

The Canadian Family Protection Gap Guide

A plain-English guide to finding the gap in your family's financial safety net, and what to do about it.

By Brenda Nkwocha & Hilda Chukwu

Licensed Life Insurance Advisors, Ontario

What is a "protection gap"?

A protection gap is the difference between two numbers.

The first number is what your family would actually need if your income stopped tomorrow, because you died, or because you got sick or hurt and couldn't work. Think mortgage, groceries, childcare, debt, taxes, final expenses, and everything else that doesn't pause just because a paycheck does.

The second number is what you already have lined up to cover that. Savings. Workplace benefits. Government programs. Any insurance you already own.

The space between those two numbers is the gap.

A change in income, dependants, debt or available benefits can make earlier arrangements worth reviewing. Having insurance does not by itself show whether its amount and terms fit the current need.

This guide helps organize questions. It does not establish an exact coverage amount or recommend a purchase. A personal needs analysis considers your circumstances and available resources.

Where gaps come from

Two different things create a protection gap: the risks that create the need in the first place, and the life changes that make your old plan (if you have one) stop fitting.

The risks

Income can change after death, illness or injury. Check the amount and duration of any benefits that may continue, and distinguish each event.

Illness or injury can affect the ability to work and create expenses. A population disability statistic does not establish an individual's probability of losing income or qualifying for insurance benefits.

A big, unplanned expense. A roof, a medical bill, a repair, even a well-built budget can't predict everything. When something large and unexpected hits at the same time income is disrupted, it compounds fast.

Mortgage, loan and other debt payments can continue during an income disruption. Check the payment obligations and any applicable insurance terms.

Inflation can change the cost of future expenses. Review the assumptions used for long-term needs rather than treating a past dollar amount as fixed purchasing power.

Retirement planning needs to consider an uncertain lifetime, ongoing expenses and possible care costs. An average life expectancy cannot determine how long an individual's resources must last.

Losing a caregiver. If one parent stays home to raise the kids, that role has real financial value, even without a paycheck attached to it. If that person were gone, the cost of replacing everything they do, childcare, household management, and more, is a real number, not a hypothetical one.

The life changes

These changes can affect needs, benefits or beneficiaries. They are prompts for a review, not proof that a coverage gap has increased.

- Getting married or moving in together
- Having a child, or another one
- Buying a home and taking on a mortgage
- Separating, divorcing, or remarrying (support obligations included)
- Starting or growing a business
- Getting a raise or a promotion
- A spouse leaving paid work to raise children or care for family
- Aging parents who start needing financial or hands-on help
- Getting closer to retirement

Changes can affect needs, existing benefits or beneficiaries. Review the relevant documents rather than assuming that earlier arrangements still fit.

Situations worth reviewing

The following situations illustrate questions to check. They are not client stories or evidence about how often a gap occurs.

Families raising children can review income, childcare, debts and existing benefits. Changes in household circumstances can affect earlier arrangements.

Working professionals can review workplace benefits, personal coverage and what changes on leaving a job. Continuation, conversion, benefit limits and termination dates depend on the plan.

People approaching retirement can review available income, savings, benefits and possible care costs. Whether additional insurance is useful depends on the circumstances.

Business owners can review business commitments and household needs separately. A death or inability-to-work scenario may affect each differently. Avoid counting the same income or savings twice.

Questions for a needs analysis

A needs analysis considers the event, timing, expenses, available resources and applicable benefits. Death-related needs and inability-to-work needs require separate scenarios.

Step 1: What would stop coming in. Start with the income that would be lost, take-home pay, after taxes, from now until when that person planned to retire. If a parent provides unpaid childcare or caregiving, its replacement cost counts here too.

Step 2: What would still need to be paid, every month, going forward. Some expenses disappear (that person's own spending), some stay the same (property tax, utilities), and some go up (childcare, if a caregiving parent is the one who's gone). Line them up, current versus after.

