



Client Connect

Canadians Exposed To Costs Of Critical Illness Insurance

Physical Survival Versus Financial Survival



Canadians appear more confident about their ability to physically survive a critical illness, than survive its impact on their net worth.

According to Desjardins Financial Security Health Survey, close to two-thirds of Canadians are confident they would survive a critical illness, while 67% say it would render them financially vulnerable and they would likely need to turn to family for financial support.

The study found cancer to be the biggest health fear, as identified by 24% of survey respondents, particularly those in good health. The other major conditions Canadians fear include Alzheimer's disease or dementia (12.1%), disability caused by an accident (9.9%), a chronic illness such as muscular sclerosis or diabetes (8.3%), aging (8%), a heart attack (7.9%) or a stroke (4.4%).

The findings of the study show that while Canadians feel they are doing what they can to improve their physical health, many aren't taking the necessary steps to ensure their financial wellbeing. Almost three-quarters of respondents doubt the healthcare system will adequately cover costs related to the treatment of a critical illness, while 64% are worried that they could not afford the balance.

There also appears to exist a disconnect between planning and implementation when it comes to being financially secure with regards to critical illnesses. While 67% agreed that setting up an emergency fund for a future serious illness is important, almost three-quarters of Canadians have done nothing about it. Many feel a job loss would be more detrimental to their wellbeing than a critical illness diagnosis, the survey discovered.

"This is encouraging," said Dr. Robert Buckman of the Princess Margaret Hospital. "The results indicate that people no longer think of cancer as a death sentence. However, I think we need to recognize that it's impossible to prevent all cancers."

The Public Health Agency of Canada estimates that the lifetime costs of cancer treatment in Canada is between \$25,000 to \$30,000, depending on the diagnosis and other contributing factors.

A little over half (53%) feel they would be able to cover their day-to-day expenses like food, housing, transportation and clothing, or pay monthly bills (48.7%). If faced with a critical illness that caused them significant financial hardship close to their ideal retirement age, 63% would remain in the workforce to rebuild their retirement savings.

On a more positive note, the survey suggested that 70% respondents have made significant personal changes to their lifestyle to improve their health, and more than two thirds feel that adopting a healthy lifestyle is a significant part of illness prevention

The survey revealed some interesting regional results. Atlantic Canada has both the most physically and most psychologically healthy provinces. Quebecers are the most comfortable with the financial implications of critical illness as only 60.3% feel that not all the medical costs of a critical illness would be covered by the healthcare system. That compares to the national average of 73.5%.

British Columbians are highly concerned about the financial consequences of critical illness, 81.2% of them feel the healthcare system would not cover all of the medical costs of a critical illness, compared to 73.5% nationally.

Ontarians are the least confident that family and friends would take care of them through a critical illness. In the Prairies, 10.2% of people in Saskatchewan identified their physical health as being poor, compared to 4.9% nationally.

Caregiver burden

The cost of critical illness treatment is a growing concern, perhaps more so among Canadians who are providing care for aging relatives and friends. Assessing the emotional and financial impact of informal care giving on an ongoing basis can be a tough task.

The RBC Retirement Research Centre at the University of Waterloo has developed the RBC Your Care Giving Planner, an interactive resource that helps Canadians evaluate their caregiving needs on an ongoing basis, and produces an individualized report to help manage those needs.

“Informal caregivers throughout Canada play a vital role in the quality of care that their loved ones receive; they must also be sure to take care of themselves in order to manage the various stressors associated with care giving,” said Dr. John Hirdes of the University of Waterloo.

The planner ranks the weekly needs of those receiving assistance and examines some of the financial implications of the individual providing it.

“Providing informal care to a loved one is something that many of us will find ourselves doing in our middle or later years in life,” said Lee Anne Davies, head, retirement strategies, RBC. “Our planner gives Canadians the chance to explore different care giving scenarios to see what their lives as caregivers could look like – and better prepare for the emotional and practical impact.”

Through a set of more personal questions, the planner also looks for any potential signs of caregiver distress.

Courtesy of Vikram Barhat, editor@Advisor.ca

If you have any questions, please contact us.

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