

Will you put your parents' retirement at risk?

Sarah was texting while driving and lost control of her car. Fortunately, she was alone in the vehicle when she hit the ditch, and no other vehicles were involved. Unfortunately, the car rolled several times. Sarah was left paralyzed and brain injured.

Sarah had just started her new job and had not satisfied the waiting period to qualify for group benefits. Her auto insurance policy may cover hospitalization costs, but this varies from province to province. Sarah's road to any kind of recovery will be long and very expensive. High costs are attached to her mobility and care needs. Sarah will never be able to return to work.

Tom and Grace, Sarah's parents, felt they really had no choice but to step in and help as much as they could with the costs. Government benefits are not adequate, and the community and friends helped a bit by running a fund-raiser. Tom and Grace cashed in most of their RRSPs to help their daughter. Tom took on a part-time job to help cover the costs of Sarah's ongoing care, and reluctantly accepted that their retirement plans are no longer achievable.

Even though car insurance is mandatory, Sarah wouldn't have dreamt of driving without it. She insured her personal property with a tenant's policy, and even bought extended warrantee insurance on her new TV, laptop computer and cell phone. Sarah mistakenly believed that her "things" were her most important belongings and willingly insured them. She learned too late that her most valuable asset was really her ability to earn an income.

Workers Compensation pays a benefit to someone who has a work related injury or illness. But most injuries occur off the job and very few illnesses are actually work related.

Perhaps the best source for income in case of disability is a Disability Income Insurance policy. This type of insurance pays a benefit, usually monthly, after a disability has lasted a certain length of time, called the waiting period. The policy chosen will state how long a benefit will be paid. Some policies even pay if you are only partially disabled.

Another way to deal with the financial turmoil that arises when someone suffers a serious illness like cancer, heart attack or stroke (many policies also cover paralysis) is called Critical Illness Insurance. It helps people get on with their lives by giving them the financial resources to maintain the lifestyle and independence they had before they became ill.

There are no restrictions placed on the use of a critical illness insurance payout. It's entirely up to you. Sarah and her family could have used the funds to cover the costs of mobility aids and vehicle modifications for wheelchair access. Recently, many insurance companies have added a long-term care option to these policies which would pay out a monthly benefit to help cover these costs.

At a time like this, money should be the least of your worries. The last thing Sarah wanted was to be a financial burden on her parents. And she certainly didn't want to destroy their retirement plans.

Want to know more about disability and critical illness insurance? Call today!



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