

CRITICAL ILLNESS INSURANCE FOR SMALL BUSINESS OWNERS

Steve turned 43 this year and celebrated his 25th year working in the family business. What started out as a part-time job in his father's company has turned out to be more than he ever expected. Steve and his father have had their share of battles over the years – what father and son haven't – but the battle they face today is greater than anything they have faced in the past. Steve's father was recently diagnosed with cancer and suddenly Steve has gone from second-in-command to running the whole show. It was always the plan to have Steve take full ownership of the company; however what was supposed to be a gradual transfer of responsibilities turned out to be a dramatic and overnight change of plans. Now Steve is faced with doing two jobs – his and his father's – and what little free time he had before is certainly gone now. Like many small business owners time is a precious commodity. Even though Steve's father is expected to recover from his cancer, in all likelihood it could be upwards of a year before a return to full time work. Steve and his father had Life Insurance in place in case something happened but they never planned for this situation to occur.

You may be surprised to know there is an insurance product available to help small business owners in this situation – unable to work due to a serious and unexpected injury or illness – it is called "Critical Illness Insurance".



This product may sound daunting as who wants to talk about a "Critical Illness", however many small business owners have found this product invaluable.

Steve's ability to run the organization would have been easier if the company had received an influx of cash 31 days after Steve's father was diagnosed with cancer. These funds could've been used to hire a temporary manager, provide a bookkeeper to assist with the books or even help pay for some of his father's medical expenses.

As a small business owner, you work dramatically longer hours than most and tend to take less vacation time. As such, a twisted ankle or some back pain is not a serious enough situation for you to be off work. However being diagnosed with cancer or suffering from an unexpected heart attack will definitely affect how much time you spend growing your business. This is where a Critical Illness Insurance policy can be the one of the most valuable insurance policies you own.

Life Insurance is very useful for the protection of beneficiaries by providing a lump sum of tax-free funds. Many small business owners have protected their families and the succession of their business with Life Insurance yet few have protected themselves or their families in the event of a serious and unexpected medical condition. You are much more likely to experience a Critical Illness than die before age 65. As a matter of fact, the average age of a claimant for Critical Illness is only 47. You may have some "disability insurance" however it can be a challenge to collect benefits due to the fact you generally cannot be working and few small business owners

have adequate replacement of their "total income". Critical Illness can help in these circumstances.

Unlike life insurance, Critical Illness Insurance pays a benefit to you. You decide the amount of coverage you want, say for example \$100,000.

The benefit is paid out on a tax-free basis if you suffered from a serious and covered medical condition (such as a Heart Attack, Cancer, Stroke or 18 other illnesses/injuries) and survive 31 days after diagnosis (for some conditions the wait is longer).

These tax-free funds can be used any way you wish. Perhaps you may need to hire a temporary Manager to help run the business in your absence or cover some of the monthly expenses such as equipment loans and leases.

As mentioned earlier, one of the best features of this product (Critical Illness Insurance) is that the payout is not affected by your ability to work – you have the choice to work as much or as little as you want.

Is Critical Illness Insurance expensive? Not considering the risk. Your odds of winning the 6/49 lottery is roughly 1 in 14 Million! It is worse with the Super 7 lottery; 1 in 21 Million!

Did you know if you if you are over 40 the chances of developing coronary heart disease in your lifetime are 1 in 2 if you are a man and 1 in 3 if you are a woman? The odds of developing a cancer for either sex are also 1 in 3. Once you are over the age 50 and up to age 75 there is a greater chance of having a critical illness than dying and the majority of this group will recover.



For Steve at age 43 the monthly premiums for a \$100,000 Critical Illness policy could be as low as \$60 a month. What's better is there likely is a way in which Steve's company could pay and deduct the premiums while still having the benefit paid out tax-free. Steve may even consider purchasing a policy which would return all the premiums paid in the event a claim never occurs.

Perhaps it is time to consider how well your family and your business could cope financially if you suffered a serious illness or injury. Life insurance provides financial protection if you die. Who provides financial protection if you suffer something serious and live?

Contact CanTrust Financial Services today to discuss the Critical Illness Insurance options available to you as a small business owner.



Simon Marples
604-307-1200

simon@cantrustfinancial.ca