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Q: I know I should have disability insurance to protect my finances, but I don't even know where to start. What should I know?

A: Disability insurance is vital for everyone. Whether you are single or married, young or old, have children or not, it is an absolutely essential part of your financial well-being. The statistics for becoming disabled are staggering. One in three people, on average, will be disabled for more than 90 days or longer at least once before age 65. The average length of a disability that lasts more than 90 days is 2.9 years.

THE RISKS OF NOT HAVING A POLICY

Once you become disabled and unable to work, your income will most likely stop very quickly. Some people are forced to borrow from family or friends, if they are lucky, and most banks aren't willing to lend money to someone unable to work. Assets have to be sold, and the financial effects are devastating. Look at your situation today very honestly. How long can your finances last before you have to start selling assets or borrowing should you become disabled?

AM I NOT ALREADY COVERED?

Most people feel that they are covered somehow if they became disabled, and that just isn't the case:

- Workers' Compensation only covers work-related accidents.
- Unemployment insurance only covers you for 15 weeks, and it is a limited dollar amount.
- Many people think they are covered through their employer, but many times it is simply short-term disability coverage. The financial repercussions from a long-term disability are disastrous.
- Canada Pension Plan requires a severe and prolonged disability, which is very difficult to satisfy, and is a limited dollar amount.

HOW DISABILITY INSURANCE HELPS

A good disability insurance policy will pay you a monthly income for as long as you are unable to work, up to age 65. This income can be used for whatever you choose, but most likely will be used to cover your regular expenses (mortgage payments, groceries), but may also be required for medical expenses that you may incur. Remember,

disability insurance covers you whether the injury or illness happens at work or not.

COST

Premiums for disability insurance are based on the following: age, gender, smoking status, health, amount of monthly income required and occupation.

RECEIVE YOUR MONEY BACK

Many policies provide the option of receiving some of your paid premiums back if you don't make a claim. For example, one insurance company will refund 50 per cent of your paid premiums every seven years, if you don't make a claim. This is an outstanding option.

GET STARTED TODAY

I highly recommend that everyone looks at this type of insurance protection. If you would like more information on protecting your finances with disability insurance, or would just like a quote, feel free to email me at jswanson@bmf.ca.