

Wealth Reflections

Insights on building, preserving and passing wealth
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Keeping the Promise

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As children we learn what a promise is and the consequences of making and breaking them. We hold those that keep them in high esteem, and those that break them, become suspect and outside our circle of confidence.

As adults involved in planning, we search for promises or “guarantees”. A guarantee is a promise that is not simply backed by one person’s integrity, but rather by financial instruments that are calibrated to bare the load in good times and in bad. When the worst happens the guarantee keeps the promise.

In working with both families that are building towards financial independence, and those that have reached that goal, everyone seems to make a better calculation about the value of guarantees when they fully consider how the unthinkable can happen. Arguably the credit crisis and market crash of 2008/2009 brought much needed attention to having guarantees within investment portfolios. But what about effectively utilizing the guarantees available within income and asset protection products? Are the insured guarantees within life, disability and critical illness insurance contracts being carefully considered as strategic tools in planning?

For those **building financial independence** the focus in planning is to protect against lost income and prevent the erosion of assets pegged for retirement. Products that can assist are:

- **Disability Income** - a guaranteed, indexed income contract that pays a monthly benefit when you are sick or hurt and unable to do **your** job.
- **Critical Illness Protection** - a guaranteed lump sum payment when you are diagnosed with a life threatening illness.

- **Long Term Care** - a guaranteed daily income when your health dictates the need for in home nursing or facility care.
- **Life Insurance** - a guaranteed lump sum payment to your beneficiary (size dependent on the debt you may wish to clear and/or the income you wish to provide dependents).

For those **with financial independence** a key desire is to protect assets earmarked for long term financial independence and ensure that the estate and beneficiaries are never forced to sell assets when they are below their value. Consider:

- **Critical Illness Protection** and/or **Long Term Care** plans, as described above, these plans can be useful in using insured assets for unexpected changes in health.
- **Life Insurance** - a guaranteed lump sum payment provides certain liquidity that can help an estate or family transition assets and meet commitments within the Will. Assets that are undervalued can be kept and sold when the time is right. The incoming guaranteed tax free cash provides control, liquidity, time, choice and estate diversification.

Reviewing, evaluating and placing insured guarantees into plans are successful, time tested, strategic steps. They help to ensure that when the unthinkable happens, financial strength is present and protected. So do consider, in the busy unpredictable world around you, what promises would you like made and kept to help you and your family?

As always, please feel free to call us with questions regarding this or other planning topics.