

# ➤ critical illness

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## What about insurance, in case of critical illness?

If you have life insurance and disability coverage, you probably believe you've done all you can to protect your family in case something happens to you. But there may be a strand missing from your personal safety net.

Suppose you suffered a stroke that left you unable to work. You have disability insurance, but the payments usually won't start until the end of a waiting period. Disability insurance coverage usually provides a reduced monthly benefit of no more than 70% of pre-disability income and may continue for a limited time. Do you have an emergency fund to look after your family's immediate financial needs? What about paying for a therapist to help you recover as soon as possible?

This is where critical illness insurance can play a role.

### Specific coverage

Sometimes known as living-benefit or "dread-disease" insurance, critical illness insurance has become increasingly popular since its introduction in 1993.

Coverage typically provides a tax-free, lump-sum benefit of up to \$2 million in the event of a specified illness. These can include heart attack, stroke, life-threatening cancer, blindness, major organ transplant, multiple sclerosis, paralysis and other covered conditions.

Keep in mind that only specific illnesses are covered. Protection is not comprehensive, and may vary from one policy and insurer to the next.

### Complementary role

Critical illness insurance is not intended to replace disability insurance, but it can work with it.

Disability insurance payments usually don't start right away, even though benefits may extend for many years. Some plans have a 90-day or 120-day waiting period before payments begin. Critical illness insurance is designed to meet large, short-term financial needs. Most plans pay their benefits 30 days after diagnosis, filling the gap until disability benefits begin.

Because of the size of the benefits, critical illness insurance can help meet unexpected large expenses and costly treatments not covered by government health insurance plans. Some plans will refund premiums to a named beneficiary if you die without having received plan benefits.

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## Choose the right coverage

Different people have different needs. It's important to have the protection you and your family need, but not to purchase unnecessary coverage.

Keep in mind that the odds of suffering a critical illness rise with age.

These are the key factors to examine when you're shopping for the coverage you need:

- There's significant variation in prices, terms, periods of coverage, and age limits. Compare policies and coverage carefully and make sure you understand what you're getting.
- Definitions of illnesses must be made clear. Some companies cover certain types of cancer, but others do not.

Critical illness insurance is only one part of a comprehensive insurance coverage plan. Make sure the policy you choose works with the other components of your coverage. Professional advice will help you determine your family's needs, and guide you in choosing the most appropriate plan for a secure future. If you have questions about critical illness insurance, or would like a complimentary needs assessment, give me a call at your convenience.

At DundeeWealth, we believe that having a financial plan forms the foundation necessary to grow, protect and transfer wealth from one generation to the next. We are committed to provide information on a variety of financial planning topics so our clients are able to make informed decisions.

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