CPA CHARTERED PROFESSIONAL ACCOUNTANTS

Life Insurance 101 - What You Need To Know

SPEAKER	TRANSCRIPTION
N/A	**[00:01:01.98] [MUSIC PLAYING]**
DORETTA THOMPSON:	**[00:00:12.07]** Welcome to Mastering Money-- the Educators Edition, where we talk about the latest in financial literacy education. I'm Doretta Thompson, financial literacy leader for Chartered Professional Accountants of Canada. And we provide no-cost programs and free online resources that help Canadians own their finances and learn the language of money. **[00:00:31.72]** This episode is being recorded in early November 2020, eight months into the COVID-19 pandemic. It's part of our podcast season focusing on the road ahead, in which we're looking at COVID's impacts on both financial and mental health. You can find our podcast on Podbean, Apple Podcasts, Google Podcasts, Spotify, and wherever else you find your podcasts. And if you have any questions, you can get in touch with us at financialliteracy@cpacanada.ca. **[00:01:01.98] [MUSIC PLAYING]** **[00:01:06.01]** Today, we're joined by actuary Graham Rogers, director for Product and Large-Case Support at Canada Life. Graham's been in this role for over 15 years, providing actuarial and technical product support on large and special cases to life wholesalers and top advisors for Canada Life. Graham's joined us to talk about the importance of understanding life insurance, and to explain some of the questions we may have about our policies, especially given the unpredictable times we're facing. Graham, thanks for joining us.
GRAHAM ROGERS:	**[00:01:38.87]** Thank you for having me.
DORETTA THOMPSON:	**[00:01:40.22]** I'm going to start with that basic question, what exactly is an actuary, and what do you do?

SPEAKER	TRANSCRIPTION
GRAHAM ROGERS:	**[00:01:46.85]** An actuary, I guess its most sort of base element is someone who can put a financial cost or price to risk, or people who are able to assess financial impacts of future contingent events. That is to say, events involving risk, events that may or may not happen. **[00:02:06.32]** The actuarial profession itself is constantly asking what is an actuary. I've read numerous articles over the years in trade publications where some of them I think are being quite generous with their praise on the things that we do, but at its core, that's what an actuary does, is they are people who are able to put a value or a price or a cost applied to some future contingent event. And even something like life insurance, where it is known that an insured person will eventually pass away, the challenge there is that we don't know exactly when. So there's the contingency there, is that we're not sure when that claim payment will occur.
DORETTA THOMPSON:	**[00:02:44.77]** So actuaries really help insurance companies understand what the risks are in terms of the long-term well-being of the people they're serving.
GRAHAM ROGERS:	**[00:02:53.52]** Yes, that's one of the things that the actuaries do. People who are designing and calculating the premiums for life insurance products are trying to assess how much premium should we charge, or-- a premium is just another term for a price, but it's how much should we charge an individual to insure a person's life such that, when that person passes away, we've earned enough money in premium plus whatever investment income-- because we take that money and invest it-- how much of investment income plus that premium will be enough to satisfy paying that death claim. And if it's not, if the death claim does happen sooner than expected, that's where sort of the law of large numbers, where we insure lots of people so that the mortality-- the death claim experience starts to be more predictable. **[00:03:36.37]** The other primary function that actuaries serve-- and I say this at a very, very high level-- I'm sure some of my colleagues might disagree-- is to make sure that the insurance company does actually have adequate funds on hand to pay those death claims or those insurance claims when they occur, to make sure that even if things don't go exactly as planned, if they actually are slightly more adverse than what we thought would happen, we've still got the sufficient funds to pay those claims. I say slightly adverse. If there's a giant catastrophe or an extremely serious pandemic that kills 75% of the population, there is really no safeguard for something like that.
DORETTA THOMPSON:	**[00:04:13.28]** A lot of people don't like to talk about life insurance. What do you think it is that people find it difficult to talk about life insurance?

