



How to determine the right amount of life insurance

It would be great to have a standard calculation that could tell you exactly how much life insurance you and your family need. But there is simply no one-size-fits-all solution.

Every situation is different, and there are a large number of variables to consider. And while sufficient coverage is essential, you don't want spend top dollar for a gold-plated plan when you might put those funds to better use elsewhere.

To determine what's right for your family, you need to first identify the specific purposes for which you need insurance. For most people, these are the top four.

Priority #1: Debt coverage. If either you or your spouse were to die prematurely, many expenses would stay the same, such as the mortgage and property taxes. There may also be a car loan, outstanding credit card balances, or lines of credit. A death generates other expenses, too — funeral and burial or cremation costs, legal fees, possible probate fees, and the final income tax return, including any capital gains tax on family assets, such as a cottage, business, or other equity investments.

Meeting these costs is likely to be your number-one reason for purchasing life insurance. Without it, your family might be unable to keep up with mortgage payments and be forced to sell the family home, or have to sell the family cottage just to cover the estate's tax bill.

Priority #2: Income replacement. For most families, replacing lost income is the second most pressing need when one of the breadwinners passes away. How much

income would your dependants need to replace, and for how long, if something were to happen to you?

If you're 35, for example, you may have to think about replacing 30 years' worth of lost income. And not only today's income, but the potential raises, bonuses, and promotions in the future, along with employer-sponsored benefits.

A stay-at-home spouse needs coverage too, even though he or she doesn't technically earn an income. If the stay-at-home spouse were to pass away, someone would need to be hired to provide child care, do housework, and so on.

Priority #3: Specific goals. If you have young children or teenagers, there are probably a number of goals you'd like to help them achieve, such as earning a post-secondary degree. If you're not there to help in person, life insurance can still provide financial support for special goals.

Life insurance is a cost-effective way to provide for other goals, too — a wedding, annual family vacation, or a financially secure retirement for your spouse.

Priority #4: Special bequests. You may want to earmark funds for certain bequests after your death, such as a donation to a faith organization, hospital, or other charity important to you. Charitable bequests made through life insurance may also generate tax benefits, either immediately or for your estate.

Professional advice can help you determine the right amount and type of insurance to take care of your family's financial protection needs and fit your budget. ■

Protect family and finances against serious illness

CONTINUING ADVANCES IN medical science mean most Canadians who develop heart disease, stroke, or cancer will survive. That's something to celebrate. But there may be a huge financial cost.

Dealing with a serious illness, even if recovery is complete, can take its toll on family finances. If you were to become ill, for example, you might need private nursing care or physiotherapy that's not covered by provincial healthcare plans. If you have children, you might need to hire someone to look after them. Modifications might be needed to your home to allow you to navigate more easily.

The protection you need. Critical illness (CI) insurance is designed to cover costs like these. It pays a tax-free lump sum 30 days after diagnosis of a major illness. Depending on the plan, this may include heart attack, stroke, some cancers, and many other serious diseases.

There's no restriction on how you use the funds. And the benefit is paid even if you go on to recover completely.

Freedom to choose. A serious illness can be a life-changing experience. You or your spouse might decide to change jobs, take a long vacation, work fewer hours, or leave work altogether.

With CI insurance, you have the financial backing to make the best decisions for you, by obtaining optimal care while ill and by easing recovery afterward.

Professional advice can guide you in choosing appropriate, cost-effective coverage. ■

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Enjoying summer vacations with family often brings to mind our wishes for the future of our loved ones. You may be wondering how you can preserve your wealth, such as a vacation property, for the next generation. A comprehensive estate plan will help to protect your assets. Call us to develop an estate plan that fulfills your wishes.



Build a secure foundation with personal life insurance

If you're employed, there's a good chance that you have life insurance provided under a group plan. But while a group plan can offer valuable benefits, it may not provide the comprehensive protection that your family deserves.

Depending on your situation, you may want to rely on personal, independent coverage as the foundation for your protection strategy, with group benefits as a supplement. Here are four solid reasons why this can be an effective strategy.

Unlimited protection

With a standalone policy, you can purchase as much coverage as you want. By comparison, group plans typically provide a maximum of one, two, or three times your annual salary. Such an amount isn't likely to support a family over many years — nor would it likely provide a secure retirement for your spouse.

Portability

Unlike a group plan, a personal plan stays with you whether you decide to change jobs, start your own business, or even stop working altogether.

Stability

Personal insurance can continue for as long as you choose and the coverage lasts for as long as you need it. Group plans generally stop at retirement and an employer may cancel group coverage at any time, leaving you unprotected.

Customization

A personal plan can be custom-tailored to fit your unique circumstances and then adapted as your protection needs change.

Professional advice can help you get the best of both worlds, with a secure foundation of personal insurance, enhanced by group coverage. ■



WHAT YOU NEED TO KNOW ABOUT...



Reopening a tax return

Many people file their tax returns and get them processed, only to learn later that they missed out on a tax break or failed to claim the full amount.

Q: What can I do if I missed out on a tax break?

A: If you've overlooked a tax credit, failed to claim a proper amount, or made an error, you can ask the Canada Revenue Agency (CRA) to reopen your return for that year. They will make the change and, hopefully, issue you a refund. You can request changes only to a return filed within the past 10 years.

