

# Setting a secure future: Hope for the best and plan for the worst

Danielle Kubes, Special to CTVNews.ca

Karen was only in her 50s when she was diagnosed with a rare pancreatic cancer. The doctors were offering an experimental medication, but it cost \$9,000 a year. There was no way her salary could cover that cost, she didn't have that kind of cash lying around and she didn't want to put it on her credit card. Plus, with the amount of time she had to take off work, her income may have been reduced.

"Where does one find the money for such things?" says Reuben Menzelefsky, an insurance specialist with a focus on life insurance at Independent Financial Concepts Group. "Either use savings or incur debt. There are ways to avoid these situations."

Luckily, Menzelefsky had already set Karen (not her real name) up with disability and critical illness insurance.

Disability and critical illness insurance differ from life insurance, which is intended to help your financial dependents upon your death. Disability insurance pays you monthly and is intended to replace your salary income due to injury or illness. As long as you're out of work, you'll typically get paid 60 to 70 per cent of your income. Critical illness insurance pays you a lump-sum payment for a covered critical illness and is intended to help you cover bills and costly medical expenses.

Ideally, you're covered for all three instances. But a single person with no children, siblings or parents to support, for example, may not need as much life insurance, but they may need disability coverage to cover their own expenses.

"Most people don't know that being diagnosed with a critical illness is more likely than dying before you turn 65," says Steve Bridge, a money coach from Money Coaches Canada. "Understanding how various insurance can minimize the financial burden when something happens to you is the key to success."

Steven Bridge found that of the people he spoke to, many Canadians assume they are covered by their workplace benefits policy, but that may not always be the case. Workplace coverage may typically include medical services such as dental, prescriptions, massages, psychiatry etc.

"A lot of unexpected expenses can arise once one is sick," Menzelefsky says. "The family usually is taking off work, travelling to expert doctors, etc."

It can be overwhelming to sort through all the policy options though, so seek out an advisor you trust. "It is not easy to navigate through the vast array of choices and products out there," Menzelefsky says. "Each person's case is different and you should want a custom solution for your situation. Only an expert can provide that."

Bridge suggests a good place to start identifying the sort of coverage you need is by having a conversation with your partner. Then, take a careful look at your expenses and budget.

"Put a plan in place," Bridge says. "So that when something does happen, money is one less thing to worry about in a stressful time."

*You should always discuss your specific needs with a licensed insurance advisor.*