SPEAKER	TRANSCRIPTION
GRAHAM ROGERS:	**[00:04:21.26]** To be honest, I can only speculate because I don't have any background in psychology, but certainly I know that, in some cultures, and even, I think, across all cultural groups, there is a reluctance to talk about death and about somebody dying, and recognizing our own mortality. And it's not really something especially pleasant to talk about. So I think that's why I think a lot of people don't really like talking about it. **[00:04:43.61]** They don't want to actually have to accept the fact that, at some point, they will no longer be here, and that they should provide or do tax planning in that respect. So I know that, in certain cultural groups, it's especially considered socially inappropriate to talk about death for that reason, is that you don't talk about it because to talk about it may be to hasten it, or somehow you're inviting something bad to happen to you. **[00:05:07.76]** You're sort of jinxing yourself, per se. But certainly it is something I think that's necessary for a lot of people to have those sort of challenging discussions, just the same as if you meet with a lawyer to fill out a will. I think everyone would agree it's important to have a will, but understand that this is a document that you're preparing for when you pass away. And so it's something that it's important and it has to be done, but it's not necessarily pleasant.
DORETTA THOMPSON:	**[00:05:33.36]** Some people are confused about life insurance. I wonder if you could give us a really quick sort of life insurance 101, the basic things you need to know about it.
GRAHAM ROGERS:	**[00:05:42.42]** The very, very basic things, because these are fairly complicated financial products, but life insurance products can be usually boiled down into a couple of categories. One is what is called term insurance, which is essentially insurance for a temporary period. That is to say, the person who's insured under the policy could outlive the protection. The policy could expire prior to their passing. **[00:06:07.46]** And then the other kind of insurance is called permanent insurance, which is coverage that genuinely is for your entire life, whether they live to age 90, age 110, however long they live. And we hope that they live a very long time. And so you've got term insurance and then you've got permanent insurance. And then within permanent insurance, there's a few subcategories, as well, which, again, we could talk for hours just on that.

SPEAKER	TRANSCRIPTION
GRAHAM ROGERS:	**[00:06:32.36]** The term insurance itself, there are subcategories, but it's largely on the length of the term. So there are policies that cover you for 10 years, and then the coverage can either expire or the policy owner does have the option to elect to renew at a higher price because, of course, now they're 10 years older, because prices are typically based on the insured's age. **[00:06:53.03]** And so there's different term lengths available in the industry, and then there's different kinds of permanent insurance products, as well. Some are cheaper, some are more expensive. The ones that are more expensive typically have more features and things like cash values associated with them. So it's important, I think, to talk-- anyone who's considering buying life insurance, they really should talk to a licensed financial advisor to really go through this, because it can get fairly complicated fairly quickly.
DORETTA THOMPSON:	**[00:07:19.16]** What about people who apply for life insurance and are told that they aren't insurable? How does that happen?
GRAHAM ROGERS:	**[00:07:26.78]** The concern there, whenever we're selling life insurance, is premiums have been calculated or prices have been calculated assuming that the person purchasing the insurance is going to live a-- or at least has a very high likelihood of living a normal lifespan. And so if we were to start offering insurance to people whose health is much worse than what we would call normal or standard, then we would either have to increase prices to accommodate for the fact that we know we're going to pay out a bunch of death claims-- because really, what's happening if you sell it to people who are in very poor health, to the point where they're uninsurable, is you expect to pay that claim within a year or within a couple of years. **[00:08:04.37]** And really, that is not a profitable exercise for the insurance company. So the only way they would really have to deal with that is to charge everybody else higher premiums to account for the people who are essentially getting an advantage on the system. In the industry, that is known as what is called anti-selection, where the insured knows something about themselves that the insurer does not. And so anti-selection is the concept of using products and features that give the policy owner an advantage that is not incorporated into the pricing. **[00:08:35.87]** So why would people be declared uninsurable if they've had recent serious health issues? Certainly if they've had a recent diagnosis of cancer, then we would expect to be paying out that-- if we did sell insurance, the claim amount would be expected to be paid out very soon. If they had a heart attack in the last couple of years.

