Freedom 55 Financial
A division of London Life Insurance Company

your financial security

ISSUE 2, 2012

Cut the cost of your life insurance without sacrificing coverage

Term life insurance is an affordable, cost-effective way to acquire life insurance.

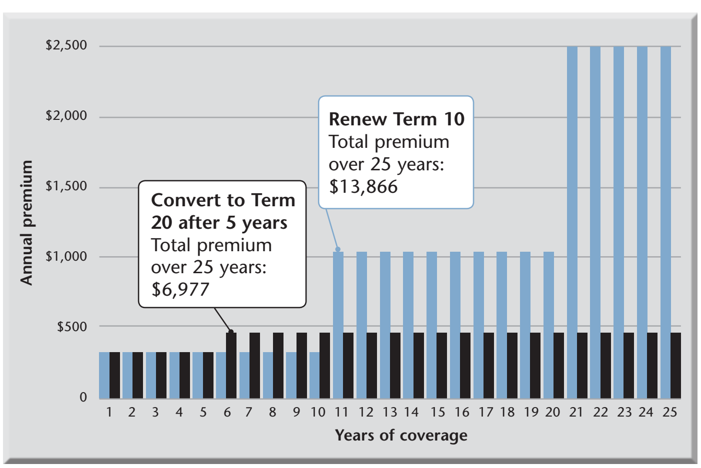
If you currently own a term 10-year policy, and need coverage for a longer period, that coverage can become even more affordable by converting your term 10-year policy or riders to a new term 20-year policy.

Convert for savings

If you currently own a Term 10 policy, you have the ability to renew without having to provide proof of health. However, when you renew, premiums increase based on your current age, sometimes significantly.

If you convert to a Term 20 policy within the first five years of your 10-year term you lock in premiums for the 20-year period, avoiding a potentially costly Term 10 renewal.

In fact, calculated over a 25-year period, assuming conversion during the fifth policy year, you can save up to 35 per cent, depending on your age, sex, smoker status and other factors while getting the same amount of insurance protection.



Assumes $500,000 coverage, male, non-smoker, standard risk, annual premium payments, net present value at four per cent. Calculated over 25 years, assuming conversion at fifth policy anniversary. Rates as of November 2011. Term 20 rates are subject to change until the conversion is elected. Premiums and resulting savings vary by coverage amount, age, gender, smoking status and risk class. This example is not complete without the corresponding London Life illustrations having the same date.

Add value through conversion

Converting a Term 10 life insurance policy to a Term 20 allows you to put in place the coverage you need and can afford today to help meet your changing life insurance needs for the future.

How it works

A rate increase after 10 years can be avoided if you simply convert your Term 10 policy within the first five years of the policy being issued. You are not required to provide evidence of insurability, allowing you to remain in your original risk class, meaning your rates will remain the same as when your policy was first issued.

Term 10 policies and riders must be in force for a minimum of 12 months before conversion and you must apply for conversion before the earlier of the fifth anniversary of the Term 10 policy or the date the life insured reaches age 65. Some restrictions apply to the availability of conversion.

Is conversion right for you?

Converting to a Term 20 policy in the fifth year may be right for you if you are sure you want life insurance for more than five years. By converting from a Term 10 policy to Term 20 in the first five years of your original policy, you could save significantly.

If you are already in the fifth year of your Term 10 policy and you're sure you won't need life insurance five years from now, when the policy comes up for renewal, converting may not be your best option.

For more information, speak with your financial security advisor.

Increase your confidence to invest

Staying out of the market puts financial goals at risk

If you've decided you're better off staying out of the markets, you're not alone. Many investors still feel uncertain with the after-effects of the economic downturn, and they're concerned about their savings being diminished. It's a valid concern, especially when headlines today continually remind us how risky investing can be.

However, staying out of the market creates its own risks.

Many investors still have money in either cash or cashable short-term investments like money market funds, guaranteed investment certificates (GICs), and low-interest rate bank accounts.

