

WealthHealth

A Monthly Financial Service
Specifically for Physicians



Protect Your Income with Disability Insurance

Your ability to earn an income, in your specific health profession, is probably your most valuable asset. More valuable over the long term than your home or certainly your car – two big items we always insure. You invested years of study and tens of thousands of dollars in your earning potential, and that's something to protect into the future. As a high-performing, high-earning skilled health professional, disability insurance should be an essential element of your financial security plan.

Disability insurance (or more accurately called income protection insurance) provides you with financial security by replacing a portion of your income in the event you can't work after suffering a disability resulting from an illness or injury. It protects

your income, and your lifestyle. The regular insurance benefit payments allow you to continue supporting you and your family and cover your financial obligations so you can focus on recovering.

OUR AWARENESS OF DISABILITIES IS GROWING

- About 14% of Canadians aged 15+ have a disability that limits them in their daily lives
- About 70% of working Canadians couldn't make it one month without a paycheck

When you think of disabilities, you probably first think about physical disabilities. Maybe a critical illness, being confined to a wheelchair, or the loss of a limb or sense. As we learn

more and more about mental health and wellness, we now know that white collar professionals may be more susceptible to losing their ability to work based on mental, nervous, or emotional disorders rather than physical impairment. It's very likely you could still practise your health profession quite successfully from a wheelchair, but more likely not with debilitating depression. It's just as important, if not more so, for professionals to insure against mental health issues as it is physical ones.

CONSIDER YOUR NEEDS, LOOK FOR DIFFERENCES

The first important thing to analyze is how an insurance policy *defines disability*. It may be defined as the

inability to perform *your own occupation* or the inability to perform *any occupation*. That's a big difference; there's a big difference between the income of a doctor or dentist and that of a retail salesperson.

Many policies require you to be totally disabled before paying benefits. A temporary or partial disability is not sufficient to file a claim and receive benefits. Other policies won't require total disability, but rather a qualifying loss.

A policy's *monthly benefit amount* is a crucial consideration. Most insurers look at the last one-to-three years of tax returns to establish your regular income. If you operate your own practice, you may not have a steady income year-to-year. Other policies allow you to establish your income by averaging the last one-to-two years or any consecutive 24-month period within the previous five years, so it's more flexible.

The *rate and duration of benefits* are important. Some policies immediately pay the full benefit, while others begin by paying only a percentage of the benefit or a portion of the lost income. Some policies only pay benefits for two years, no matter the length of disability.

5 FEATURES AND CHOICES TO LOOK FOR

1. **Guaranteed, non-cancellable.** Guarantees for premium rates and coverage are probably the number-one factor. There are guaranteed policies (non-cancellable) where premiums don't increase and other policies where
2. **"Own occupation" definition and benefit.** This allows a professional who has a significant investment in their occupation, including years of training and acquired experience, to work in another occupation while they're totally disabled and still receive disability benefits.
3. **Residual disability benefit.** If you're not totally disabled, this benefit allows you to receive a residual disability payment. You could choose between receiving a partial disability payment for loss of time or duties, or the residual disability benefit (whichever is greater), if you suffer a loss of income.
4. **Return of premiums.** If you choose a return of premium rider, you get all (or some, depending on the policy) of the money back if you don't use up the coverage during a set period of time. You pay more in the short term, but save more in the long run.
5. **Future income option.** This allows you to increase your coverage at different points in the future without evidence of insurability; however, it does require you to provide income evidence to justify the increase.

premiums can increase. The former is more expensive because you're paying for guarantees, which are valuable if your circumstances change. Non-cancellable means the insurer can't cancel the policy, increase premiums or decrease benefits as long as you pay the premiums.

RECENT GRADUATES CAN BENEFIT

Most insurers offer incentives and special programs for recent professional graduates, including certain health professionals. When you're just starting out is when you need income protection the most. It's also when disability insurance is most affordable, because you're young and in good health.

For recent grads, programs could include premium reductions, reduced underwriting requirements, increased issue limits without income justification, or attractive opportunities to also purchase life insurance and critical illness insurance at the same time.

REGULAR CARE

If you already include disability insurance in your financial plan, be sure to revisit, re-evaluate and adjust accordingly as your career or practice progresses. Your income, your needs, your family and your lifestyle may change over time.



**Our knowledge.
Your gain. Learn more
at cmanetwork.com**

IN FUTURE ISSUES



Plan today, for tomorrow.

Your will is a great place to start, but estate planning involves other elements too if you want to ensure you have a complete plan in place. In an upcoming issue, CMA Network will talk about wills and more – power of attorney, naming an executor, beneficiaries, planning for taxes, evaluating insurance and charitable giving.

We live in challenging times. Industry disruption, political evolutions, compliance, tax changes and increasing demand on the health care system are just part of it. Physicians and specialists have unique planning needs and requirements, within the financial world and beyond. You deserve a specialist partner that can integrate multi-disciplinary input from a team of advisors to deliver an integrated and credible long-term plan.

**Specialist physicians require specialized financial support.
Connect with a CMA Network Advisor today.**

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