

How to protect your finances from a health crisis

Source: SunLife Financial

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A serious illness can threaten your finances as much as it threatens your health. Find out what you can do to protect yourself and your family.



No matter how well you take care of yourself, you may one day get a call from your doctor with bad news. And while Canada's universal healthcare system definitely helps in many ways, not every cost arising from a serious illness can be covered by government health insurance.

In fact, a serious illness can affect your financial health as well as your physical health. The 2016 Sun Life Canadian Health Index found that of the 50% of people surveyed who reported having had a serious health issue, 42% experienced some degree of financial hardship as a result. But there is help: Health insurance plans like critical illness insurance can help cover these unexpected costs while keeping you on track to meet your financial goals.

The 2013 Sun Life Canadian Health Index found that 78% of Canadians haven't saved or planned for a health crisis. At the same time, 38% of those surveyed stated that they don't have private health insurance and 4 out of 5 had no money specifically saved for health expenses.

Additional costs can pile up

This is a problem because a serious illness can take you by surprise, leaving you vulnerable to mounting expenses during a time of significant stress. And although some problems are temporary, others could burden you with long-term needs. While the Canada Health Act provides access to hospital care and visits to doctors, other costs like prescription drugs

may not be covered by your provincial or federal plan, and can add up over time. You may also run up travel expenses, if you live some distance from the hospital where you're being treated.

If you're fortunate enough to have workplace health benefits, supplementary health insurance typically reimburses you for specified treatments, services and medications, sometimes subject to annual or lifetime limits. Critical illness insurance, on the other hand, takes a broader approach to helping you manage the expenses associated with a life-altering illness. If you become sick with an illness covered by your policy and you survive the stated waiting period, you'll receive a lump-sum cash payment that you can spend as you wish.

Critical illness insurance can also be a source of income when you have a lull in cash flow. If, for instance, an illness covered by your policy forces you to take time off work, your short-term or long-term disability coverage may replace only part of your income. Once you've completed the required waiting period, you can use a lump-sum critical illness insurance payment to help replace your lost income.

Additionally, the funds can help pay for medication, equipment, travel, supplies and other out-of-pocket costs not covered through standard benefit plans. For instance, 2 in 5 Canadians will develop cancer in their lifetimes and because of advancements in medicine, 60% will survive for 5 years or more. But the associated treatment costs may not be covered by either your provincial or workplace plans. Critical illness insurance can also cover heart attacks, which increasing numbers of people are now surviving.

Start planning now

The time to think about protecting yourself and your family from the financial risks of a serious illness is now – while you're still healthy. Your advisor can help you find a critical illness insurance policy that meets your needs.