Katherine Le
INSURANCE BROKER · BROKERS TRUST

Life insurance, *explained* in plain language.

A simple guide to the three main types of life insurance, what they cost, and how to choose the right coverage for the people who count on you.



WHAT LIFE INSURANCE CAN DO

- Pays for final expenses
- Protects your children's future
- Pays off the mortgage and other debts
- Builds long-term financial security
- Pays your beneficiaries directly, outside of probate
- Helps cover legal fees and the cost of transferring assets

Insurance advice from a broker who knows your name.



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Book a free coverage review

Mississauga & Vaughan · English and Tiếng Việt

COMPARED INSIDE — **Participating whole life** · **Universal life** · **Term life** — *Plus a sample case study*

START HERE

Five questions to ask yourself

- Would my savings cover our debts, including the mortgage?
- How much money would my family actually need?
- Could my spouse or children pay the taxes, legal fees and probate fees on my estate?
- What would happen to my business?
- Do I have a will, a power of attorney and a plan for how my wishes will be carried out?

What affects the price

- **Family history.** Heart disease, cancer or stroke in your parents or siblings can raise your rates.
- **Age.** The younger you are when you apply, the less you pay.
- **Gender.** Women usually pay less, because on average they live longer.
- **Smoking and nicotine.** Premiums can be 2–3 times higher than for a non-smoker.
- **Risky jobs or hobbies.** These can mean higher premiums or exclusions in the policy.
- **What claims are paid for.** The most common causes are cancer, heart disease, and accidents and other external causes.

The three main types of life insurance

Participating whole life

Lifetime coverage with guaranteed cash value and the potential for dividends.

Universal life

Lifetime coverage with flexible premiums and an investment component you choose.

Term life

Coverage for a set period, such as 10–30 years, at the lowest starting cost.

SIDE BY SIDE

How the three types compare

Feature	Participating whole life	Universal life	Term life
How long it lasts	Your whole life	Your whole life	A set term (e.g. 10–30 years)
Premiums	Fixed; usually the highest	Flexible; can change	Fixed and lowest to start, but rise at each renewal
Death benefit	Guaranteed; can grow with dividends	Flexible; can be raised or lowered	Guaranteed if death occurs during the term
Cash value	Guaranteed growth plus potential dividends	Grows with the investments you choose; can also go down	None
Dividends	Yes (not guaranteed)	No	No
Who manages the investments	The insurer (pooled and professionally managed)	You choose the investment options	Not applicable
Policy loans or withdrawals	Possible	Possible	Not available
Overall cost	Highest of the three	Usually moderate (within a minimum and maximum premium)	Lowest up front; renewals can become expensive to keep
Best for	Long-term wealth building and estate planning	Flexibility, lifelong coverage and investment choice	Short-term needs, such as covering a mortgage

Not sure which fits? Many families combine types, for example term life to cover the mortgage years plus a smaller permanent policy for final expenses and the estate.

CASE STUDY · ASSUMPTIONS

37-year-old male · Non-smoker · No health issues

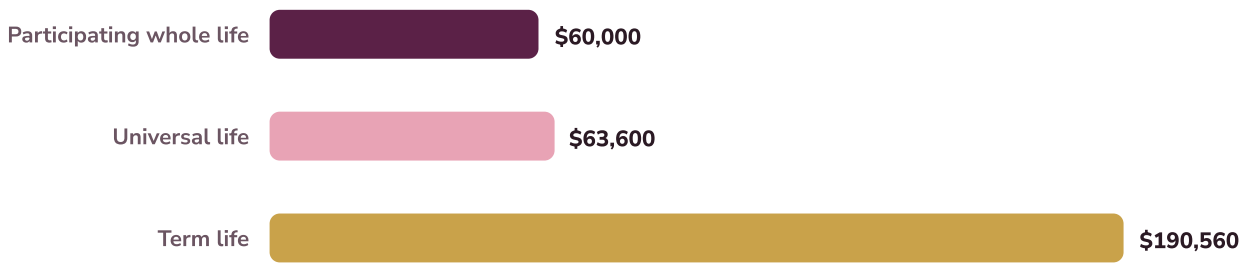
These sample rates are for education only. Confirm them with up-to-date quotes before making any decision.

