

Insurance - do you need it?



You're working steadily to provide financial security for you and your family. It makes sense that you'd want to protect the lifestyle you've built. But accidents and disasters can and do happen, and if you're not properly insured, you could be jeopardizing all that you've worked hard to create.

What types of insurance do you need? While there are insurance policies to cover nearly everything, here are five types of coverage you may want to consider:

1. Health insurance.

Health insurance is something many people don't think much about — that is, until they or a loved one gets sick. Yet one of the most commonly cited reasons for declaring bankruptcy is the skyrocketing cost of medical care.¹ Thankfully, many employers provide health benefits. If you do not have health insurance either at work or through a spouse's plan, check with your Benefits Department to see if you're eligible to join. If your employer does not offer health insurance, now may be a good time to look into getting coverage on your own. While health insurance isn't cheap, your premiums will seem small relative to the cost of even a basic hospital bill.

2. Life insurance.

What if you were no longer here to take care of your family? Your death would create an income gap which could put your spouse or children at financial risk. Life insurance allows you to protect your loved ones by providing funds to help pay for everyday living expenses, such as groceries, rent, the mortgage and other bills. It can also serve as an important part of a comprehensive estate plan.

Do you have life insurance at work? Many employers offer basic life insurance as a benefit. Some even allow you to purchase additional coverage at a rate that may be less expensive than if you bought coverage on your own. If you don't have life insurance through your employer, talk with a financial professional. Today, there are a wide range of life insurance policies to meet your needs ... and your budget.

3. Disability income insurance.

If you're like most people, you depend on your paycheck to pay your monthly living expenses. Disability insurance can help you cover those expenses by replacing a portion of your income should an illness or injury prevent you from working. The possibility of a disabling illness or injury may seem remote, but consider this: Nearly one in three women and one in four men can expect to suffer a disability that keeps them out of work for 90 days or longer at some point during their working years. And, one in seven workers can expect to be disabled for five or more years before retirement.² The sudden loss of income that could result may have serious financial consequences for you and your loved ones. Is that a risk you're willing to take?

4. Auto insurance.

In most states, you are required by law to have at least basic coverage for your car. That coverage is designed to help pay the cost of either repairing or replacing your vehicle should it become damaged. Equally important, most auto insurance also covers bodily injury or death of another person in the event you're held legally responsible in an accident.

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5. Homeowner's insurance.

The other type of policy that is mandatory is homeowner's insurance when you have a mortgage. It makes sense: If you borrow money from a bank to purchase a home, they will require the asset to be insured. That's why you may find your lender has factored your insurance premium right into your mortgage payment. If you rent instead of own, you will want to purchase a renter's insurance policy to cover the replacement cost of your belongings in the event of fire, disaster or theft.

Regardless of the type of insurance, the best policy is the one that offers you the greatest flexibility and the most benefits for the lowest cost. That's why many people find it helpful to speak with their financial representative or insurance agent before choosing a plan. For tips on questions to ask your insurance professional, see the box at the right.

For further information on financial planning

We invite you to visit mybmoreirement.com or call the My BMO Retirement Line at **1-800-858-3829**.

Five questions to ask your insurance professional

Choosing the right insurance for your needs is an important task. To help ensure you understand the "ins and outs" of your policy, it pays to ask your insurance professional for help. The following questions can help start the conversation.

1. What is covered by the policy? What is **not**?
2. How are the policy's deductibles applied?
3. What are the insurance company's procedures for renewing policies and raising premiums?
4. What is the claims-paying history of the insurer?
5. What support will the insurance professional provide when it comes time to file a claim?

¹"Do You Understand the Importance of Health Insurance?," InsuranceRate.com, www.insurancerate.com/importance-of-health-insurance.php, accessed November 2010.

²"Who Needs Disability Insurance?," The Life and Health Insurance Foundation for Education (LIFE), <http://www.lifehappens.org/disability-insurance/who-needs-it>, accessed November 2010.

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