

Starting Out

Strategies to achieve your personal goals



The strategies you need to achieve your personal and financial goals are as individual as you are. So while we can't make specific recommendations here, we want to give you an example of how insurance can be used to manage the risks to the lifestyle you've built for yourself and your family.

One of our TD Waterhouse® Life Licensed Advisors¹ developed this sample scenario of a typical family to illustrate how certain insurance strategies might give them the peace of mind they need at this stage in their financial lives. Please remember that there are a variety of other strategies that may also be appropriate for you. We look forward to working with you to develop a customized plan that is uniquely yours.

Imagine Anna and Steve²

- Anna, age 33, is a non-smoker earning \$70,000/year.
- Steve, age 35, is also a non-smoker earning \$70,000/year.
- The couple has two children, ages three and five.
- They have Creditor Life Insurance on their mortgage and, between them, the couple has a full range of employee benefits.

Personal circumstances and concerns

- While Anna's mother survived breast cancer, her savings were seriously depleted and she had to move in with Anna and Steve during her treatment. Anna and Steve never want to find themselves in a similar situation.
- Steve discovered his disability coverage at work has an “any occupation” clause. If he became disabled and after two years could perform any occupation – as opposed to the one he trained for – his disability income would stop.
- The couple recently had their wills prepared and now want to start planning their estate to ensure the children are well taken care of – and to minimize the impact of taxes.

Financial snapshot

Assets		Liabilities	
■ Non-registered investments	\$75,000	■ Loan	\$40,000
■ Registered investments	\$125,000	■ Mortgage	\$200,000
■ House	\$250,000	■ Other debt	\$100,000

Our TD Waterhouse Life Licensed Advisor's recommendations³

As the first step in tailoring a plan for Anna and Steve, our TD Waterhouse Life Licensed Advisor would conduct a comprehensive review of their personal and financial circumstances and determine the funds available for insurance. The couple has \$5,000 to spend over the year to safeguard their lifestyle.

After careful analysis, our TD Waterhouse Life Licensed Advisor recommends a combination of Income and Estate Protection and Living Benefits strategies to address the couple's immediate needs, while providing flexibility should their needs change over time.

The table below summarizes the various products that can be used when the couple are in good health to effect these strategies. On the next page is the allocation of available funds among the specific products chosen, followed by an overview of the coverage details and a rationale for each recommendation.

INCOME & ESTATE PROTECTION OPTIONS

Term Life Insurance

- Provides a death benefit for a fixed number of years (e.g., 10-year term) or until the insured reaches a specified age.
- Offers a relatively large amount of coverage for a relatively small premium making it ideal for situations where the need for protection is not permanent (e.g., until children become self-sufficient) or funding is limited.
- Typically the cost of coverage remains level throughout the term and the policy may be extended or converted to permanent coverage without providing proof of health.

Universal Life Insurance

- Combines permanent death benefit protection with tax-advantaged investment options.
- The cost of insurance may either start low and increase with the age of the life insured, or remain level for the life of the policy.
- Joint coverage enables more than one person to be insured under a single policy thereby lowering the costs.
- You select the investment options.

LIVING BENEFITS OPTIONS

Critical Illness Insurance

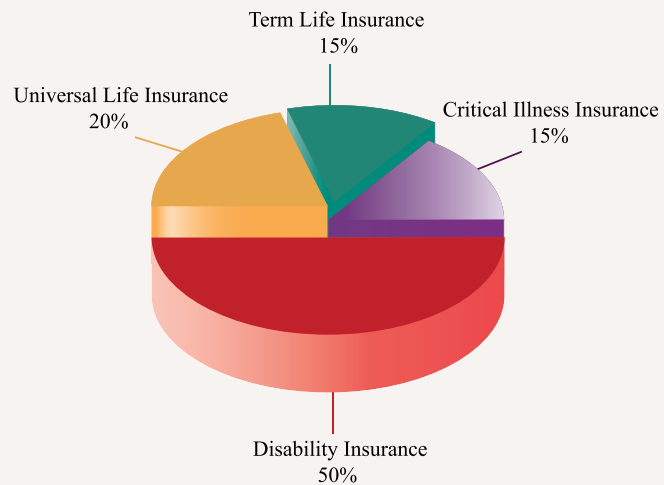
- Provides a lump sum benefit if you are diagnosed with any of a number of medical conditions such as heart attack, cancer or stroke.
- There are no restrictions on how the money may be used.
- Optional policy features may provide for a partial or full return of premiums if no claims are made, or at death.