Q: What is the first step in reopening my return?

A: First of all, do not file a new return. If you want to make a change to the most recent year, wait until you receive your Notice of Assessment. You can make the change online if it is the most recent year or two previous years. Use the My Account feature on CRA's website (www.cra-arc.gc.ca).

Q: What do I do if I can't change it online?

A: If you don't want to use the Internet or if you need to change a return that's more than three years old, you can complete Form T1, Adjustment Request, or write a letter to the tax centre that handles your account. (The address is in your latest Notice of Assessment.) Explain the situation, and include your Social Insurance Number, daytime phone number, signature, and the documents required for the claim. It should take the CRA about eight weeks to process your request.

FINANCIAL PLANNING

Draw up a will today

According to a recent survey, only 46% of Canadians have a will. Those without a will may be taking a big chance with everything that they own. If you die without a will, the provincial government sets out how your assets will be distributed, and the public trustee assumes responsibility for your dependants.

Drawing up a will ensures that your financial assets are distributed as you wish and that a trusted person acts as a guardian for your dependants. Even couples who own everything jointly should have wills. If one spouse dies, property may automatically pass to the other spouse, but a properly drafted will would communicate the couple's wishes in the rare and tragic event that both partners pass away at the same time. ■

MONEY MANAGEMENT

Time to retire those old cheques

Canadian financial institutions are adopting new standards for personal cheques. Cheques must follow a standard format so that financial institutions can make and store a high-quality digital image of each cheque. By using images in the cheque-clearing process, cheques no longer need to be physically transported from one institution to another in order to be cleared.

If your cheques were printed before April 1, 2005, they may not meet the new standards. To be safe, contact your financial institution about getting them replaced. With these new standards, it also means your cheques will no longer be returned to you; only scanned images will be supplied. ■



RETIREMENT PLANNING

Plan ahead for different retirement dates

Couples often picture themselves enjoying their retirement together, whether it's to travel or to partake in other activities. However, a recent survey found that most Canadian couples won't retire at the same time.

An age gap could mean that one spouse will retire first.

Sometimes, a spouse may keep working to support kids or aging parents, to retain health benefits, or to continue enjoying the mental and social stimulation work provides.

Whatever the case may be, it's vital for couples to discuss and understand each other's retirement vision — well before retirement. Professional advice can help coordinate your different retirement timelines and maximize your financial plans. ■



Mutual funds offer many ways to go global

It's no surprise that global mutual funds are making a comeback amid concerns about Canada's overheated stock market and the strong Canadian dollar.

That's on top of the fact that the Canadian stock market is very small, representing about 3% of the world's capitalization. What's more, our market is heavily concentrated in just three sectors: financials, energy, and materials. By investing both in Canada and the rest of the world, you can achieve a more diversified portfolio which can help reduce the volatility of your portfolio over the long term.



Exploring the options

Because there are different types of foreign funds, it's important that you understand what you're investing in. This ensures that you assume the appropriate level of risk and that you don't duplicate your holdings.

Here are the main categories of foreign mutual funds:

Global funds are broadly diversified portfolios that can invest in equities anywhere in the world — including North America. In fact, U.S. and Canadian stocks often represent a large chunk of these portfolios. With professional help, you can find

high-quality global funds that won't duplicate your Canadian holdings.

International funds are broadly diversified funds that can invest in equities anywhere in the world — but are totally or substantially restricted from North America. Most of this money is placed in major European and Asian markets. Because there

is little or no North American exposure, these funds can complement Canadian and U.S. funds.

Emerging markets funds are geographically diversified funds that invest in second- and third-tier economies. Many of Canada's largest emerging markets funds are

invested in South Korea, Brazil, Taiwan, China, South Africa, Russia, Thailand, Turkey, India, and Hungary. These are economies that are reforming and developing in terms of size and market sophistication. Because emerging economies are not yet mature, they tend to be more volatile than the fully developed markets favoured by global and international funds. Such funds may be suitable for investors who can tolerate more risk to seek higher returns.

Country, regional, or sector-specific funds invest in individual countries,

regions, or individual sectors such as infrastructure, consumer products, or health-care. For example, there are funds that invest only in Germany, only in China, or only in India. A sector-specific fund invests globally, but only in that one sector. Because they are so concentrated, country/sector-specific funds are the most volatile of the foreign group.

Foreign bond funds invest in bonds and other fixed-income securities from around the world. They offer currency diversification and, with astute management, potential capital gains as various economies move through different parts of the business cycle.

Make the most of choice

Foreign mutual funds are an easy way to diversify your portfolio. With just a few funds, you can participate in most areas and sectors of the world. But, as you can see, different categories of foreign funds entail varying levels of risk. Emerging markets, regional, country, or sector-specific funds, for instance, swing in and out of fashion and therefore require good advice as well as ongoing monitoring.

Professional guidance can help you find the foreign mutual funds that will best complement your Canadian funds. It can also help you determine how much of your portfolio to allocate to each category. ■

The World vs. Canada

CANADIAN EQUITY FUNDS have provided investors with solid returns over the past three years. But some equity funds focusing on other markets have done even better.

Average equity fund returns, Jan. 1 to Dec. 31. Source: Morningstar Canada PALTrak

