

CRITICAL ILLNESS INSURANCE

Financial Peace of Mind When You Need It Most

By Delta Scieur, BMgt. Finance

In early 2021, I received a call from my life-long friend, John. After a few years of leisurely travelling across the world, he had finally decided it was time to settle down and start building a solid foundation for his financial plan. We started with the basics. We reviewed his spending and came up with a budget. We discussed the importance of debt reduction, and we increased the regular payments he was making to a high interest rate loan. We talked about risk management strategies such as an emergency fund, life insurance and critical illness insurance and how they all work together to protect your savings from unexpected circumstances. We reviewed his savings goals, and I drew him a road map on how he was going to reach all of these goals. John set up regular contributions to a RRSP. I was so happy to see my best friend start getting some goals and plans set into motion.

Last October, John and his then girlfriend, Jane, took a very serious step in their relationship. They decided it was time to start working on their financial goals as a team. They opened a joint high interest savings account to build that emergency fund. They had many big plans that they wanted to save for, together. Plans to travel. Plans to get married. Plans to start a family. All of which are very common goals that I hear about from many clients in their 30's who are at a similar stage of life.

Two months after setting up the RRSP and emergency fund, my next email to John and Jane contained information on Willful, a digital estate planning company. My recommendation was to complete their Wills, Power of Attorney and Personal Directive documents as soon as possible. This is a key recommendation that I make to all my clients at some point during the foundational financial planning process but unfortunately, this time it was sent for a different reason.

It was May 2022 when John called me on a Monday morning. As he does every week, just to see how my weekend was. Never a text. Always a phone call. I answered the phone call and after a few minutes of small talk he said, "Listen, I have to tell you something. Jane found a lump." Jane (32 years old) had found a lump on her breast. She made an appointment with her doctor and after a biopsy of the lump, she was told she had breast cancer- grade 3. Her lymph nodes also tested positive.

John told me, "Delta, I am going to ask her to marry me." John had been talking about marrying Jane for the last few years but now, it was finally time for him to propose. He was ready and did not want to waste any more time. His biggest concern was ensuring she got the engagement photos she had always dreamed of. He was adamant that he wanted her to look back at the pictures and feel beautiful. We talked about different proposal ideas. We laughed and I cried (like a baby).

Jane brought up the idea of going on a vacation to process her recent diagnosis and to enjoy some time together before treatment began. This was John's opportunity. John called the local jewelry store, explained the situation and they custom made him a diamond ring in just 2 days. Once the ring was ready, John and Jane hopped on a plane to the Bahamas. John popped the question on a dock overlooking the ocean. Jane was very surprised and of course, she said yes.

After their trip, Jane got in for surgery right away. They removed the lump, found another lump during surgery, and removed it as well, and removed the lymph nodes. Jane works as a hairdresser so after this surgery, she was officially unable to work as she could not lift her arms. She had drains attached to her for 3 weeks after surgery. John was draining her bags every 2-3 hours. This meant John was also off work. Drains or not, he did not want to leave her side.

The next of their worries was finding out that chemotherapy was likely in her future and could impact her hormones and her fertility. They booked an appointment at a fertility clinic to explore their options. 2 weeks and \$8,000 later and they have 2 fertilized frozen embryos waiting for them whenever the time is right.

After her surgery, Jane was officially diagnosed with Stage 3 Invasive Ductile Carcinoma. Chemo was set to start in July 2022 and would go on for 4-5 months. Because she is young and healthy otherwise, the oncologist thought she could handle the most intense and aggressive chemo treatment available. The average breast cancer patient goes for chemo every 3 weeks. Jane's chemo treatments would be every 2 weeks. After her chemo treatments were complete, she would then start radiation treatments. The oncologist advised it would likely take her 8-9 months to fully recover from the chemo and radiation. At that point, it could be mid 2023 by the time she is back to work. After radiation, there could be up to 5 years of hormone therapy. 2 years after hormone therapy, Jane can try to get pregnant, but it will not be a guarantee even with fertility treatments. Another one of their life goals derailed.

The next phone call I had from John consisted of, "I need to stop my RRSP contributions and our monthly savings to the joint account. I applied for EI caregiving benefits and have not been paid yet." That joint savings account now has a \$0 balance. The road map for all the financial goals and plans I set up for them, now full of speed bumps and alternate routes.

The week before chemo began, my 32-year-old best friend and his 32-year-old fiancé spent 4 hours at the cross-cancer institute being prepped on what is to come for treatments and side effects- like loss of hair, mouth sores, and brittle nails. 24 hours after Jane's first chemo treatment, John was injecting her with Pegfilgrastim to help increase her white blood cell count (which costs \$1,700 per shot). He will continue to do this for her after each chemo treatment.

Jane has now completed chemo treatment 6 out of 8. Thankfully, the treatment is going well although it has been emotional and tiring for both of them. Cancer was the last thing John and Jane were expecting to happen at 32 years old. This is likely why they did not make life insurance and critical illness insurance an immediate priority. When I bring up critical illness insurance to my young clients, the response I often hear is "I don't need that. I am young and healthy". John and Jane's story is proof that critical illnesses such as cancer do not discriminate based on age or health.

A critical illness can be financially devastating. You and your significant other will likely need to take time off work. There are bills like utilities, home insurance, and groceries that continue on whether you are working or not. There can be unexpected costs that may not be covered by provincial or employee benefit plans. The last thing you want to think about as you recover is how to cope with the financial burden.

Critical illness insurance provides a lump sum cash benefit if you are diagnosed with one of the 24 covered conditions such as heart attack, cancer, or stroke. The money is yours to use any way you want- mortgage payments, replace lost income, hire a caregiver, pay for medications or treatments that are not covered. And if you are fortunate enough to live a long and healthy life, critical illness insurance has a return of premium option that gives you money back.

No one plans to get sick but if you do, critical illness insurance can give you the peace of mind to focus on what matters the most... getting better. Talk to your financial advisor about adding this product to your financial plan.