

# A Husband's Point Of View

## A.M.H. Financial Services



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### On the Lighter Side

If the black box survives the plane crash, why isn't the whole plane made out of the stuff?

What do you call 50 rabbits running backwards? A receding hareline.

There was a ram that ran over a cliff because he didn't see the ewe turn.

Did you hear about the fellow who kept a dog in the attic so he'd always have a woof over his head.

Happy Thanksgiving!

You may have taken out the insurance that your bank or credit union offered you when you applied for a mortgage. If you did, that was good thinking. What you owe on your home is probably the single biggest debt you'll ever incur, so it makes sense to have it fully insured. But, like many other people, you may not have known that you can obtain better coverage at a lower rate by buying your own individual insurance policy!

Generally speaking, the insurance offered by the bank is a "one size fits all" product. Individual insurance, on the other hand, is based on your own medical condition. If you're in good health, why would you want to pay the same rate as someone who smokes a pack a day?

But, there is more than one option for insuring your mortgage. Many people are unaware that their lending institution is not the only source for this kind of protection and that better choices may exist. Do you have to buy mortgage insurance from your lender?

No. Your mortgage lender will usually offer you mortgage insurance to cover the balance owing, if you should die before the mortgage is paid off.

But you may also choose to buy insurance directly from your independent life insurance advisor instead. This is often a less costly option and offers much more flexibility.

Should you change banks when your mortgage renews, you may lose your bank insurance coverage and have to reapply at your new lender. With an individual policy, you're free to shop the market for the best rate at renewal – you can take your insurance coverage with you without ever having to submit new medical information.

When you're ready to buy or refinance your home, carefully review the options for insuring your mortgage. Remember, the decision is yours – so make the best choice for you.

If you're interested in getting a comparison quote or learning more about how an individual mortgage insurance policy could work for you, please don't hesitate to contact me at (780) 425-4058.



**A Husband's  
Point of  
View**



## Mortgage Insurance Facts

Buying a new home can be a daunting experience. There's a ton of paperwork and some very legal, very serious-looking documents to sign. It all gets quite overwhelming, especially if it's your first time. One thing that banks love to do is tie mortgage insurance into your mortgage agreement, right along with a dangerous-looking checkbox and signature line you need to fill in if you choose to "recklessly" opt out. What the banks don't tell you is that what they are offering is not a guarantee of coverage.



Let's get one thing perfectly clear: this isn't to say you don't need to insure your mortgage, but in most circumstances, an ordinary term life policy will do far better.

With bank mortgage insurance, everyone pays the same premium. There are no discounts for, say, being a non-smoker or being healthy (or being a woman who will statistically live longer). So, you're usually not getting the best deal. Even if you aren't a chain smoker who eats a pound of bacon every day, you probably still aren't getting a better deal. In fact, you may be paying for nothing.

Underwriting. A scary, technical-sounding word that simply means that your insurance is "underwritten" to determine if you qualify. Assuming you do, your cost of insurance is based on your age, health, activities and pre-existing conditions, but as long as you qualify and pay your premiums, your coverage is guaranteed and the policy will pay out. The bank's mortgage insurance may use "post-claim underwriting." This means that they'll only decide if you qualify after a claim is made, at which point they may decide you never did qualify and wind up paying nothing. This practice seems terrible, but it happens all the time.

The bank's mortgage life insurance benefit value declines as you pay down your mortgage. So, while you continue to pay the same price for insurance, it's actually worth less. Traditional term policies keep their value and usually do so with lower premiums.

With bank mortgage life insurance, the beneficiary is the bank -- with personal life insurance, you get to name your beneficiary. You (or rather, your beneficiary) will have the flexibility to choose how to spend the money. They may not need it to pay off the mortgage. They could choose to invest the money or just spend it Brewster's Millions-style. In general, though, this means better financial security for your loved ones.

Bank mortgage life insurance is tied to your mortgage. If you buy another home or chose a different mortgage lender at renewal, you'll have to take it out again. If your health has changed you may find yourself declined by the new carrier. A simple term-life policy will be portable and continue to cover you regardless of who you have your mortgage with.