PART 1

What you pay over time

$150,000 of coverage	Participating whole life Paid up in 20 years	Universal life Paid up in 20 years	Term life 20-year renewable term
Coverage	$150,000	$150,000	$150,000
Monthly premium	$250/month	$265/month suggested Minimum $190 · Maximum $460	$25/month years 1–20 $325/month years 21–40 $1,110/month year 41 to age 85
Total paid in the first 20 years	$60,000	$63,600	$6,000
Total paid in the first 40 years	$60,000	$63,600	$84,000
Total paid by age 85	$60,000	$63,600	$190,560

Total premiums paid by age 85



Term costs the least at first, but renewals add up. By age 85 it costs about three times as much as the permanent options in this example.

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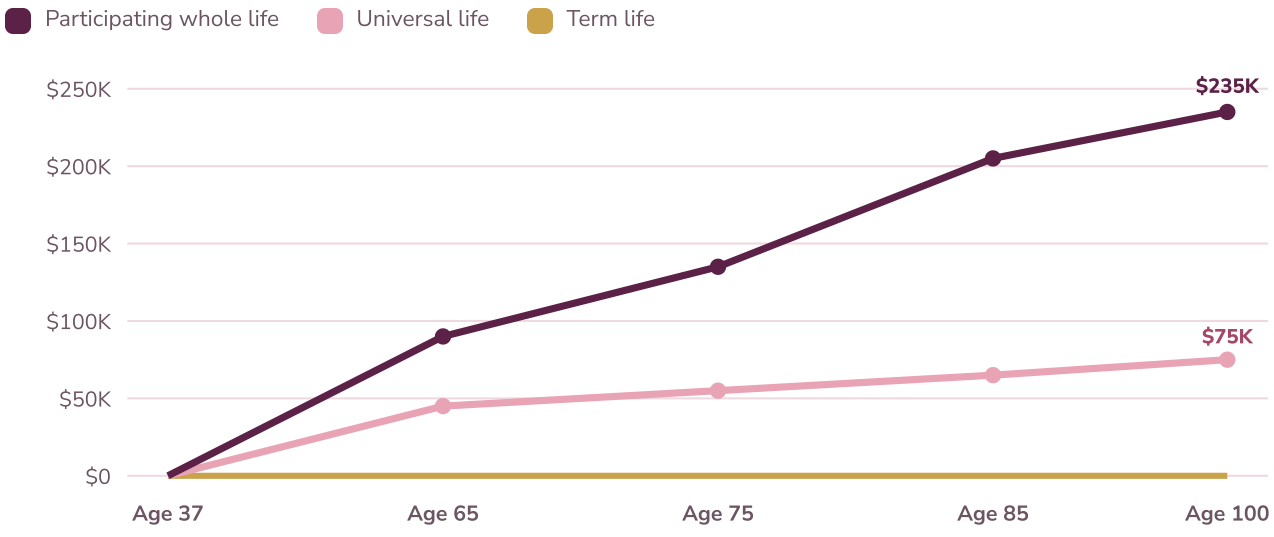
PART 2

Cash you could take out

Cash surrender value	Participating whole life Paid up in 20 years	Universal life Paid up in 20 years	Term life 20-year renewable term
At age 65	$90,000	$45,000	None
At age 75	$135,000	$55,000	None
At age 85	$205,000	$65,000	None
At age 100	$235,000	$75,000	None

What is cash surrender value? It's the money you get back if you cancel a permanent policy (whole life or universal life) before it pays out the death benefit. Term life has no cash value.

