

Dytuco Financial Services

Helping you understand what matters in protecting your family & your future

Define your needs
Know your options
Make informed decisions



Call me for a free basic financial/estate planning review

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How insurance for your children helps them in life (and why they need you to get it for them)

BEST REASON #1 - Sports & other children activities

To me, the best reason why everyone needs to insure their children is to **lock in their insurability while they're healthy** which then **helps set them up for the future**. Understandably, most parents like to think that their children will stay healthy until they reach a ripe old age.

In reality, many common youth activities potentially causing even minor injuries, can affect a person's insurability. This can cause them to be denied coverage or be rated (pay a higher premium than standard) at a time when they need it the most (e.g. when they have a family of their own, and/or get a mortgage). Some of these common activities include:

- o Sports such as hockey, soccer, basketball, or even cheerleading can cause a fall, a concussion, back injuries, etc.
- o Parties or travelling with friends (need I say more).
- o Driving, especially as a new driver or with friends, as even minor mishaps can cause neck injuries.

This goes for both life insurance & critical illness insurance.

The greatest gifts
you can give
your children are
the roots of responsibility
and the
wings of independence.
~ Denis Waitley
(author & speaker)

BEST REASON #2 - Helps preserve the family

If the unthinkable happens and your child gets a serious illness, having critical illness insurance (that provides a tax-free lump sum payment), can go a long way towards getting the best medical help for the sick child. It also minimize the need to take everything away from the other children or the rest of the family.

Often when a child becomes ill, one or both of the parents have to take time off work. They may cash in some of their retirement savings, their children's educational funds (RESPs), or other sell others investments and assets. They may also use credit which can pile up so quickly with very high credit card interests.

The same goes if a child unexpectedly passes away. Having some life insurance can give parents the chance to properly grieve and look after the rest of the family, instead of having to rush back to work.

ANOTHER VERY GOOD REASON - It's cheap!

Life and critical illness is quite cheap for the young & healthy. So you can get either:

- temporary (term) coverage that children can take over on their own when they have more financial stability, or
- permanent insurance paid off early (e.g. in 10 or 20 years) which ends up costing significantly less.

If you're getting term insurance, it's best if you get it to last until your child is about 30 or so, because the cost of renewal premiums can be quite high (e.g. for term 10 that has premiums going up every 10 years).

If you get permanent insurance, a whole life plan can also have accumulated cash values that can later be borrowed against, for example, for your child's first downpayment for a house. Alternatively, a Universal Life Plan (with additional deposits) is a good way to "income split" and have tax-free earnings either for yourself or your child.

