

VALUE OF LIFE INSURANCE

XXI.

Endowment Insurance versus Consols

BY C. A. HASTINGS

Most persons are acquainted with the fact that "Consols" is the premier stock on the London Stock Exchange. They also know how that stock has declined during the last ten to fifteen years. In this article consols are compared with endowment assurance, and, though I am not asserting that no one should purchase securities, I do say, however, that life assurance is a better investment for some people. Where can the ordinary person obtain special influence, inside news, or experience which will give him success on the stock exchange or the land market? It is done, and we hear of these isolated cases, but never of the cases where the investor has experienced a reverse.

Insurance and Securities.

Take, for illustration, a man aged thirty, who has purchased a \$1,000 fifteen-year endowment with profits, say at \$67 per annum. He has paid in fifteen years \$1,005, add profits, which in the case of a first-class life office—should be \$375; total value at end of fifteen years=\$1,375. Now then, the average price of consols for the same period is, say, \$800 for every \$1,000 stock. In fifteen years price has depreciated on \$1,000 stock \$300; income tax in fifteen years would amount to \$25; total interest on \$1,000 stock, \$390, net result in the way of interest, \$45.

Endowment Assurance.

Paid in 15 years	\$1,005
Guaranteed sum	1,000
Plus reasonable bonus	375
Total	\$1,375

Consols Purchase.

\$1,000 stock for	\$800
Interest in 15 years	390
Total	\$1,190
Less depreciation	\$300
Less income tax	25
	325
	\$865

This will show a net gain in fifteen years of \$65 on the consols purchase, against a net gain of \$370 on the endowment purchase in addition to the other added advantages of the endowment assurance, which are so well known.

Some Questions to be Answered.

I am aware of the fact that I have taken an example of a stock which perhaps no one in this country would dream of purchasing, but any of my readers can compare this with any \$1,000 investment they have recently made, and then figure out the following questions:—

- (1) Who pays the balance of instalments in the event of premature decease?
- (2) If paid for in a lump sum, what percentage was allowed for cash?
- (3) What guarantee has he that at the end of fifteen years he can find a free market for cash?
- (4) What guarantee has he that the price will not have depreciated at the end of fifteen years?

One of the best investments any man can make is to buy assurance for cash every year, maturing at given periods, so that late in life he will have a policy maturing yearly with a substantial bonus addition. Absolute safety, and no worry as to depreciation of capital.

The following articles in this series have already appeared:—

- (1) March 1st—How to become one's own master.
- (2) March 8th—How depreciation of assets can be met.
- (3) March 15th—How to borrow at a profit.
- (4) March 22nd—The automatic production of capital.
- (5) March 29th—How to redeem debentures.
- (6) April 5th—Value of goodwill and how to preserve it.
- (7) April 12th—How to protect capital in land, etc.
- (8) April 19th—Short-term policies.
- (9) April 26th—Endowment policies.
- (10) May 3rd—Single premium policies.
- (11) May 10th—The policy for the professional man.
- (12) May 17th—A life policy as collateral security.
- (13) May 24th—Lucrative investment.
- (14) May 31st—Partnership protection.

- (15) June 7th—Home versus commerce.
- (16) June 14th—Policies that are cheapest and best.
- (17) June 21st—Higher education for children.
- (18) June 28th—Relations of partners, active and sleeping.
- (19) July 5th—Death duties and assurance.
- (20) July 12th—Provision for daughters.

SOVEREIGN LIFE SASKATCHEWAN HEADQUARTERS.

The Sovereign Life Assurance Company has just established its headquarters for Saskatchewan at Moose Jaw, having appointed the Ralph Manley Agency Limited its provincial managers. Business originating in Saskatchewan will be handled through the Moose Jaw office. The Sovereign Life was organized in Toronto, but now has its headquarters at Winnipeg. Mr. William Grayson, of Moose Jaw is a director of the company.

GENERAL FINANCIAL CORPORATION OF CANADA.

The first year's returns of the General Financial Corporation of Canada show a satisfactory result. This corporation has a capital of \$3,000,000 and was promoted by the same group of Belgian capitalists who had already founded the Mortgage Company of Canada, the Land and Agricultural Company of Canada, the Belgo-Canadian Fruit Lands Company, and other concerns interesting Belgian capital in Canadian investments.

The General Financial Corporation of Canada has a comprehensive charter with the particular object of taking an active part in the commercial and industrial development of Canada, and also in the underwriting of municipal, provincial and Government loans. The corporation's Canadian head office is at Winnipeg, where Mr. A. Gouzee is managing director.

AMES HOLDEN-MCCREADY COMPANY.

The Ames Holden-McCready Company's profit and loss statement report for the year ended April 30, 1913, shows:—

	1912-13	
Balance brought forward on May 1st ..	\$169,569	
Less expenses applicable to 1911	852	
Actual amount brought forward	\$168,717	
Net earnings for year after providing for administrative, selling and other expenses		\$351,390
Provisions:		
Sinking fund	\$20,000	
Depreciation	15,000	35,000
Written off:		
Alterations	\$2,008	
Organization, Company	4,124	
Organization, factory	4,686	\$10,818
Interest on bonds	60,000	105,818
Left for dividends		245,572
Dividend on preferred stock		175,000
Surplus profit for year		70,572
Brought forward as shown above		168,717
Carried forward to profit and loss on April 30, 1913		\$239,289

These results were better than those of the previous year, when the net profits were reported at \$281,345. From this was deducted \$240,000 for bond interest and preferred dividends—which was more than during the past year—and the balance was \$41,345. Evidently there had been brought forward at the beginning of that year a balance to the credit of profit and loss of \$251,183, because after the sum of \$122,063 had been provided for depreciation and organization expenses, the company carried forward a reduced balance, as shown above—\$169,569, less the \$852 shown. Depreciation and organization write-off during the past year does not appear to have been anything as large as a year ago.

During the first six months of 1913 the losses by fire at Hull, Ont., were \$9,120. The amount of insurance paid was \$7,058 out of an insured total of \$59,225. The damage without insurance was \$2,062. There were 92 alarms registered and nearly all of these were fires, there being very few false alarms. For the same six months of last year the damage from fire amounted to \$20,092.