



what every
Dentist
needs to **Know**
by Mark Halpern

If you get sick there is a real chance you may never collect on your long term disability policy (LTD). You may not be sick enough or off work long enough to qualify and your income from other business sources (such as Associates) could further reduce or entirely negate your claim.

That's why you need to consider a critical illness (CI) insurance policy if you can qualify.

A critical illness insurance policy provides a lump sum payment of up to \$2 Million, tax free, 30 days following a diagnosis – money with no strings attached to be used as you wish – to help you through the financial hardship that an illness can create for you, your family, and your business.

CI Insurance covers approximately two dozen critical illnesses such as cancer, heart attacks, bypass surgery and strokes. It also includes Parkinson's disease, Alzheimer's, multiple sclerosis and loss of independence living. Insurance companies report that 90% of payouts thus far arise from four common conditions heart attack, cancer, strokes and bypass surgery.

There is a much higher likelihood of collecting on a critical illness policy versus LTD. If you get sick, the policy can pay you up to \$2 million. If you don't make a claim, preferably by just staying healthy, you can get back all of your premiums. Finally, if you don't survive 30 days, then your family gets back all the premiums paid. No matter what happens you get paid – a big cheque if you get sick or all your premiums returned for staying healthy.

Everyone I meet knows a family member, friend or colleague who has been affected by a heart attack, cancer, stroke, or bypass surgery yet none of us likes to consider the likelihood of personally suffering a critical illness. The statistics show it is a possibility that we all must come to terms with.

The Canadian Cancer Society estimates 38% of women and 41% of males will develop some form of cancer in their lifetimes. The Heart and Stroke Foundation says 50,000 Canadians will suffer a stroke this year.

What would happen, G-d forbid, if you wake up tomorrow in the hospital after experiencing even a mild heart attack? Imagine the financial and emotional impact on your family. Aside from the emotional shock you will quickly realize that the mortgage and other monthly living expenses still need to be paid. What would happen to your dental practice? Who would pay the salaries, the bills, deal with client concerns and most importantly generate new business?

Your family doctor might simply recommend a change in your diet and more frequent exercise. But what if you had to modify your life-style even further—like being forced into early retirement or trading in your dental practice for one less stressful and less profitable?

The incredible strain on our overworked medical system compounds the problem, with long waits for surgery and treatments. The Fraser Institute reports that it takes eight weeks on average to see a specialist and a further six to eight weeks to begin treatments. That's four months of waiting while your life is upside down. Most of us have no choice but to wait. Wouldn't it be comforting to know that you could be in a financial position where you have choices?

The good news is that with medical advances and improved lifestyles we all have a greater chance of surviving a critical illness than ever before.

I hope you have life insurance - if you don't, please call me now! Your risk of suffering a critical illness before age 75 is 5 times greater than the risk of dying. From a risk management perspective, insuring yourself against a critical illness can be more important than insuring yourself against the risk of dying during your working years.

In addition to needing funds to replace your lost income----which is rarely fully covered by your LTD policy----you may not be able to qualify for the 90 or 120 day waiting period that most disability insurance policies impose before starting to pay the claim. Consider your financial needs for the following:

- ♥ Drugs or a course of treatment not covered by your provincial health insurance plan
- ♥ Treatments in the U.S. or abroad
- ♥ Travel and accommodation costs for treatments away from home
- ♥ Renovations to your home to accommodate a wheelchair or chair lift
- ♥ Private duty nursing at home

If you have a partner in your business, critical illness insurance is very important. My clients fund their partnership or shareholder agreements with critical illness insurance policies. The business can receive a lump sum benefit to compensate for the loss of a key person during the period of medical treatment or fund a buyout.

Critical illness and disability insurance are complementary – they go hand in hand. One type of insurance cannot replace the other.

The key differences between long term disability insurance and critical illness insurance are:

1 Disability insurance (or LTD - long term disability) is designed for an actively working individual. It replaces only a portion of lost wages with a monthly stipend, subject to policy definition and often takes up to three months for payments to begin.

Critical illness insurance is available to a broader audience, such as professionals, employees, business owners, part-time or seasonal workers, homemakers and university students. A tax-free lump sum benefit is paid out usually 30 days after the initial diagnosis of a policy-defined illness.

Because disability insurance only pays out a monthly benefit, critical illness insurance is needed to provide a lump sum benefit to address immediate needs. There are no restrictions as to how the benefit must be used or spent. The amount paid out can be used for any purpose from immediate health-related costs to more general financial concerns such as looking after your business, assets, or family - freeing you to concentrate more closely on getting healthy.

2 Disability insurance covers only a portion of your income, usually to a maximum of 2/3 of earned income. For most Canadians, that's simply not enough to cover daily expenses. Can you afford a 30% reduction in your compensation today and still maintain your current lifestyle?

Critical illness insurance can be used to offset the portion of income that disability insurance will not cover.

How many years of income should you protect? Who is to say you will be disabled for 1, 5, 10 years, or for life? Since the average length of disability is about 3 years, the minimum years of protection should be 3 years. If you are 40, your last income check could be at age 43, so if your budget permits, consider protecting your income to age 65.

3 Disability insurance is usually available only to people who are working, so if you retire or take a career break you may not be covered. Most LTD policies terminate at age 65; CI can protect you to age 100.

4 Disability insurance may return a percentage of your premiums if you stay healthy. However, most policies do not have this additional rider. With critical illness insurance, you can get back your premiums in full.

Why you need to act now

Don't be surprised if you have not heard about CI Insurance. A recent Royal Bank of Canada poll reported 53% of Canadians have not even heard of CI coverage and fewer than 25% of all insurance advisors have ever sold a policy.

This product has been in existence in the UK, U.S.A., Australia and South Africa for years and has undergone a number of transformations that has reduced the contract guarantees and benefits. The Canadian product is unique in the world – we enjoy the highest potential payout, guaranteed coverage, guaranteed premiums for life, a return of premium option and the most liberal definitions of covered conditions.

However, the window of opportunity is limited. Insurers feel the product is too liberal and there will certainly be changes in the next few years, which will make it less attractive than it is today. The good news is that CI Insurance is fully guaranteed at issue so the insurer cannot change the benefits or the guarantees going forward.

The sooner you look into assessing your need for critical illness insurance, the better your chances of getting approved at current favourable rates and of course the sooner you get peace of mind.



Mark Halpern
Certified Financial Planner, is the President and
Founder of illnessPROTECTION.com

Mark is one of Canada's top life insurance advisors with special expertise in living benefits (Critical illness insurance, long term disability and long term care).

For your free, no obligation consultation, please contact Mark at mark@illnessPROTECTION.com or call him at (905) 475-1313 and visit www.illnessPROTECTION.com