

## **1.5 Looking After Your Financial Obligations**

Go to your new posting with a clean slate. Pay all of your bills before you leave and make proper arrangements to ensure that continuing obligations will be covered by standing order, a series of post-dated cheques, or some other mechanism. Unpaid debts tend to follow you wherever you go and can give other people the wrong impression about your integrity.

### **Insurance**

This is an appropriate time for you to review the extent of your life insurance coverage. Traditional life insurance products fall into one of two basic types. Term insurance is the less expensive of the two; it provides more insurance protection at lower costs, but the premiums do not build up any cash or loan value. Protection ceases if the term insurance is discontinued; if it is continued, costs normally increase as the insured person becomes older.

Whole life insurance provides less insurance protection for the same amount of money, but it accumulates a cash or loan value so that the policy may be borrowed upon or used as collateral for a loan. Even if payments are discontinued, some amount of insurance remains in force until the death of the insured.

But you must research the features carefully, and compare the service fees and penalties charged by different companies offering the same product. Most life insurance companies offer estate planning services to assist people with their life insurance needs and plans. Remember that you may be entitled to participate in Group Plans through your collective bargaining unit or employer.

Certain of your other types of policies will shortly have to be cancelled. Arrange for your Homeowners or Tenants coverage to cease once your household effects have been removed from your residence. Make provisions for extra insurance to cover any valuables in-transit which will not be covered at Crown expense under FSD 15 or where the replacement cost value of your inventory exceeds the Crown's liability. Remember to include any jewellery, collections, furs and other items that will be part of your accompanying baggage. Arrange to have your car insurance cancelled effective the date of its disposition. If you are storing your car for a long period, you may need to modify your existing policy. If you are making your own arrangements for shipping a recently purchased car from a third location to your new place of duty, you must purchase all-risk, non-deductible coverage. Obtain a "no claim — accident free" statement from your car insurance agent as this may assist you in obtaining insurance at lower rates in some countries.

### **Collection of Needed Documents**

Set aside a special drawer for all the documents that should be accompanying you to the mission. Obtain certified photocopies and leave one set with someone you can trust or use a safety deposit box. Depending on volume, some of these items can be forwarded ahead by departmental mail. Remember to include school records for the children and letters of reference, curricula vitae, diplomas, qualifications for dependants who may want to seek employment.

### **Banking**

Don't forget to notify SBP (Compensation Services) of your banking particulars for deposit of pay and allowances. Leave clear instructions at your bank concerning the deposit of cheques regularly received such as Family Allowances, pensions, and dividends. Depending on what the Mission Report says about local facilities and foreign exchange restrictions, you may wish to discuss special arrangements with your bank manager. Some of the services offered are letters of introduction, letters of credit, overdraft privileges, automatic transfers between accounts, automatic credit card payments and issuance of monthly statements.

According to the Government Regulations, any foreign address given to financial institutions will generate non-residents tax. To avoid this additional tax, ensure that your bank has a Canadian address on file, for example, P.O. Box 489 or 500. (See chapter 2, 3.)

Prior to your departure establish a relationship with a liaison officer at your bank to ensure that your letters are acknowledged and that instructions are correctly followed and honoured.