Farmers' Financial Directory

INSURANCE FOR YOUNG PEOPLE

Whatever may be said of some other habits, one thing is sure and that is that the habit of saving cannot be acquired at too early an age. Many of those who are comfortably off today owe the wealth they have accumulated to the fact that when they were quite young children they were taught to save their pennies or their nickels in a money box which was always ready to receive donations but which apparently could not be opened. The result of this in many cases has been that the boy or girl has one day found himself or herself possessed of what seems to the young mind a considerable sum of money, a sum too big to spend and which must be put in the bank as the beginning of a steadily growing fund.

A great many boys and girls on the farms of Western Canada have money of their own, especially those who are old enough to work in the fields, the dairy or the home, and whose parents are in sufficiently good circumstances to treat them as they do the hired men and girls and pay them for their services. The question of whether parents should pay their children who work on the farm is not going to be discussed just now; the point to be touched on is the duty of parents in helping their sons and daughters to acquire habits of thrift and to invest whatever money they can save in a way which will be of benefit to them in later life.

A Safe Investment

Undoubtedly one of the best investments for a young man or young woman is life insurance. Some parents who wish to give their children a good start in saving take out a policy for a small amount when the boy or girl is still at school and pay the premiums until he or she is earning and able to take over the responsibility. The policy is then worth something. Two or three years' premiums have been paid, and this is a great inducement to the young person just starting out as a worker and earner to save a definite sum every month or year or whenever the premium is paid. The boy employed on the farm need have no difficulty in paying an annual premium for life insurance of a moderate amount. He will receive his wages, or the greater part of them, in a lump sum, and it should be easy to set aside a portion of the wages earned by the strength of youth to provide either for his own declining years or for the support of his dependents in the event of his being taken by death before the maturity of the policy.

A Suitable Policy

The kind of insurance which is usually recommended for young people is what is known as an endowment policy. Under this plan the assured pays a definite sum each year for a certain number of years, usually fifteen, twenty, twenty-five or thirty, and if he is alive at the end of that time he receives the amount for which he was insured, together with the dividends which have been earned and which depend upon the profits made by the company on this particular class of business. If death should occur in the meantime, even if only one yearly premium has been paid, the full amount of the policy is payable to the dependents of the insured. An endowment policy, therefore, provides for the family of the assured in case of his death, or for the assured himself if he should live to middle life or old age, according to the time fixed for the maturity of the policy. In any event, if the policy is taken out while the assured is young the amount payable by the insurance company will be larger than that paid in by the assured, whether he lives to see the policy mature or not, this being possible by the interest earned by the investment of the premiums. For instance, in a large and reputable Canadian life assurance company an annual premium of $31.15 commencing at twenty years of age, will secure the payment of $1,000, with profits, after thirty years, or immediately at the death of the assured if he should die before the expiration of that time. What the profits will be will depend upon the experience of the company during the period in which the policy is in force. If the death rate of its policy holders is low, profits will be high, and if mortality is higher then profits will be decreased. The law will