Cash surrender value as you age



CASE STUDY · ASSUMPTIONS

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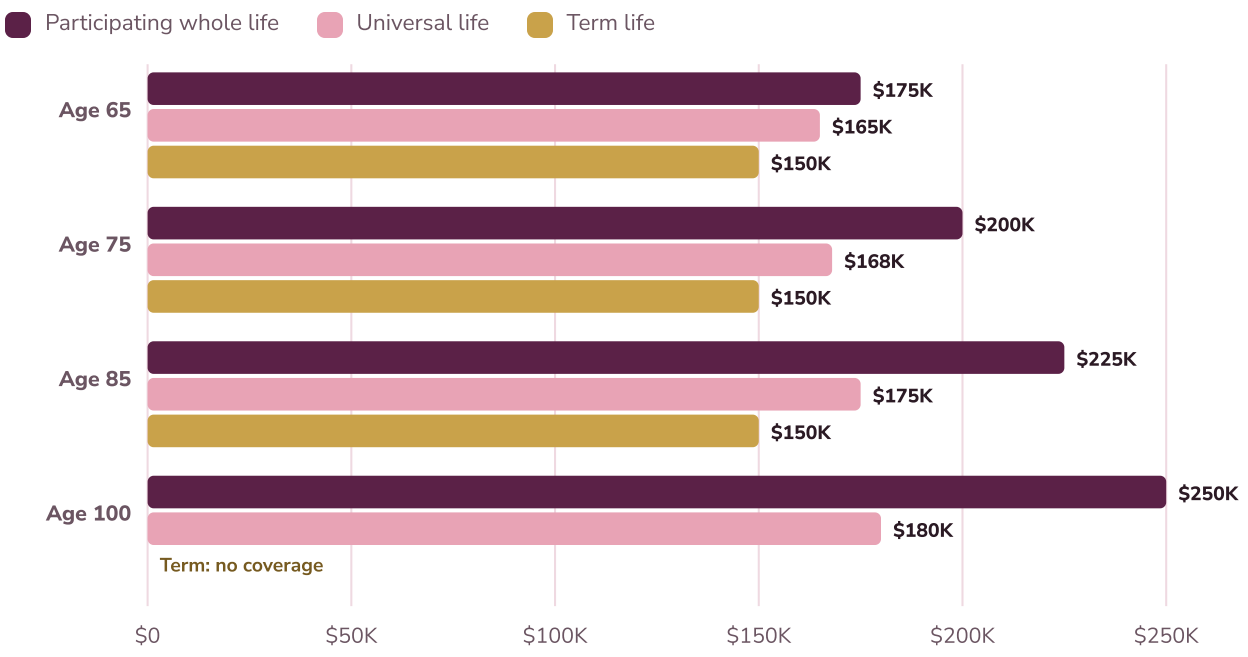
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PART 3

What your family would receive

Death benefit	Participating whole life Paid up in 20 years	Universal life Paid up in 20 years	Term life 20-year renewable term
At age 65	$175,000	$165,000	$150,000
At age 75	$200,000	$168,000	$150,000
At age 85	$225,000	$175,000	$150,000
At age 100	$250,000	$180,000	None

Death benefit by age



Why this matters: term life protects your family during the years they depend on your income. Permanent coverage is there for life, so it can also pay final expenses and leave something to your estate.

PLANNING YOUR COVERAGE

How much coverage do you need?

- **Income replacement:** estimate how many years your family would need support. A common rule of thumb is 7–10 times your annual income.
- **Debts:** add your mortgage, personal loans, credit cards and any other debts that would need to be paid off.
- **Future costs:** include your children's education, post-secondary tuition and other big milestones.
- **Final expenses:** funeral, legal and medical costs often total $15,000–$25,000.
- **Probate fees and taxes:** these depend on the total value of what you leave behind.
- **Legal fees and asset transfers:** plan for at least $5,000, plus extras such as land transfer tax.
- **What you already have:** subtract your savings, investments and any existing life insurance, so you only insure the gap.
- **Your spouse's income:** consider whether it would cover living costs on its own.

What families often face

- **Money stops right away.** Income ends suddenly, while funeral costs and medical bills still need to be paid.
- **Assets can be slow to reach.** Joint accounts and life insurance with a named beneficiary can be paid out quickly, but property and investments often go through probate, which can take months or even years.
- **Adjusting takes time, often a year or more.** Families may cut costs, look for work, sell assets or move somewhere more affordable.
- **Grief has no timeline.** Some people feel steadier after a few months; for others it comes in waves over years.



Let's find the right fit for your family.

Book a free, no-pressure life insurance review.

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