If you already have life insurance, you may actually already have sufficient (or partial) coverage for your mortgage. Only a proper needs analysis by an insurance adviser will determine that. Your bank mortgage lender will not bother with this and always cover the full mortgage amount.

With private term life, you can consolidate all your insurance needs (mortgage, income replacement at death, education, childcare, etc.) into a single policy. This saves you money on overhead and fees of having multiple plans. With the bank, you can only cover the mortgage and must hold different insurance policies for the rest of your needs.

Finally, remember it isn't just an untimely end that you need insurance for to protect your mortgage and your family. Make sure to consider disability and critical illness insurance in case you become unable to pay your mortgage due to serious illness or injury. Most employers do offer some sort of coverage for this, but always make sure it's sufficient for your needs.



**A bank is in the  
business of  
lending money  
... insurance is  
our business!**

## ***Bank Mortgage Insurance vs Life Insurance***

TERM LIFE INSURANCE	BANK/MORTGAGE INSURANCE
You purchase an individual policy.	The coverage is under a group policy.
You own the policy – you have complete control over it.	The bank owns the policy – you have no control over it.
You have a premium rate that is guaranteed in advance, the company cannot decide to change it.	The group policy premiums can be changed if the company decides to raise premiums for the group.
You may purchase any amount of coverage that will never decrease over the Term of the coverage.	The coverage is for the outstanding amount of the debt. As your mortgage reduces, your insurance decreases.
The insurance company cannot cancel your insurance if premiums are paid, only you can.	The policy can be cancelled by the bank or by the issuing company.
Your individual policy is fully portable. It is not connected to the mortgage and if you re-finance your mortgage with another bank, you do not need to re-qualify.	The coverage will terminate if you re-finance your mortgage, or if you sell your house, or if you pay off your mortgage, or if the bank forecloses on your mortgage.
You can convert this policy, regardless of your health.	The group mortgage policy is not convertible.
You decide who your beneficiary is. Upon death, your beneficiary will receive the proceeds and your beneficiary decides how and where to use those funds. The proceeds of a life policy are protected from all creditors, including a bank.	The bank is your beneficiary and the death benefit is automatically used to pay off the mortgage, regardless of the wishes or circumstances of your dependents.
If you use level term, and insure both the husband and the wife individually, then both policies pay benefits in the event of both deaths.	If you and your spouse are both insured on a bank mortgage policy, then only one payment is made in the event of both deaths.
You are buying the coverage from a licensed broker or agent who has been trained to understand your overall need for life insurance and how to integrate that with your total need.	You are buying insurance from a bank employee who is perhaps not licensed and who receives no training in determining your total need for life insurance.



Financial Advisor  
Since 1976



Phone: (780) 425-4058  
email: andy@amhfinancial.ca

Take a look at our website

**[www.amhfinancial.ca](http://www.amhfinancial.ca)**

AMH Financial Services is a full-service firm. We offer services to help you examine your financial goals and select the options that will best suit your needs, timeframe and investment style. We believe in helping you create a comprehensive financial plan for your family that includes planning, insurance and portfolio management.

**MY COMMITMENT AS A FINANCIAL ADVISOR IS TO HELP PEOPLE TO REACH THEIR FINANCIAL GOALS. IF YOU HAVE A FAMILY MEMBER, FRIEND OR COLLEAGUE WHO YOU FEEL COULD BENEFIT FROM A CONVERSATION WITH ME, I WOULD BE PLEASED TO SPEAK WITH THEM WITHOUT OBLIGATION.**

I believe that every individual has an unalienable right to make the best and most effective use of hard-earned income, to have easy access to up-to-date and informed advice, and to be able to provide for short and long-term requirements.



My mission is to help you to make an educated decision that you are comfortable with!

I am committed to serving the individual customer with investment and financial portfolios which will meet current needs and provide for future requirements and situations.



*Want to feel more confident about reaching your financial goals?  
We can help with that!*



I want to get ready for my financial future



I want to plan for my retirement



We want to get ready for our life together



I want my children to get ready for a better financial future

With so much conflicting advice in the news, online, even from friends and family, making sound financial choices is difficult. Eliminate the confusion and make informed financial decisions with help from a professional.

**Call us today (780) 425-4058**

