



CRITICAL ILLNESS UPDATE

We feel that it is important that our clients understand what Critical Illness Insurance is, how it can insure your retirement, and why you should be considering it now.

What it is:

- Insurance that will be paid out as a tax free, lump sum benefit, 30 days after the diagnosis of a covered condition.

How it will help insure your retirement:

- It allows you to determine what to use this money for. You could decrease the number of hours you work, you could pay your mortgage off, or you could go wherever necessary to obtain the best medical treatment that is available for your condition.

Why you should be considering it now:

- The cost for this insurance is increasing and will continue to do so. This increase in premiums is due to improved survival rates. For example, the latest reports show that 86% of all hospitalized heart attack victims will survive.
- Two significant options that are available now may not be available in the near future:
 1. Return of premium at maturity - imagine getting a refund for all of the premiums you paid in, up to the full face amount of the insurance (provided a claim has not been made).
 2. Generous critical illness definitions and the number of covered conditions currently offered (the definitions will get more restrictive and the number of conditions may decrease).
- The longer you wait, the higher the risk is that you may suffer from a health problem such as hypertension or elevated cholesterol that will result in your policy being rated or even declined. Also, by waiting, your family's risk of an incidence of a hereditary illness will increase, and family history has a profound effect on the underwriting of your own plan.

Just think, if you didn't have this coverage and you had a heart attack or stroke today, or were diagnosed with cancer, how would you finance the expenses incurred from this illness?

"What expenses?" you may ask. "Isn't it all covered by my Provincial Health Plan?" While some costs are covered through our government plans, there are a number of expenses that aren't. Let's look at the possible costs for an individual who gets cancer and is in treatment for one year:

Loss of income (from 10% to 100%), will depend on whether or not you have an income replacement plan.

Average loss would be about 40%; based on an income of \$100,000 the loss after taxes could be -	\$40,000
Spouse's loss of income due to cutting back hours to look after the one who is ill -	\$20,000
Travel to and from treatment -	\$5,000
Cost of drugs and supplements not covered by health plans -	\$7,000
Medical equipment (special bed) -	\$1,800
Additional help with household chores -	\$3,000
<i>(Reference Source: Manulife Financial)</i>	
Total	\$76,800

What if you needed to go outside Canada for your treatment? Costs could easily exceed \$100,000.

How would all of this affect your retirement plans? Or, what if you had your own business? Could the business survive if you weren't there for six months to a year? For most small businesses and professional practices, the answer is no.

What would you do? Well, you could draw on your savings and investments (including your RRSPs), you could take out a bank loan, you could borrow from family or friends, you could re-mortgage your home. Or... you could buy a critical illness policy now, and be fully protected, knowing if all goes well and you don't claim, you get a premium refund.

If a Critical Illness plan was in place it could cover most, if not all, of these additional costs and let you recover in peace without the stress of worrying about your personal or business finances.

By taking action now, you can ensure that you, and your family, have protection in place for the future. ***Please be advised that the purchase age limit for these plans is 65.***

For more information, please contact Donna at 462-4122, or d.wraith@jyfinancialgroup.com