Step 3: What one-time costs would show up right away. Final expenses. Any tax bill triggered by the event. Paying off debt, if that's the goal. An emergency fund cushion. Money set aside for a child's education, if that matters to the family.

Check existing resources for each scenario. Survivor benefits, disability benefits and insurance pay under different conditions. Confirm eligibility, beneficiaries, payment timing and whether savings are actually available.

Compare costs and resources for each event and time period. Do not subtract a lump sum from a monthly expense or count the same savings twice. Assumptions about duration, tax and investment returns require review.

A quick illustrative example

Hypothetical example, not a real client: Mark and Karen have two children. Mark's take-home pay is \$6,000 a month. The figures below illustrate questions rather than an approved insurance calculation.

In a death scenario, they estimate surviving-household expenses of \$3,800 a month. An inability-to-work scenario would need separate expenses, benefits and assumptions.

One-time costs, final expenses, paying off the car loan, and a cushion for the unexpected, add up to roughly \$35,000.

They have a \$15,000 emergency fund. Whether any CPP survivor or children's benefits are payable must be checked against the eligibility rules. No amount or entitlement is assumed here.

These figures alone do not determine a lump-sum insurance amount. Duration, other income, benefits, tax and available resources still need review.

Each family's circumstances and each event require their own assumptions.

Assumptions to check

These assumptions are worth checking against current documents and the circumstances.

Check when workplace benefits change or end and whether continuation or conversion is available. Check eligibility, limits and timing for government benefits. Review inflation and major life changes. Distinguish assets from money available at the time needed. Consider replacement costs for unpaid caregiving.

Choosing a next step

This guide isn't going to tell you what to buy, that's a personal decision, and it depends entirely on your own numbers, priorities, and budget. But the general process people follow to close a gap looks like this:

Answer a few questions about your situation and what you already have in place. Your summary highlights information to check and questions to discuss. It is a starting point, not a needs analysis, quote or recommendation.

Decide which questions matter to your household. Income, debt, caregiving and other goals may have different priorities. An automated summary cannot set those priorities for you.

Review existing policy terms, beneficiaries and benefits before considering changes. A change to insurance may require underwriting, have costs or affect existing rights.

The 30-minute intro call covers introductions, how we work, compensation and insurer disclosures, and basic financial concepts. If time allows and you want to continue, we can begin or complete fact-finding for your needs analysis during that call. Otherwise, we book a separate meeting to gather the information. Once fact-finding is complete, we review your information and present our findings and any recommendations or quotes at a follow-up meeting. You decide whether to proceed.

Step 5: Revisit it after every major life change. A gap isn't a one-time fix. Every milestone from earlier in this guide, a new baby, a new mortgage, a promotion, a parent needing care, resets the math. The families who stay properly covered aren't the ones who got it perfect once, they're the ones who checked back in.

Both the Gap Assessment and the Gap Review are free, and the decision is always yours.

Start with a few questions. Decide on the next step when you're ready.

[Start the assessment](#)

[Book an intro call](#)

About your advisors

Brenda Nkwocha and Hilda Chukwu are licensed life insurance advisors in Ontario. Personal recommendations follow a completed needs analysis.

Disclaimer

This guide is for educational purposes only. It is general information, not personalized financial, tax, or insurance advice, a quote, or a guarantee of coverage, eligibility, or outcome. Speak with a licensed advisor about your own situation before making any decisions.

The Sullivan family example is a hypothetical composite used only to illustrate a calculation method. It is not a real client, and no specific products are recommended or named anywhere in this guide.

Sources

FCAC: life insurance, beneficiaries and existing coverage

FCAC: disability insurance and benefit coordination

Service Canada: CPP survivor pension eligibility

FCAC: emergency funds

Bank of Canada: inflation and purchasing power

Sources and links reviewed October 14, 2026. Hypothetical examples illustrate questions, not personal recommendations.