SPEAKER	TRANSCRIPTION
GRAHAM ROGERS:	**[00:08:53.93]** And often, when we get into some conditions-- not all, but some medical conditions-- we don't necessarily say they're uninsurable, we say that they're a postpone. That is to say, you may not qualify for insurance now, but if your health has stayed good and has had no other health issues in, say, the next five years, you may be able to apply for insurance again and may be insurable. **[00:09:14.83]** You may have to pay an extra premium because you've had that health issue, because while you may be considered cured, the fact that you've had a particular health condition will impact the time at which a death claim is expected to be paid. And so really, that's what we're looking at, is if you've had this condition relative to somebody who hasn't had the condition, is it likely that we're going to be paying out that death claim sooner as a result.
DORETTA THOMPSON:	**[00:09:39.11]** So, Graham do you think that COVID-19 is going to have a significant effect on life insurance, or is it really too early to tell?
GRAHAM ROGERS:	**[00:09:46.57]** I would say right now, the COVID-19 pandemic, the information that we've received thus far is not indicating any significant increase in mortality across the country. But I think we shouldn't sort of get complacent about that just yet. I think it is still pretty early to tell. Right now, we haven't seen huge increases, but that's not to say that there couldn't be an impact. **[00:10:08.68]** Back in the 1990s, with the concern about AIDS, insurance policies actually had specific-- as part of their pricing, they had specific pricing assumptions for AIDS. And thankfully, the impact of AIDS on mortality across the general population wasn't as serious as I think it was first thought. And so nowadays, it's my understanding that that is not incorporated into pricing. But certainly, that's the sort of thing that can happen with specific medical conditions.
DORETTA THOMPSON:	**[00:10:36.56]** So how do I know if I have enough life insurance?
GRAHAM ROGERS:	**[00:10:39.10]** That is a good question that I would say-- and I'm going to use weasel words here, in that really it would depend on the individual. Certainly, there are expenses associated with one's passing that are sort of uniform across everyone-- the cost of the funeral, things like that-- but everybody has their own unique situation in terms of how they sort of set up their financial affairs. Some people may have a vacation property that they want to be able to pass on to their heirs, and don't want to have to sell it in order to pay estate taxes. Some people own businesses and want to somehow facilitate the transfer of ownership of the business to a successor, or maybe one of their children.

SPEAKER	TRANSCRIPTION
GRAHAM ROGERS:	**[00:11:14.93]** And so there's all these different wrinkles. I don't think I've ever actually encountered a cookie cutter type insurance case, in that even sort of cases that would be considered sort of very plain vanilla still have nuances about them that are different. And so again, I would really suggest a person thinking about purchasing life insurance talk to a licensed financial advisor. They have tools provided to them by their insurance company with whom they've contracted that will help them determine how much insurance is appropriate. **[00:11:43.09]** At the same time, of course, the other answer to that is whatever insurance you feel you can afford. We do understand insurance, I think, is an important part of somebody's financial plan, but certainly it does not take precedence over things like shelter, clothing and food.
DORETTA THOMPSON:	**[00:11:58.57]** I know a lot of people-- and there've been some studies on this-- they have their life insurance through their place of employment, and that is the only life insurance that they have. And they sort of maybe in general consider themselves adequately insured. What is the role of workplace life insurance, and what questions should people be asking themselves about it?
GRAHAM ROGERS:	**[00:12:17.77]** Workplace life insurance certainly serves a valuable purpose. I myself have it. But at the same time, it's provided by a person's employer. So if they're no longer employed at that employer, they don't necessarily have that coverage. They may have the ability to convert that coverage to personally owned coverage, but the beauty of personally owned coverage is that it doesn't require you to be employed at any particular place or any particular employer. It travels with you. It goes with you. Even if you're unemployed, you're still covered as long as you're paying the premiums to keep that policy in force. **[00:12:48.49]** Employer-provided insurance also won't have features like cash values. So you won't have necessarily-- you won't be building up any sort of auxiliary savings in addition to whatever savings you might already have. And so cash values in life insurance policies typically give a policy owner flexibility with respect to paying premiums either out of pocket or having the policy use its own policy values to help pay premiums. With employer-provided insurance, there are no cash values. **[00:13:14.95]** You're only limited to a multiple of whatever your income is, and it may not properly reflect your actual, true insurance need. You may have assets that aren't accounted for with respect to your income. And so certainly there are some people for whom that may be sufficient, but I think that there's a lot of cases, especially if you're looking at retirement, where that coverage may not be available once you've hit retirement, or it may not be available from your employer, and so really having personally owned insurance probably makes sense.