Disability Insurance

- Provides income replacement if you are unable to work because of illness or injury.
- You can coordinate the waiting period with other disability coverage you may have and also narrow the definition of "occupation" to mean what you have been trained to do, as opposed to "any occupation" you are physically capable of performing.
- Additional features may include cost of living increases and return of premiums if no claims are made.

Funding allocation

This graph shows the approximate allocation of available funds to achieve the couple's objectives. These funds are in addition to the premium for the Creditor Life Insurance on their mortgage.



Recommended coverage

Type of coverage	Benefit amount for Anna	Benefit amount for Steve	Rationale
Term Life Insurance (10-year term)	\$500,000	\$500,000	This is an inexpensive way for the couple to cover their other liabilities while protecting the family's ability to meet its ongoing expenses in the event of the loss of one income.
Critical Illness Insurance (10-year term)	\$100,000	\$100,000	Critical Illness Insurance will give the couple an important level of security that, in the event of a serious medical condition, there will be a significant lump sum benefit to pay for specialized treatment, help modify the home or whatever else the family needs.
Disability Insurance (with a 2-year elimination period and benefits payable to age 65)	\$3,325/month (tax-free) to a maximum of \$1,197,000	\$3,325/month (tax-free) to a maximum of \$1,117,200	By using personal insurance to supplement their group plans, the couple will have the peace of mind that, in the event of a disability, regular monthly income will continue for as long as either of them are unable to perform their own occupations – right up to age 65.
Universal Life Insurance (with an increasing death benefit and level cost of insurance)	\$500,000 Joint Last to Die coverage		Buying permanent insurance now will enable the couple to lock in low, age-based insurance rates and give them two stages of protection. In the early years, the policy will ensure an inheritance for their children. Later on, they can increase their policy deposits to benefit from the tax-advantaged investment fund. Eventually the fund balance can be used to pay final expenses and taxes on the death of the second spouse, enabling their entire estate to pass to the children. If both were to die, the proceeds would take care of their children's educational needs.

Ensure your financial well being

As a TD Waterhouse client, you have access to an exceptional team of banking, estate, trust, insurance and investment professionals. We work together to grow and preserve your assets and help achieve what is important to you in the transition of your wealth to future generations. As an integral part of this team, your TD Waterhouse Life Licensed Advisor is an objective specialist who has been carefully trained to provide a customized strategy using products from a variety of leading insurance suppliers.

Protect your personal and financial goals and the well being of your family. Find out what specific strategy recommendations your TD Waterhouse Life Licensed Advisor has for your personal situation.

We look forward to being of service.

¹ TD Waterhouse Life Licensed Advisors are licensed insurance agents of TD Waterhouse Insurance Services Inc. They offer insurance products from a variety of leading insurance suppliers.

² The people and situations identified in this brochure are fictional. The life stages and strategies identified are presented for illustration purposes only and are not intended to reflect the full range of stages or strategies available to customers. These examples are intended to assist customers in identifying their needs. While assumptions and values used for the examples were reasonable at the time the examples were prepared, using tax laws in effect at that time, they are for illustration purposes only. The circumstances emphasize the attributes of the products and strategies being described.

³ The insurance strategies described are not appropriate for all individuals. Particular insurance strategies should be evaluated relative to each individual's objectives and in consultation with a TD Waterhouse Life Licensed Advisor or other professional.

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