Manulife Investments

WealthStyles®

Protect your family with disability insurance

Now that you've moved into your dream home and are busy choosing paint colours for the bedroom walls, do you ever wonder what would happen if you became suddenly disabled and were unable to work for an extended period?

You'd probably rather not think about that. Still, once you mesh your life with someone else's and start making major financial commitments as a team, you may want to protect what you've built together.

For a rough idea of what you would stand to lose if you became unable to work, simply multiply your salary over a number of years. If you earn $80,000 a year and are completely disabled for five years, that's a potential loss of $400,000 (before income tax). Long-term disability can have a major impact on your ability to make your mortgage payments and maintain your standard of living.

BUT THAT WOULD NEVER HAPPEN TO ME...OR WOULD IT?

Disability insurance can seem expensive compared to life insurance. That's because people are more likely to become disabled for a period of time than they are to die young, so more people end up receiving benefits. Rather than looking skeptically at the cost, weigh it against what you're protecting and the odds of needing to make a claim.

"The fact is, a 20-year-old male is about three times as likely to become disabled for three months or more than to die before age 65," according to Chuck Midgette, the author of *What Every Canadian Should Know About Family Finance*. "For a 35-year-old woman, the odds are seven to one."

In 2001, almost two million working age Canadians reported having a disibility and about 45 per cent of these people were in the labour force.*

*Source: Statistics Canada. Perspectives on Labour and Income. February 2006. www.statcan.ca

"You have to ask yourself: how long could we manage on our own with a serious illness?" says Foster, president of Headspring Consulting Inc. in Toronto and author of *You Can't Take it With You: The Common Sense Guide to Estate Planning for Canadians*. If you couldn't manage for long, and if solutions like selling your home and moving in with your parents aren't appealing, you may want to make sure you have sufficient disability insurance.

You may have some disability coverage through the group benefits your employer offers. But some people will want extra coverage, and those who are self-employed will have none at all unless they buy their own policy.

Different companies will have different rules regarding the criteria that may render you ineligible for disability insurance, says Foster, so shop around and read the fine print.

"A serious depression in your early twenties, cancer in your late teens might do it," Foster says. "But don't write yourself off without looking into it. There are also occasions where they may insure you with an exemption for a pre-existing condition."

Insurance can seem like money out the window, but it simply reflects the cost of protecting family members if something happens to you.

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