

Christopher Elston



## Insuring Your Health and Wealth

Thanks to the achievements of medical science, and healthier lifestyles, Canadians are living longer than ever before. One in two men and one in three women age 40 and under, however, are expected to develop heart disease in their lifetime. In Canada, this year alone, 134,000 new cases of cancer are expected to occur.

Getting sick isn't something we like to think about. Some important news is positive: the chances of surviving a critical illness these days are excellent. For example, 80 percent of heart attack patients admitted to hospital survive; and 75 percent of stroke victims survive the initial event.

As a result of these high survival rates, another concern arises. The recovery period and expenses resulting from a serious illness can have long-lasting financial consequences, such as lost income, medical expenses, emergency business expenses, or long-term care.

Many Canadians are not aware of limitations in the health insurance coverage provided by their employers and government health plans. When faced with the high cost of survival from a critical illness, or long-term care costs, many are forced to take funds out of their investment portfolio.

Fortunately, there are two excellent insurance solutions: critical illness insurance and long-term care insurance.

### ■ Critical illness insurance

While life insurance pays its benefit upon death, and disability coverage pays a percentage of pre-disability wages in monthly installments, critical illness insurance pays an immediate lump-sum cash benefit upon diagnosis and survival of a covered critical illness. [Please see next article by Peter McCaskill.]

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### ■ Long-term care insurance

Recent studies have shown that nearly one in two people will require long-term care! Preparing for this possibility is an important part of any financial plan.

When compared to the cost of chronic care, the premiums for long-term care insurance are small. Most government-subsidized facilities cost \$800 to \$1,800 a month (after the subsidy), while private nursing homes charge between \$1,000 and \$5,000 a month! Home care providers, which may include a private registered nurse, charge a rate of approximately \$35 per hour.

You can cover this cost in three different ways.

1. Write a monthly cheque from your personal funds until your money is exhausted.
2. Go on welfare assistance through the provincial medical program. When you need care, the province reserves the right to place you wherever it wants; there are often long waiting lists.
3. Have a major insurance company pay all, or the majority, of the health care cost through a long-term care insurance policy.

Long-term care insurance lets you receive the care you need in the comfort of your own home. It also provides comprehensive coverage for nursing home care, should you need it.

As with all financial matters, always consult with a trusted advisor before making any decisions. ▲

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