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GRAHAM ROGERS:	**[00:13:42.22]** And the way that works is that the younger you are, the cheaper the insurance is. So it's usually better to have some level of personally owned insurance as soon as you can afford it just because you don't know how many employers you're going to have. Especially in these days of the gig economy, with people working on contracts, I'm not sure if they even get employer-provided insurance anymore.
DORETTA THOMPSON:	**[00:14:01.61]** That's one interesting point, that the younger you are, the cheaper it is, generally, to buy insurance.
GRAHAM ROGERS:	**[00:14:07.60]** Yes, because essentially the younger you are, the longer time period until your expected passing. So for somebody who's 60 years old, if their life expectancy is somewhere between age 85 and 90, you've got about 25 to 30 years to take that premium and invest it, and try and get enough money to pay off the death claim. [00:14:26.92] Obviously, only having 25 or 30 years to earn investment income maybe isn't as advantageous as having 60 years. So if you purchase the insurance in your early 20s or mid 20s, the insurance is just cheaper because the likelihood of an early death claim is much less at that age than it is, say, at ages above 60.
DORETTA THOMPSON:	**[00:14:45.07]** And I know that it's-- you know, to say how do I know if I have enough? "It depends" is a really important answer, because everybody, as you say, is in a different situation. But are there predictable times or stages in people's lives where they should be asking themselves if they have enough life insurance?
GRAHAM ROGERS:	**[00:15:01.66]** I think there is. Certainly when you're young and single and perhaps no dependents, having the employer-provided insurance may be sufficient for your needs. But certainly, getting married and having children, you now potentially have dependents. Even if both spouses are working, one spouse may earn more money than the other. And certainly, we don't want to have the surviving spouse be in a situation where they have to sell their house in order to survive because they can't afford the payments. **[00:15:27.64]** And so that's often what happens, is that the two spouses who are working will each get insurance, and then that way if either of them passes away, the house is essentially paid off, and that's one expense that the surviving spouse doesn't have to worry about. Certainly if you've got children that need to go to university, hopefully, or college at some point, or even paying for things like hockey, hockey equipment and things like that, it's amazing what expenses come out of the woodwork when only one spouse is left. Additional costs for childcare and daycare and things like that.

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GRAHAM ROGERS:	**[00:15:55.79]** So certainly it's important to think about purchasing life insurance when you're getting married, perhaps when you're having children, and then even when you're thinking about what is known as succession planning if you're a business owner. I've got all this money in my company, but it's my company's money. And yes, I'm a shareholder, but how can I get money out of that company and into my own personal income in a tax-efficient basis? And so there's ways of using life insurance for that. Or how do I transfer ownership of my shares to my kids or to my successors in a way that's tax-efficient? And so life insurance is often used for that.
DORETTA THOMPSON:	**[00:16:28.72]** It does indeed sound very complicated, and consulting with an independent financial planner is probably a really good idea to help you with this.
GRAHAM ROGERS:	**[00:16:36.52]** Just as nobody should walk into court representing themself, you should always have a lawyer, I think when you're looking after financial plans, unless you're a financial planner yourself-- then perhaps you can do your own planning-- even myself as an actuary, I have a financial planner because I work with life insurance, but I don't necessarily work with all the savings products out there. I'm not necessarily a tax expert. **[00:16:56.80]** And these financial planners aren't necessarily tax experts themselves, or experts on all product shelves, but they also have a support network provided to them by the insurance company that can help them with all these questions and provide that sort of add-on service, additional service in terms of your financial planning. I think, too, it also helps when you have a third party helping you with your financial planning. It gives you a sort of an objective perspective that maybe you may not have yourself if you're trying to do it yourself.
DORETTA THOMPSON:	**[00:17:24.06]** So let's say that you're in the position where you do think that you need to look at your life insurance. You think you do need to top up your life insurance. What questions should you be asking of an advisor? What should you be looking for to learn?
GRAHAM ROGERS:	**[00:17:38.96]** Certainly with respect to life insurance, to me the big things are do I need temporary or term insurance or do I have a permanent insurance need. If I've got expenses that I know will need to be paid on death, then probably permanent insurance makes more sense because I don't know when I'm going to pass away. I'm not necessarily confident that I will pass away before the term insurance expires.

