



A Helping Hand: Financial Considerations when making a Life Claim



At Great-West,

we understand that the important financial decisions you are faced with now may not be easy to make.

This guide is designed to help you put your financial matters in order and familiarize yourself with many of the issues that should be addressed.

Understanding Your Benefits

As the life insurance proceeds you are about to claim may well be a primary source of your financial security for today and into the future, you should be aware that:

- the full amount of life insurance proceeds, excluding interest, are tax-free
- the amount payable earns interest from the date of death until it is paid. This interest is considered income, which is taxable.

Claiming life insurance proceeds is only one step toward putting your financial matters in order. It is also important that you:

- take time to consider your future security
- seek qualified advice as required
- make sure that you feel the decisions you are making now generate the best long-term results for your financial security.

Seeking Advice

Under some circumstances, professional advice can be of great assistance. For example, if the deceased left a will, it probably names an executor; however, if the deceased did not have a will, there are certain legal procedures to be followed. In this situation, you may benefit from having the advice of a lawyer. As well, you may wish to consult an accountant, insurance representative, or investment counsellor.

The financial decisions you make now should be based on a thorough understanding of your current financial circumstances, your future needs and the options available to you. To help you make these decisions, please consider the following information.

Defining Your Financial Circumstances

To help you make decisions that will generate the best long-term results for your financial security, consider the following steps.

- Gather all the deceased's **important documents**, even if they appear outdated or expired, including:
 - Will and codicils
 - Investment certificates
 - Birth certificate
 - Death certificate
 - Credit cards
 - Bank books and statements
 - Vehicle registration
 - Marriage certificate
 - Insurance policies
 - Social insurance number
 - Mortgage documents
 - Pension documents
 - Real estate deeds
 - Recent Income Tax returns
 - Funeral Director's Proof of Death Certificate
- Arrange to open any **safety deposit boxes**. List each item in the boxes along with its value. Pay particular attention to insurance policies and other financial documents.



- If required, **transfer vehicle ownership** so that new insurance can be arranged. If you do not intend to drive the vehicle, cancel the insurance coverage. Coverage for fire or vandalism should not be cancelled until the vehicle is no longer in your possession.
- Prepare and file the necessary **Income Tax returns** for the deceased. A return covering the period from the beginning of the year to the date of death must be filed by either April 30 of the year following the date of death, or within six months of death, whichever is later.
- Compile a complete list of **creditors and credit card accounts**. The estate is responsible for the deceased's debts. These may include debts owed at the date of death as well as funeral and/or other related expenses. Locate all credit cards to protect yourself from unauthorized use in the future. Cancel and destroy any credit cards in the deceased's name.
- Transfer **ownership of the home and any other properties** from the deceased to the beneficiaries.

Identifying Money Owed to You or the Estate

There may be people or organizations with obligations to you or the estate that should be contacted, including:

The deceased's employer – In addition to the group life insurance proceeds you are claiming, you may be able to claim compensation for accumulated sick leave, vacation pay, commission or bonuses, a pension plan benefit or other benefits.

Canada/Quebec Pension Plan Office – If the deceased contributed to the Canada Pension Plan, a one-time, lump sum benefit may be payable to the deceased's estate. As well, monthly survivor's benefits may be available to the surviving spouse and/or dependants. You must apply to receive these benefits; they are not automatically paid at the time of death. A disability benefit may also be payable if the deceased was disabled for more than four months before death. If the deceased was receiving a pension, CPP/QPP cheques may be cashed up to the month of death. Any cheques received after that month must be returned.

Employment Insurance – If the deceased was receiving Employment Insurance benefits at the time of death, the estate is eligible for money owing from the beginning of the current reporting period, to the date of death.

Department of Veteran Affairs – Spouses of Canadian Armed Forces veterans may be eligible for benefits. Contact the office nearest you for more information.

Insurance Companies – Contact any insurance companies that have issued life insurance policies on the life of the deceased. Provide them with the deceased’s name and policy number, and the date and cause of death. They will provide you with the necessary forms and instructions on how to claim any proceeds from the policies.

If you are unsure whether or not the deceased has other life insurance policies, contact the Canadian Life and Health Insurance Association. On your request, the Association will conduct a policy search three months after the date of death.



Fraternal Organizations – Fraternal organizations, professional organizations, unions or clubs may provide death benefits to spouses or members.

Banks, Credit Unions and Trust Companies – Ask each company where the deceased had an account to confirm the amount on deposit. Check for any creditor life insurance that may pay an outstanding loan balance at death. Do not pay off any debts until you know if creditor life insurance is in place to cover the debt.

As well, before paying off any longstanding debts, such as a mortgage, you should take into account the interest rate; it may be much lower than current rates. Until your claim has been assessed, you should continue making minimum payments.

The bank manager or financial advisor can advise you on how to close accounts and/or transfer funds.

Investment Companies – Advise all companies where the deceased held assets (GICs, T-Bills, RRSPs, bonds, etc.) and seek professional investment advice before transferring money.

Auto Insurance – If cause of death is due to an automobile accident, survivor's benefits may be available to the surviving spouse and/or dependants. Contact the deceased's auto insurance company for more information.

Workers' Compensation Board – If cause of death is due to a work-related accident, survivor's benefits may be available to the surviving spouse and/or dependants. Contact the provincial Workers' Compensation Board for more information.

Assessing Your Income

Once you have contacted the suggested organizations, you will have a good idea of the money owed to you, and the money you owe to others. The difference in these two amounts represents the money available to meet your needs, now and over the long term.

Examine your budget by estimating the average expenses you will face on a monthly basis. It is in your best interest to be realistic. Don't underestimate your needs at this point.

The next question is “How do I invest my money to best serve my needs?”, which generally means:

- guaranteeing an income sufficient to support you and your family, and
- preserving the purchasing power of your income in the face of inflation.

Inflation is one factor that you must consider. Should you concentrate more on secure growth, or liquidity and the protection of principal? Or, should you invest your money in a less conservative way to earn a higher rate of return with a higher risk?

While you can't ignore inflation and its obvious effects on the value of money, don't let warnings that "inflation will eat away your savings" force you into taking investment risks that you can't afford.

Whatever types of investments you select, first ensure that you will have a sufficient, secure income. Then, to supplement that, you might consider investments that are more speculative.

Your future is the common element in these definitions. Before making a decision, wait until you are ready to deal with the situation and have considered all the facts.

If you do not have a financial security advisor and would like to meet with one to discuss your options, contact The Resource Centre™ nearest you. They will put you in touch with a financial security advisor.

To access a list of The Resource Centre locations, visit www.gwl.ca/group and click on "Contact Us," or call collect (204) 946-1190.

For More Information

If you have questions about group life insurance benefits, contact the plan sponsor.

For assistance in completing the Group Life Claim Form, contact Great-West, Group Life Benefits:

Service in English:

(204) 946-7826

Service in French:

(204) 946-4096

To find a financial security advisor, contact The Resource Centre nearest you. To access a list of The Resource Centre locations, visit www.gwl.ca/group and click on “Contact Us,” or call collect (204) 946-1190.

The information in this brochure is general in nature and subject to change. Since laws vary from province to province, we recommend that legal advice be obtained for administration of an estate.