These investors are staying out of the market to protect their capital from market volatility. This strategy can have long-term consequences to their financial security. By limiting the growth potential equity markets can provide, low or no interest rate investments mean individuals aren't keeping up with inflation. This could create a scenario where they may not have enough money to meet their goals.

During periods of market volatility, it's important to have investment funds with some component of equities, if appropriate, as part of your overall portfolio. By including sound investment principles into your financial security plan, and staying invested for the long term, you're more likely to meet your goals.

Use sound investment principles

Maintaining a long-term view and being properly diversified are two key principles for managing volatility. A portfolio with a variety of investments – like bonds and equities from various sectors around the globe – that match your risk tolerance is called asset allocation. It's something your financial security advisor and investment representative can help you put in place.

Having a wide range of investments and a long-term outlook works well with the investment strategy called asset allocation. Asset allocation is a relatively simple concept to explain and a much more difficult one to implement. Done effectively, the result is an investment portfolio designed to create the best return based on a client's comfort level with risk.

Implementing this model is no easy matter. You have to select the right mix of investments, including diversifying among asset classes, geography, investment management styles and sectors.

Asset allocation funds

Asset allocation funds are portfolios containing individual funds. These portfolios are strategically constructed using sophisticated investment management methodology. They're designed to help you participate in market upswings while helping to protect capital during downturns. The goal is to deliver stable returns that take risk tolerance into consideration. In addition, the funds are automatically rebalanced so they always match your comfort level with risk. You pick the fund best suited to your needs and participate in equity markets, to your desired amount, without ever getting overexposed.

Asset allocation funds take the emotion out of investing. This can help keep you focused on the long term – even when markets become volatile.

The portfolios are managed by a team of experienced professionals. Investment managers understand the connection between economic issues and market behaviour and how those factors drive returns. They use internal and external research unavailable to most individual investors to make educated investment decisions on your behalf.

All this work is in pursuit of the funds' objectives and ultimately in the best interest of every unitholder – including you.

Talk to your financial security advisor and investment representative today about how asset allocation funds could help you achieve your investment goals.

Did you know?

Someone with $100,000 invested in a GIC for five years would have $110,408 before taxes, assuming a compounded rate of two per cent. Is this the kind of return you're looking for?

Take into account inflation and it's even less. In terms of purchasing power, assuming a modest 2.5 per cent inflation rate over that same five years, the $100,000 would have a relative worth of only $97,525.

Develop your financial security plan with mortgages

If you want to insure your mortgage debt, you might want to consider purchasing personal term life insurance. It's convertible and pays the beneficiary you name when the insured dies.

On the other hand, with most mortgage life insurance offered by a lending institution, the lender is the owner of the policy and pays off the mortgage when you die. Also, mortgage life insurance usually has decreasing coverage and it's not transferable. So if you move or change lending institutions, you may need to apply for another policy.

Another point worth considering is if you make additional payments on your mortgage your mortgage life insurance coverage decreases. So the harder you work to pay off your mortgage the faster your mortgage life insurance decreases while your payments stay the same.

Personal term life insurance is about you, not where you live. Some companies allow you to save on the personal term life insurance policy fee for the entire term if you bundle it with a mortgage. You'll be surprised how insuring your mortgage with personal term life insurance can work to your advantage later on as well.

Say for example you purchased a personal 10-year term life insurance policy and you were able to pay down your mortgage sooner than you imagined by using some of the prepayment options, such as making an annual lump-sum payment. With some companies, you could prepay up to 15 per cent of the original principle amount. If you used an annual bonus, income tax return or inheritance, you could save thousands of dollars in interest while paying off your mortgage sooner.

Plus, once your mortgage is paid off you'll still have the full amount of your personal life insurance coverage in place to provide financial protection for your family.

A mortgage can be part of the foundation of a complete financial security plan. Once you've found the right home, find the right mortgage and the right mortgage life insurance protection.

Tax rules and interpretations subject to change.

A description of the key features of the segregated fund policy is contained in the information folder. Any amount that is allocated to a segregated fund is invested at the risk of the policyowner and may increase or decrease in value.

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