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Roma Luciw

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Getting married, having a baby and retiring are among life's biggest milestones. Although they usher in sweeping change, they don't make people rush to update their insurance portfolio.

Every year when RRSP season rolls around, most Canadians sit down and review their investments to make sure their equity, bond and other holdings are in line with their appetite for risk. There is, however, no set time of the year when they check to make sure their insurance requirements are still being met.

Financial planners say that is a mistake. Insurance needs change over time, so having an updated policy is key to making sure you have the protection you want. Insurance can also be used for estate and tax planning reasons. Major milestones – like buying a house or building a family – can serve as easy timetable to check on your insurance coverage and how it fits in with an overall personal financial plan.

“There are key times in life when assets, responsibilities and obligations change,” says Dave Minor, vice-president at TD Insurance. “It's the perfect time to sit down and revaluate your financial plans, including your insurance.”

There are a host of confusing and complex insurance products for insurance agents to sell these days. Of course, not everyone needs all of them, so doing some research and making a smart decision on what to buy – or not buy – is a good idea.

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— Dave Minor, vice-president at TD Insurance.

Although most Canadians have house and car insurance, some other products growing in popularity include life, critical illness, disability, creditor protection, and long-term care.

If you have financial dependents, life insurance is a solid financial option. Term life insurance is, for the most part, an expense with little return, says financial planner Ted Rechtshaffen, president of the financial advice firm TriDelta Financial Partners. Term insurance – which provides life insurance for the duration of a specific term – is among the most profitable products companies sell.

“You can pay for 20 years and then get nothing. If you can afford it, you want permanent life insurance,” he said, a product he described as a “guaranteed return on investment.”

Critical illness insurance, which pays you a tax-free sum of money if you if suffer a heart attack, stroke or some forms of cancer, has yet to take off in Canada, Mr. Rechtshaffen said. Although it is more expensive than life insurance, he still sees it as a good investment. Premiums for critical illness insurance jump as a person ages, so while it might make sense for a 40-year-old to buy it, a 55-year-old might not. However, unless you work in a dangerous profession, he believes disability insurance is generally a poor investment.

“The younger and healthier you are, the cheaper insurance is. The best time to look at insurance is when you have absolutely no reason to,” Mr. Rechtshaffen said. In his mind, any financial planner worth his salt knows that insurance is one of the pillars of financial planning.

In many cases, however, a tragic event like a death or illness ends up being the call to action.

While “nobody wakes up in the morning thinking of what it will be like when they die,” people should at least sit down and consider if and how certain types of insurance – including life – will fit in with their family's financial plan, says Mark Halpern, a certified financial planner who specializes in insurance.

He has seen clients who have forgotten what kind of insurance they have and others who are paying for insurance they don't need. For example, one couple was still paying to cover a line of credit loan that had expired while another man was paying more to cover a medical condition he no longer had.

“The problem is that often it is not the right amount, not the right type and not the right term of insurance, and likely they are not paying the right price. Or the beneficiary designation is not correct,” says Mr. Halpern, president of Markham, Ont.-based illnessPROTECTION.com.

Ideally, people should check their insurance status once a year. But if you are one of the many Canadians who put it on the tail end of their to-do list, TD's Mr. Minor says these five major life steps can serve as an easy reminder that its time to look at your insurance portfolio.

Buying a car
For many Canadians, a car is their first big asset. Auto insurance is required by law but before you get out your chequebook, educate yourself on the various deductibles, payments and packages. First-time buyers who are borrowing money from a major lender can protect themselves with credit protection insurance, which pays off or reduces your loan or line of credit balance in the event of death or an accident.

Getting married (or cohabitating)
Getting married or moving in together is generally the first time people take on a dependent. In addition to taking care of one another emotionally, two people are also now looking after each other financially. At this point in their life, people should think about whether want to have a safety net that will protect their significant other if something were to happen to them. In addition to life insurance, which is often seen as a no-brainer, some couples consider getting critical illness and accident insurance. “Many folks, especially younger ones, are both employed and are taking on some debt and they rely on those two income streams,” Mr. Minor said. “If one of them were to suffer a heart attack, stroke, cancer or have an accident, that can threaten their assets or their lifestyle.”

For newlyweds taking a honeymoon trip outside the country, they should consider if they want travel insurance.

Buying a house

A house is almost always the most expensive asset people own. A vast majority of Canadians have house insurance, which is mandatory if you are borrowing from any major lender. Protecting a home – and everything inside – from fire, theft, and other damage is sure way to get peace of mind. However, there are different packages available that cover differing options, such as water damage. In addition to protecting their bricks and mortar, first-time home buyers could look at getting credit insurance on their mortgage or home equity line of credit. With that protection, if one spouse were to pass away, the full amount of the mortgage would be retired.

Having children

Nothing turns your insurance plan stale as quickly as a bundle of joy. Seemingly overnight, a couple who has only had each other to consider is responsible for another human being. The massive change in lifestyle and increased expense, which generally arrive at a period of time when a couple's assets are building, should be a catalyst for reassessing what you are covered for and if you need the added security of life, critical illness or accident insurance. “To suddenly become a single mom or dad, with no roof over their head – it becomes more severe than before,” Mr. Minor said. In fact, this is a good time for couples to check if beneficiaries on any financial documents need to be changed, including their will.

Retirement

As people approach their retirement years, they start to think about the challenges of preserving their income for an unspecified amount of time. By this point, people with a good financial plan have paid off their debts and are focused on maintaining a certain lifestyle for the remainder of their life. Buying any type of insurance now at this stage of life is likely going to be expensive. Still, there are some options for seniors to consider. Purchasing an annuity that pays retirees a fixed income for the rest of their lives is one option, as is buying a withdrawal benefit plan, a long-term investment that provides a guaranteed income regardless of market performance. Another product is insurance that would cover long-term care, either home care or in a facility. “People don't know how long they are going to live and what kind of care they will need in that time,” Mr. Minor said.

Retirement is also a great time to tap into some cost savings and look at what types of insurance you no longer need. “If your kids are grown up and you no longer have a mortgage, it might be time to give up the term insurance,” Mr. Rechtshaffen said.

Roma Luciw is a writer and web editor of the Globeinvestor.com personal finance site. Please send any comments and story ideas to rluciw@globeandmail.ca.