$32.00  
*(Available at the winery & Vintages)*



## Champagne

*Georges Gardet Brut Cuvee Saint Flavy*  
Champagne    \$39.95



## Gift Pack

*Kim Crawford Gift Pack*  
Pinot Noir & Sauvignon Blanc    \$38.95  
*(Also available individually)*

## MEMBERS OF OUR OFFICE

**ILKA HURMAN** is our General Office Manager and has administrative responsibilities of all group insurance and retirement programs in our office.

**TRISHA HARRISON**, our Senior Marketing Assistant for individual insurance, has just had a baby boy and is on leave until August 2012. Welcome Tyson Nicholas!

**GRACE DUCKWORTH**, our Senior Administrative Assistant, Insurance, has taken on marketing assistant responsibilities in addition to acting on individual insurance.

**PAT ZAGAR** is our pleasant telephone voice when you call and is responsible for individual retirement products, personal health and dental coverage as well as travel insurance.

**LOUISE PITRE** has joined us for Trisha's maternity leave and is active as Administrative Assistant for individual insurance.

**We Wish You Happy Holidays  
and All The Best for 2012,**

**Steve, Darren & Roz**

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