

Insuring your Most Valuable Asset

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What is your most valuable asset? It's a tough thing to think about, and not something that you often have to determine. Let's face it, how can you possibly rank your home against your family against your health? Well, the common denominator in all these assets is you, and that suggests that you and your ability to earn income to support other aspects of your life is indeed your most valuable asset.

This then begs the question, "What would you do if you could no longer work due to disability or sickness?" As of 2012, 3.8 million working-age Canadians (15 – 64) identified themselves as disabled.* This means that 13.7% of Canadians may be unable to financially support themselves and their families as their ability to work may be affected. It is possible that these 13.7% have a financial plan in place, but if their primary foundation – their income – is removed from the equation, they will likely have trouble meeting their financial obligations.

How will you replace your income if you are disabled? Many people automatically think to their savings, but this is not actually the most practical approach. If you saved 5% of your income each year, 6 months of total disability would entirely wipe out 10 years of savings.

Borrowing from a bank is also an option to consider, but it is important to keep in mind that banks will not be as willing to lend to someone who cannot work as to someone who can.

What about your spouse's income then? That's an option too, but will you really be able to pay your bills and financially survive on one income? Does this mean giving up your family's standard of living?

Selling assets for cash unfortunately is not necessarily a viable option either. What if you do not get a fair market price when you sell? There are also taxes and investment risks to consider when you are paying for something with cash.

There is an answer though, and a good one too! The solution you can count on if you are no longer able to work due to sickness or accident is an individual disability plan. This form of insurance policy provides disability coverage for a wide variety of circumstances while still being flexible for your specific situation. You are not replaceable, but your income can be with the help of a life insurance advisor.

Speak with your advisor to discover what works best for you.

*Source: Statistics Canada, Canadian Survey on Disability, 2012