SPEAKER	TRANSCRIPTION
GRAHAM ROGERS:	**[00:17:59.36]** The other thing to ask is, when I'm purchasing a product, what exactly is guaranteed, contractually guaranteed in this contract, and what is not? That's very important because, unfortunately, there have been numerous instances of individuals thinking things were contractually guaranteed where they weren't.
DORETTA THOMPSON:	**[00:18:15.35]** What kind of things?
GRAHAM ROGERS:	**[00:18:16.70]** So things that are not guaranteed would sometimes be the number of premium deposits that the client is expected to pay, or is required to pay by the contract. There is a feature in contracts that allow these insurance policies to use internal policy values to pay the premium, rather than the client paying them out of pocket. Those are typically not guaranteed. Those are things where things are subject to changes in the investment markets and changes in other experience. And it may be that you may be able to pay some premiums using internal policy values, and you may have to start paying out-of-pocket premiums again. **[00:18:51.05]** There are some products that do have contractually guaranteed limited premium periods. And certainly so that's important to know. If an advisor says that this contract only requires eight premiums, is it truly contractually-- and when I say contractually, a contractual guarantee is absolute, regardless of any future investment scenario, this policy will only require eight premiums, or whether it's eight premium shown, but it could actually be more than that because of the non-guaranteed natures of some of the features. **[00:19:21.84]** So what is guaranteed and what is not guaranteed is very important. I would say sort of the third big thing, does this product have a cash value or any sort of cash savings or cash accumulation vehicle within it? That can be very important to some people, and may not be important to other people. And so it's important to know, because if your policy has a cash value, it's more expensive. **[00:19:41.18]** And so you need to ask yourself, do I feel like I'm going to need this cash value? If I'm hoping to use internal policy values to pay a premium, I'm going to need a cash value in a product. If a product has absolutely zero cash value, then I am expected to pay that premium every year it is due. And so I'll get a cheaper premium, but I have to be able to deliver on paying that premium every year, or else my policy will no longer be enforced and I won't have insurance coverage.
DORETTA THOMPSON:	**[00:20:08.46]** Are you finding that more people are thinking about life insurance right now because of the pandemic?

SPEAKER	TRANSCRIPTION
GRAHAM ROGERS:	**[00:20:15.58]**
	I think there's maybe a little bit more interest in it. The challenge, of course, is that with people losing their employment, or many people losing their employment, or having their income restricted, they may be thinking about it, but they may not be able to afford it, to afford additional insurance. But certainly, I think pandemics like this do reinforce the need for the fact that life insurance does serve a valuable purpose within somebody's financial plan, and that certainly having it, and with the possibility of unexpected early passing, it's nice to know that, at least in some aspect, your family does have some help with paying those expenses.
	[00:20:48.63]
	A life insurance advisor, one of the lines that's often used is that when a spouse passes away unexpectedly, there are a lot of hands out wanting to be paid. And the life insurance advisor's greatest satisfaction, from every advisor I've ever talked to, is the ability to deliver a check to the beneficiary of that policy to say everybody else wants money from you, and I'm going to be the person who gives you money. That's, I think, a very important aspect of what a life insurance advisor's job is, and where they get a lot of their own personal satisfaction is being able to come through on that promise.
	[00:21:22.56]
	Insurance companies are essentially selling promises. We promise that we will pay you this money when you pass away. And it's extremely important for every insurance company in the industry to be able to come through on that promise. The industry as a whole needs to have every single one of those promises met.
DORETTA THOMPSON:	**[00:21:37.29]**
	The importance of trust is enormous.
GRAHAM ROGERS:	**[00:21:40.14]**
	Certainly, you have to trust your financial advisor, that they're there to help you. And insurance advisors almost entirely are people who want to do the right thing for their client and help them. Unfortunately, the ones who don't are the ones who get themselves in the newspaper for all the wrong reasons. But the vast majority of financial advisors are good, honest people trying to help people with their financial planning.
	[00:22:00.87]
	And then, of course, the other layer of trust is do you trust the insurance company to still be around and still be able to come through on this claim payment, which is why most insurance companies like to point out in all of their marketing materials how long they've been in business, how much assets they have. You'll feel more comfortable knowing that they've got lots and lots of money on hand to be able to pay out these claims if they need to.
	[00:22:22.12]
	So most of the insurance companies in Canada that I've either worked for or been in competition with, they've been around for at least 75 years or more. So these are, for the most part, companies that have been around for a long, long time, helping people when they need it most for that period of time.

