

# Critical illness and Long-term care insurance

Today, with advances in medical science we are surviving illness that would probably have resulted in death in the past. While people are surviving, their finances are not. This trend was identified by Dr. Marius Barnard, a world famous heart surgeon. He pioneered the development of Critical illness (CI) insurance\*. Long-Term care (LTC) insurance was created in response to trends of an aging population, increased longevity and the concern that this would result in overstrained government health programs and facilities.

## How do critical illness and long-term care insurance fit into your financial plan?

Insurance is all about managing risk. A critical illness such as cancer, heart attack or stroke could devastate your financial plan. You may be unable to work any longer and medical bills not covered by insurance can mount. Also, there may be unexpected expenses you have to incur throughout your illness and recovery.

Critical illness insurance provides money to help pay for expenses beyond those covered by government or employer health plans. Upon confirmed diagnosis of a critical illness, and there are several covered by plans from leading insurance companies, you are paid a tax-free lump sum benefit which is equal to the amount of insurance purchased. You may choose to use the benefit to pay off your mortgage, renovate your home or upgrade your car to accommodate your special needs, pay for specialized treatments or inject money into your business to keep it going while you are recovering. How you use the money is entirely up to you.

Long-term care insurance can complement critical illness coverage. It can help people maintain their independence by providing financial resources to enable them to determine how and where they choose to live. The age 80+ segment has been steadily increasing as a share of the total Canadian population over time.\*\* Long-term care insurance provides a daily tax-free benefit to cover the costs of a nursing home or professional in-home care. In order to receive benefits, a person must be unable to perform two or more Activities of Daily Living (ADLs). Common ADLs are bathing, eating, dressing, toileting or transferring. An example of transferring would be rising from a chair unassisted.

Critical illness insurance can help to alleviate financial worries when you are focusing on recovery. Long-term care insurance can help provide you with the financial support to live life on your terms. It's worth exploring how these important types of insurance may benefit you and your family. For more information, speak with your BMO financial professional who will refer you to an Estate & Insurance Advisor (Financial Security Advisor In Quebec) from BMO Estate Insurance Advisory Services.



\*Source: Critical illness insurance. Past, present and future; Author: Marius Barnard. Publication date: April 20, 2004.

\*\* Source: Statistics Canada: Population Projections for Canada (2013 to 2063), Provinces and Territories (2013 to 2038): Technical Report on Methodology and Assumptions (91-620-X). September 2014.

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