

HAVE GROUP INSURANCE?

5 REASONS WHY YOU SHOULD STILL OWN PRIVATE LIFE INSURANCE!



Often when I ask people if they have life insurance, there's a common answer; "Yes I do, through work." Group benefits are put in place to help companies offer a benefit to their employees and help retain those employees. However, group insurance misses the mark on covering the employee in the event of a passing. Below are 5 reasons why you should still own private life insurance.

NOT ENOUGH COVERAGE

Most group benefits plans offer 1-2 times an employee's average salary; some plans have a base of \$25,000 for life insurance coverage and others cover up to 5 times annual salary. The average Canadian Salary is ~\$54,630, meaning that most people with group benefits have a death benefit anywhere between \$55,000 - \$110,000. The average consumer debt in Canada is ~\$24,000 and the average mortgage is ~\$300,000. The housing market has inflated more than salaries over the 20 years, therefore, dual income is needed more often to support getting and paying a mortgage. In the event that there was a passing, your partner, in most cases, wouldn't be able to afford the mortgage on their own. Based on the numbers above; to pay your mortgage, consumer debt and have income replacement for your family, the average person should have roughly a \$1,000,000 of coverage, about 10 times more than what a group plan offers. .

YOU DON'T OWN THE COVERAGE

Group benefits are a contract between the insurance provider and the employer. Employers can decide to modify or cancel benefit plans as they wish; with a personally owned life insurance policy, only you can change your coverage because it's a unilateral contract.

STOPS AT AGE 65/70

Most group benefit plans stop their benefits for an employee at age 65 or 70; depending on the plan. For the life insurance portion, they don't offer a conversion option, meaning your coverage stops when the group plan ends. With individually owned life insurance, there is an option to keep insurance as long as you wish..

CHANGE EMPLOYERS/NO COVERAGE

If you leave your current employer for another, you're removed from your current benefits plan and put on a probation period at the new employer for anywhere between 3-6 months. In that 3-6 months of your probation period, you're not covered for insurance in the event of death.

PREMIUMS ARE NOT GUARANTEED

The premiums for group benefits aren't guaranteed and subject to change, as well increase every 5 years with your age bracket. With privately held life insurance, you can decide how long you want your premiums to remain the same; 10, 20, 30, 40 years or for life.

