



## Time and Tide

...wait for no man (woman)

In life there are few things we can truly control. Life is filled with risk and while generations before us have dealt with any forms of it, experience has taught us as a society that risk can be minimized but not completely eliminated.

Unless you live in a bubble, you've read news headlines about the measles outbreaks, the virulent flu strains, the cancers, the heart attacks, and the strokes. Everyone gets sick from time to time, yet surprisingly we continue to see business owners and professionals who suffer more than others, potentially losing everything, because they never accounted for a critical illness in their planning. Maybe the old adage should be *Death & Taxes...& Illness*.

### What If

None of us want to think about being diagnosed with a severe illness but it is a possibility that no one can afford to ignore. While critical illness can strike at any time, the odds of surviving are better than ever with advances in modern medicine. Perhaps trusting that a cure for everything will eventually be found, many business owners choose not to plan for these kinds of events - neither for themselves nor for their key employees. This is further complicated by something companies forget - or never knew - and that is, that you can't get insurance after you have been diagnosed. Insurance is for 'what if', not 'what is', and proper planning for crisis management happens before, not after.

Small business owners are often most vulnerable because their family life is tied closely to the prosperity of the business, which in turn is linked to the performance of a few individuals. How can a business continue paying its

overhead when income dips due to lost sales when the top salesman is battling cancer? Why would a bank extend a line of credit when the business is crippled? How do you stop the bank from demanding repayment of loans and lines of credit? We have seen it many times; a founder or key employee suffers a medical setback and due to a lack of succession or business continuation planning the company ends up in a tailspin.

Recovery from a critical illness doesn't happen overnight. Lost time - consider your salary or business valuation and an illness can set you back hundreds of thousands if not millions of dollars. Treatment and recovery – this may need to happen away from home and family, or even out of country. The last thing a business owner or anyone needs is added stress about providing basic needs like food or shelter, caused by financial constraints or lack of cash flow. However, all is not doom and gloom. There are solutions, provided they are put in place prior to an illness, which can minimize the impact.

### **What Is**

On the topic of planning or critical illness, when it comes to business owners and partners, we've heard it all. "I can't afford to pay for insurance. The rates are too high. We have a line of credit in place for that. We have never given it any thought. We are all young and healthy." Our response is usually the same truth, "You cannot afford *not* to plan for a critical illness".

It is important to have detailed plans and processes in place to deal with the unexpected. For example, a well-documented human resources succession plan can be referenced in the event a key owner/partner/employee is forced to take time away from work. Insurance can pay for peace of mind when an illness strikes and provide guaranteed dollars when you need them most.

The benefits to having and effectively using these tools are many. When structured correctly, they can help to maintain external confidence in the business (bank, vendors, investors, employees) by demonstrating that management have effectively planned for a critical event. They assist in keeping company moral afloat with the knowledge that personal lifestyle won't be financially derailed with the loss of a key team member.

"If you fail to plan, you are planning to fail!" Benjamin Franklin



To have a deeper conversation about how this subject will affect you or your business, please contact us directly:

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