

Top 10 Tips For Buying and Owning Life Insurance

from RBC Insurance

Knowing how much life insurance to buy – and which kind is really right for you – can be difficult. Here are 10 tips to help you find out.

1. **Assess your financial obligations and how you would handle expenses** like loans, mortgages, estate taxes and a child's education in the event you or another family member passed away or became disabled. Also consider coverage you may have through your employer.
2. **Think of life insurance as a building block in your overall financial plan**, not merely as security for your family in the event of your death. For example, certain types of insurance, including whole life, universal life and variable life, can be used to accumulate tax-deferred funds to supplement your retirement income. Some policies can be used as collateral for a loan from a bank or other third-party financial institution.
3. **Remember that there are basically two different types of life insurance.** (1) Term life insurance, which provides coverage for a fixed period (commonly ranging from 10-30 years), is designed to replace income your family would lose if you were to die while your policy was in force. Generally speaking, term is the least expensive form of life insurance. (2) Cash value insurance, which includes whole life, universal life and variable universal life, includes a savings element that can be used for loans, retirement income, or education expenses.
4. **Evaluate your life insurance coverage after major life changes** to make sure you have adequate coverage. These changes include marriage, the birth or adoption of a child, the purchase of a house, or retirement. Also evaluate your coverage annually.
5. **Never buy a policy you don't understand.** Sixty-two percent of life insurance owners don't understand their policies, according to the American Council of Life Insurers. If you need to, ask for clarification from the insurance company, your insurance representative, or broker. The policy is a legal document, so make sure you understand exactly what you're signing.
6. **Research the insurance company you're buying from** to ensure it's stable and reputable. For this information, refer to a ratings company such as A.M. Best at www.ambest.com.
7. **Expect questions about your medical and family history**, as well as about personal habits such as smoking or alcohol consumption. Answer truthfully to avoid claims being delayed or denied, and check your application carefully before submitting it to make sure there are no errors or omissions.

8. **Consider other types of coverage you may need**. Policy riders can include disability waiver as well as accidental death and critical illness coverage. Whether purchased as a policy rider or as separate policies, these types of coverage may be a good idea, depending on your age, income or family situation.
9. **Decide how and where you want to buy your life insurance**. Options today include insurance representatives, your bank, brokers, and even Internet sites such as www.rbcexpressterm.com where qualified applicants can buy term insurance online in about 15 minutes.
10. **Do your research and shop around but don't put your decision off for too long**. Your coverage exists to protect your family and your assets, should the unexpected happen, so you need to be ready.

About RBC Insurance

RBC Insurance provides a wide range of creditor, life, health, travel, home, auto and reinsurance products to more than five million North American clients. Based in Greenville, South Carolina, the U.S. life insurance division of RBC Insurance, through its operating entities Liberty Life Insurance Company and Business Men's Assurance Company of America (BMA), offers life and health insurance, annuities and related personal financial security solutions to consumers through regional and independent broker dealers, national marketing organizations, RBC banking and investment channels, the Internet, other direct marketing channels and a field force of over 400 full-time sales agents. Liberty Life Insurance Company and BMA are wholly owned subsidiaries of Royal Bank of Canada (NYSE, TSX: RY). Additional information may be found at www.rbcinsurance.com/us.