SPEAKER	TRANSCRIPTION
DORETTA THOMPSON:	**[00:22:38.11]** Are there some best practices that you would recommend in terms of people asking themselves about their need for life insurance, and about topping it? Like for example, making sure they understand their existing insurance, adding to it versus replacing it, that kind of thing. Are there some best practices around that?
GRAHAM ROGERS:	**[00:22:56.88]** To, me best practices is that I'm not a big fan of replacing existing policies. If a policy is already in place and it's doing its job and it's doing what it's supposed to be doing, then the approach I would take is that I think it should just be left there to do what they're already doing. Certainly if additional insurance is needed on top of what already exists, then that can be a discussion between the individual and their financial advisor. **[00:23:20.01]** But certainly replacing policies, there can be instances where it does make sense. Those would be typically policies where the competition or just the prices have decreased a lot since it was last purchased. But understanding that you have aged, and because the price increases typically with age, the prices may have come down, but your age may mean that you're paying actually the same price or higher than what you have on your original policy. **[00:23:44.82]** As well, most life insurance policies have a two-year period called the incontestability period and the suicide period, where if there's any claim made as a result of suicide, we will not pay out the death claim amount. We just return the premiums with interest. Incontestability means that the insurance company only has the first two years to contest any of the information that the client provided when the policy was being sold to use that as a grounds to not pay the claim. You've only got two years, after which the insurance company is on the hook for the policy. They've had two years to basically speak up, and they didn't. **[00:24:18.66]** So resetting those, when you buy a new policy, you essentially reset that. And so that's another reason I would sort of caution against replacements. Almost every advisor I've ever met is not really-- they try to keep the existing policies in force, and if they need to add on or supplement the existing coverage, they do that. But it's really, truly a case of if it ain't broke, you don't really need to fix it. That's the sort of things I would say with respect to replacements. **[00:24:43.14]** Best practices, as well, is really just to understand what you're buying as thoroughly as you possibly can. And certainly, in this day and age of the internet, there's a lot of information out there. Anything an advisor tells you, I would certainly recommend that you go out on the internet and looking at reputable sources to see if what they're saying is consistent.

SPEAKER	TRANSCRIPTION
GRAHAM ROGERS:	**[00:25:02.16]** And I say reputable sources because there's a lot of advice about financial planning out there that may work for some people, but it doesn't necessarily work for one specific individual. So you do need to be careful. And really, I would say if it sounds too good to be true, it probably is.
DORETTA THOMPSON:	**[00:25:18.18]** So doing your homework is a really important step.
GRAHAM ROGERS:	**[00:25:21.44]** I think so. And again, I appreciate it's maybe not the most fun stuff to do, but similarly, when we're buying a car, we probably go out and borrow the lemonade book from the library, or we buy a copy of it ourselves, or we do some research on what cars, because buying a car is a very expensive purchase. And so we want to make sure that we're using our money wisely. **[00:25:39.41]** And similarly with life insurance policies, these are fairly complicated products that, over the years, we're going to actually spend a fair amount of money depositing into these policies. I think we owe it to ourselves to understand them as best we can. Most carriers should be able to provide specimen contracts so that you can read what the contract wording, at least the generic wording, says before you commit to purchasing the product. **[00:26:01.65]** Many companies have their marketing brochures available on public websites online. So you just need to go to that insurance company's website and look up a few things. Most of them will, at some point, point you towards a financial advisor, but there's information out there that you don't necessarily need to talk to an advisor to get your hands on. So I would very much say anytime you're spending a lot of money on a purchase, like insurance or a house or a car, certainly I think you owe it to yourself to know as much as you can about it.
DORETTA THOMPSON:	**[00:26:27.60]** It's interesting, one of the things that we've learned and seen in some of our focus groups with Canadians looking at their approach to and understanding and confidence in their ability to make financial decisions is the kind of reluctance to engage with an individual until they feel prepared themselves. I think that's really good advice to go to websites and look for yourself, without anybody trying to sell you anything. Just look at it, see, get your feet wet, and get a sense of what the services look like.
GRAHAM ROGERS:	**[00:26:57.69]** It's the same thing if you walk into a car dealership without really knowing much about the car you're wanting to buy, or even the process of buying a car. And you may not necessarily be doing yourself any favors. You may not be paying the best price that you could get for that car.

