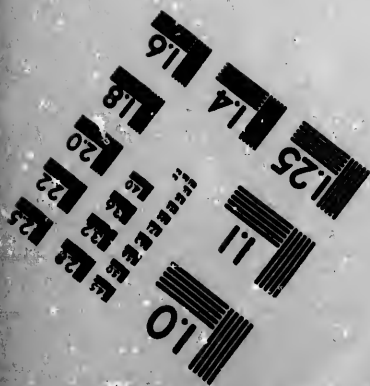
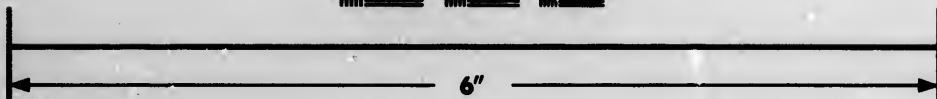
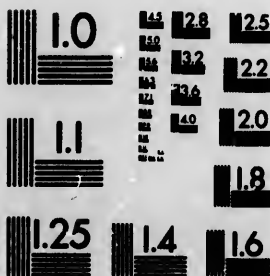


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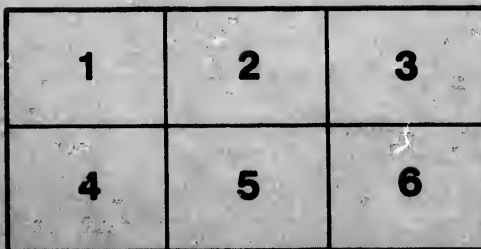
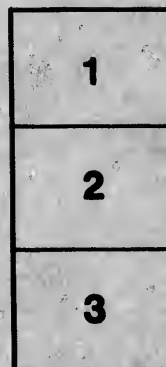
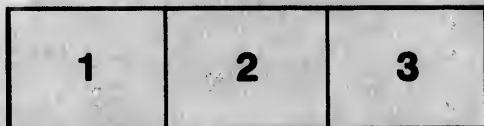
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# LIFE ASSURANCE AND SAVINGS BANKS.

From the *Insurance and Finance Chronicle*, April 15, 1891.



IT is no uncommon thing for individuals, when approached on the subject of life assurance, to object to the outlay required by saying that they can invest their money to better advantage than a life assurance company can do it for them; and a common form of argument employed is that the amount of the required premium regularly deposited in a savings bank will yield better returns, besides being immediately available when required by an emergency. These people look only upon the surface of things, and jump at conclusions, without an adequate knowledge of a few simple but very important facts. The very material fact is overlooked, that while one is earning money to put into the bank, the chances of life are very uncertain, and if the adverse chance happens, the earning ability, and with it protection to the family, absolutely ceases. How great these chances are may be seen when it is stated that, according to the established mortality tables, dealing with *selected* lives, the chances that a man at age 35 will die within ten years are 9.5 in every hundred, and that the number mathematically sure to die at that age is 9.2 in every thousand, the probabilities of course increasing with every year of added age.

The life policy steps in to *assure* against this uncertain tenure of life, so far as the individual is concerned, by providing for the family when the provident life has ceased. All the savings bank can do is to take care of the depositor's money, *if he saves it*, and pay it back with interest when he calls for it; it provides for no contingency, and furnishes no protection beyond the amount actually put in and accumulated. In order to show clearly the immeasurable advantage of life assurance as a protection, we have prepared the following tabular statement of a policy for \$4,865, issued at age 35 on the continued life plan, without profits, annual premium \$100, and as compared with the same amount annually deposited in a savings bank and compounded at a 4 per cent. interest :

One dying at age of—	HIS HEIRS WOULD RECEIVE :		Chances in 100 of dying within 15 years.
	From Savings Bank.	From Insurance Co.	
35	\$ 100.00	\$4,866.24	14.69
36	104.00	4,866.24	15.10
37	212.20	4,866.24	15.57
38	324.70	4,866.24	16.10
39	441.60	4,866.24	16.68
40	563.30	4,866.24	17.34
41	689.80	4,866.24	18.07
42	821.40	4,866.24	18.89
43	958.30	4,866.24	19.80
44	1,100.60	4,866.24	20.80
45	1,248.60	4,866.24	21.92
46	1,402.60	4,866.24	22.14
47	1,562.70	4,866.24	24.49
48	1,729.20	4,866.24	25.96
49	1,902.40	4,866.24	27.58
50	2,082.50	4,866.24	29.32
55	3,096.90	4,866.24	40.26
60	4,331.20	4,866.24	54.70
62	4,896.80	4,866.24	57.60



It will be observed that while the heirs of the man who is assured would receive \$4,866.24 in case of death at any time from the day his policy takes effect, the savings bank investment requires about 27 years before the proceeds will equal the assurance, provided he pays in his \$100 during every year, together with accrued interest at the rate named, 4 per cent., though, as a matter of fact, many savings banks pay only  $3\frac{1}{2}$  per cent. The chances of dying, it will be observed, are more than fifty in a hundred before age 60 is reached, and even if both men live up to the full limit of their expectancy, or about 31 years, reaching age 66, the assured will have received only \$1,304 less than the savings bank yields. In other words, this amount distributed over the 31 years represents \$42.09 annually on his entire policy, or \$8.65 per \$1,000 assured, as the total annual cost of his protection, payable as promptly in the first as in the thirty-first year in case of death. In like manner, it can be shown that as a protection combined with investment, under a 20-year endowment, the \$100 annually would purchase a policy for \$2,485, without profits, payable at death at any time until the 20th year, when it becomes realized cash in hand: while it would take over 17 years, *if the man lived and kept up his \$100 deposits annually* before the accumulation would equal the \$2,485. It is obvious that the savings bank depositor must fulfill three conditions, each involving great uncertainty, viz.:—he must continue to live for 17 years, though the chances before he reaches that age become nearly 40 in a 100 against him; he must continue to earn the surplus \$100; and he must continue to deposit

it, together with interest, without fail every year. On the other hand, if the assured man dies the first or the tenth, or any other year, his adverse chance of life thus realized is turned into a certainty of beneficent provision for his family, and, living, if he should become unable to earn and to pay his \$100 premium, he has acquired a proprietary value in his policy, which, applied to its extension or to a paid-up proportion, still gives him protection. The comparison of life assurance with savings bank investment is a manifest absurdity, for the latter depends on the realization of elusive uncertainties, while the former is based upon guaranteed certainties.

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**FOR LIFE ASSURANCE**

—APPLY TO—

**THE FEDERAL LIFE ASSURANCE CO'Y,**

**HEAD OFFICE:**

**HAMILTON, ONTARIO.**



