

## **INEXPENSIVE LIFE INSURANCE**

Question: I recently received a call for a local department store offering me \$25,000 life insurance policy free for three months. After that, it's only \$3.95 per month, and I don't have to answer any health questions. Can you beat that?

Response: Judging by the information you have provided, I suspect they're not offering you traditional life insurance, but rather accidental death coverage (often called AD&D).

There is no doubt AD&D coverage is inexpensive, but this program may not be the best choice for many individuals. The odds of collecting payment for an accidental death are lower than the odds of winning on \$3.95 worth of lottery tickets every month.

Although outdated, Stats Canada reported that in 1997, 216,000 Canadians died. From this amount which includes the young and the old, 2,900 committed suicide and 10,000 died from "accidental and adverse effects" – approximately 4.6 per cent of the total. Subtracting these facts, one has a minimal chance of collecting from an AD&D policy.

Far too often, I go into homes where this ineffective form of life insurance is the only protection the parents have. Consider looking at traditional life insurance – whether it is term for temporary needs or permanent for life long needs, spend the money wisely to get the job done. The additional cost per month may be less than the cost of a daily cup of coffee.

Why spend your \$3.95 on a gamble you might accidentally die (AD&D doesn't pay if you die from cancer or heart attack)? Consider spending your insurance dollars on a sure bet and guarantee your beneficiaries are paid the insurance proceeds, tax – free.

## **Caution**

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