SPEAKER	TRANSCRIPTION
GRAHAM ROGERS:	**[00:27:12.82]** And similarly with life insurance, I would say these are complicated products. They aren't the things that really jump out at you, or that how they work isn't intuitively obvious all the time. And so I think it is important to sort of do some homework, and really sort of do some research and find out exactly, well, what makes sense to me. **[00:27:30.03]** And don't be afraid to challenge your financial advisor. I think it can be done in a fairly nonconfrontational way. You can say, well, help me understand why I should pick the product that you've selected versus I've read about this on the internet. Can you tell me the differences, why does this product make sense over this other product, and why should I be buying this as opposed to this one. **[00:27:49.65]** Things like that. It could even get down to why should I buy it from this company over that company. And again, your financial advisor should be able to come up with the answers to that. And if they can't, then maybe you can sort of reassess whether or not that's the right financial advisor for you, because you want someone who can provide advice, but also give you information.
DORETTA THOMPSON:	**[00:28:08.76]** Graham, that's been really helpful and really useful knowledge, I think, to get people to understand that you can equip yourself, you can take these steps first, you can prepare yourself for these conversations. Just before we wrap up, what do you hope things are going to look like as we come out of COVID? Are you expecting anything, or do you hope that the road ahead will be a little different?
GRAHAM ROGERS:	**[00:28:31.98]** I can certainly tell you, give you my answers from my own personal standpoint, because of course I want to be able to take vacations again out of the country to warm places in the wintertime. But certainly I think, from a business perspective, I hope that people will start sort of even more seriously considering life insurance as part of their financial plan. **[00:28:48.42]** I'm not saying that the life insurance policy is your entire financial plan. It most certainly is not. But it is certainly a component of that financial plan. And I think that, often, life insurance is treated as-- the premiums for it is treated as very disposable type income. **[00:29:03.45]** I.e., there's plenty of other things I could spend this money on, tell me every year why I should keep putting money into this insurance policy. And hopefully, with the effects of the pandemic, people will start to realize that there is value in having these products, and that maybe it is worth allocating, setting aside money in your budget every month to pay for life insurance protection.

SPEAKER	TRANSCRIPTION
GRAHAM ROGERS:	**[00:29:23.28]**
	It'll be interesting to see, perhaps not so much with life insurance, but other forms of insurance, like disability insurance, if more people are working from home, or maybe only working in their office part-time, it'll be interesting to see sort of what happens with pricing with that, simply because you're not-- every day we drive or commute into work, we're essentially taking a risk that something will happen to us.
	[00:29:45.12]
	Mind you, every day you get out of bed and walk to the bathroom, you're taking a risk that you could fall down and hurt yourself. But certainly it'll be interesting to see if anything happens on that front. But I think the biggest thing is hoping that people start looking at life insurance as an important part of their financial plan.
DORETTA THOMPSON:	**[00:30:00.09]**
	Thanks, Graham, for your helpful knowledge on a topic that many of us are trying to understand better for ourselves and for our families.
	[00:30:07.22] [MUSIC PLAYING]
	[00:30:10.19]
	To our listeners, you can click to the resources mentioned in the episode description for this podcast in your podcast app. And please note, the views expressed by our guests are theirs alone, and not necessarily the views of CPA Canada.
	[00:30:23.57]
	This is a recorded podcast. The information presented is current as of the date of recording. New and changing government legislations and programs may have come into effect since the recording date. Please seek additional professional advice or information before acting on any podcast information.
	[00:30:40.65]
	This has been another episode of Mastering Money-- the Educators Edition, brought to you by Chartered Professional Accountants of Canada. Please rate and review us. And if you'd like to get in touch, our email is financialliteracy@cpacanada.ca.
	[00:30:55.04]
	In these uncertain times, be well, be kind, be safe. We are on this road together.
	[00:31:00.83] [MUSIC PLAYING]