

Life Letter

Where will the money come from?

What are the first questions you'd ask yourself if you couldn't work because of illness or injury? Would any be about money, like where to get enough to pay for food, housing, and other basic needs?

For most of us, our ability to earn an income is our most valuable asset. It's also the most vulnerable. Death can destroy it, totally eliminating our earnings for our dependents. However, a serious disability can be worse still, wiping out our regular earnings for both our dependents and ourselves.

Statistics tell us one in three Canadians will suffer a disability lasting at least 90 days during their working life. Many assume that most disabilities are caused by accidents. The facts say otherwise. Even at the high-risk age of 25, only 46% of disability claims are accident-related. By age 45 it's down to 25%, and a mere 12% by age 62. Because less than one in sixteen of such accidents occur in the workplace, few are covered by Workers' Compensation.

If you become disabled, where will you get the income you need?

If you've been paying for Employment Insurance, you may qualify for its disability benefits. When the benefits run out after a few months, you can apply for Canada Pension Plan disability benefits. The exact amount you will get from each of these government programs depends on how much you've been paying in and for how long. But even at their top benefit levels, you'll need another source of income to afford more than the barest necessities.

Do you have enough personal resources to support you and your family for an extended period of time if you become disabled? How long will your savings last? Would a bank be willing to lend you money if you could not repay the loan?

Another possible source is your job. Many employers have disability coverage in their group benefit package. But will it be enough? Most plans have a limit to how much they will pay and for how long. You should also find out how disability is defined. Some say you must be unable to earn an income at *any occupation* to be considered disabled.

Most banks offer disability insurance on their mortgages. However, they only cover the mortgage payments for as long as the insured is disabled. The same coverage is available on some loans. Again, only the payment is covered. Benefits are usually only paid in the event of a total disability.

A disabling injury or disease that lasts too long can be catastrophic. The principal breadwinner of a family, instead of being a major source of family income, becomes a drain on its remaining resources. And these resources may already be strained by other family demands.

If you become sick or hurt and cannot work, how will you pay your bills? How long will your savings last? Who will support your family? Can your family support you? Can you afford your present home? If you do not have satisfactory answers to any of these questions, you should consider disability insurance.

Want to know more about Disability Insurance? Call today!

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