

Avoid these 3 common life insurance mistakes

Life insurance is a topic most people know very little about. That makes it far too easy to buy a policy that's not a good fit for your needs. Here are three of the most common mistakes people make when choosing life insurance, and how you can avoid them.

1. Not seeking discounts

Get a break on your premiums by seeking out any discounts you may be eligible for, such as purchasing more than one type of insurance or taking out a policy for both you and your partner with the same insurer. Healthy lifestyle behaviours may also lead to lower premiums on life insurance.

When arranging payments, remember that you could also save a little by making one lump-sum annual payment rather than monthly payments.

2. Not knowing policy details and exclusions

Be sure you understand all the details of the policy. For example, if you plan to visit a country considered high-risk, or if your job is considered dangerous, some policies may not provide coverage.

Many people also fail to disclose crucial information that could compromise their coverage. A pre-existing health condition or an undisclosed driving history with a serious incident, for example, could lead to a claim or application being denied.

3. Not getting right amount or kind

This is by far the most serious and most common mistake. Many people don't buy enough insurance, either because they underestimate how much would be needed to

provide for their family if they weren't there, or because they think it costs more than it does to take out a larger policy.

Some people don't understand the different types of life insurance, and take out the wrong type of policy for their needs, or they don't consider future needs in their decision. This is important because generally speaking the younger you are when you purchase the policy, the lower the cost. There are many types of variations and coverage options, but the most popular life insurance policies boil down to two main types:

Term insurance covers you for a specified number of years. It's good for shorter-term needs and is often used as a less expensive alternative to mortgage insurance. But if you need to continue coverage at the end of the term, premiums will be higher.

Whole life is a longer-term product that offers consistent and predictable premiums. Unlike term insurance, it has an investment component and a cash value, which means you can tap into the savings portion if you need to.

Work with a knowledgeable financial advisor

When you work with a Carte Wealth Management Inc. advisor, you'll get personalized advice that ensures you purchase the policy that provides the right coverage at the right price for you and your family. Your advisor will look at your entire situation, taking into account future needs, and will explain all the options and details of your policy, so that you can rest easy knowing you have the right protection in place.