



Don't let a health crisis become a financial crisis

New treatments and new medicines are giving us all a better chance of surviving critical illnesses such as heart attacks, strokes and cancer. However, recovery may mean weeks or months away from your daily commitments and you may incur additional costs that are not covered by a provincial health plan.

You may have assets available to cover a period of less income and higher expenses, but there are probably many other things you'd prefer to use the money for. Avoid this potential financial burden with the help of critical illness insurance. It complements life insurance and disability insurance, providing a lump-sum benefit that is generally tax-free if you're diagnosed with a condition defined in the critical illness policy.

Here are three reasons you may want to consider critical illness insurance.

1. You want to minimize the financial impact of certain serious illnesses

Every year, more than 350,000 Canadians¹ end up in hospital because of heart disease or a stroke, and almost 200,000 Canadians² are diagnosed with cancer. Depending on the policy, critical illness insurance may cover heart attacks, strokes and some cancers, as well as a range of other conditions, such as Alzheimer's, multiple sclerosis, blindness and deafness.

When evaluating different policies, it's important to review the list of defined conditions to ensure the coverage meets your specific needs. Sometimes, certain conditions trigger a partial benefit payout, rather than a full benefit payout. In addition, policies generally include a requirement that the covered person survive for a certain period of time *after* the event or diagnosis, before the benefit is paid.

2. You want flexibility to make treatment and lifestyle decisions that work for you

A critical illness may affect your physical health a lot or a little, quickly or gradually over time. Because so much is unpredictable, it's important to ensure you have ready access to enough cash to make choices that speed your recovery and maximize your quality of life.

For example, you may want to pay for additional nursing care or child care, seek out-of-country second opinions and treatment, take an extended leave of absence from work to minimize stress while you recover, or make accessibility modifications to your home. Any one of these can be expensive, and all of the above may have a negative impact on both day-to-day living and your financial future.

A key advantage of critical illness insurance is that you can use the benefit for *any* purpose – including the possibilities above and even travelling the world with your family as you start to feel better.

3. You want the opportunity to customize your coverage

Critical illness policies are *not* one-size-fits-all. If you only need \$25,000 in coverage, you can get it. If you need \$1 million, that's available too. There are policies that cover just a few health conditions, and policies that provide more comprehensive protection. Some policies require a medical exam; others do not. Some policies expire when you reach a certain age; others can be converted into long-term care insurance.

There are also a variety of riders, or extra clauses, you may be able to add to a critical illness policy. One of the most popular is a return-of-premium rider that pays back your premiums if you don't make a claim. A second-event rider pays an additional benefit if you get a second unrelated critical illness – for example, if you experience a heart attack followed by a cancer diagnosis. Another option many families consider is a rider that covers children because, unfortunately, children get critical illnesses too.

What's the best policy for you?

Which critical illness policy is best for you depends on your personal circumstances, and your options must be considered within the context of your overall protection plan. It's also important to compare the definitions and terms of different policies to ensure you get the most appropriate coverage at the best value.

With the right insurance in place, you and your family can have peace of mind that you will not be financially burdened by costs associated with a critical illness defined in your policy. It's one way you can plan ahead to protect your wealth, your business and your family.

Call us to discuss critical illness insurance options that can protect your wealth, your business and your family, plus free you to make choices that help you recover faster.

1 Heart & Stroke Foundation. www.heartandstroke.com/site/c.ikiQLcM WJtE/b.3483991/k.34A8/Statistics.htm

2 Canadian Cancer Society. www.cancer.ca/en/cancer-information/cancer-101/canadian-cancer-statistics-publication/?region=on

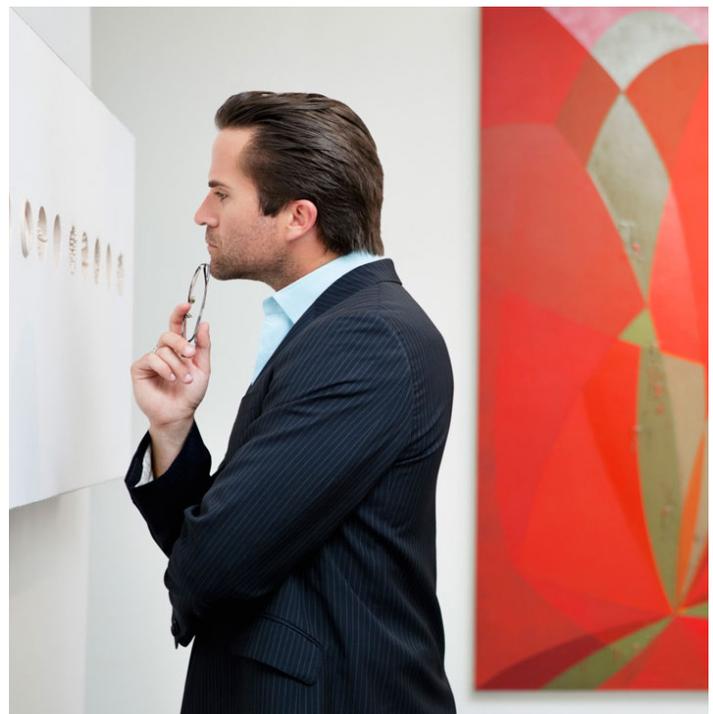
Considering an art collection?

Eagle Totem, by Canadian painter Emily Carr, was purchased at auction in 2001 for \$437,000 and sold just 11 years later for \$1.6 million – over triple the buying price. And just last year, Lawren Harris's *Mountain and Glacier* – purchased in 1964 for \$3,500 – went for \$4.6 million.¹

We've all heard the stories of investors who bought original pieces of art and earned an enviable return when they sold. The stories certainly create investor interest – but do they indicate that art and collectibles deserve a place in your portfolio? Below are five questions to ask yourself before you consider buying art as an investment.

Am I investing for passion or as an investment?

Before you buy, think of the *why*. If you're buying an artwork solely for enjoyment, the decision process is similar to any other purchase you make. But if you're thinking of it as an investment, you need to consider a number of factors, including liquidity, appreciation and maintenance.





Will I be able to liquidate when I want to?

Unlike traditional securities which can be liquidated with relative ease, art is considered an illiquid asset. A buyer or seller of a specific high-end art or collectible typically has to wait for the appropriate auction, which may take place only a few times a year.²

Because investment-grade artwork typically rises in value only gradually, art investors tend to hold onto a piece for a long time, sometimes decades, before selling. "You generally have to think in terms of a 5- to 15-year plan in order to realize profits," says Enrique E. Lieberman, president of the Art Fund Association.³

What is the true value of my collectible, and will it appreciate?

Valuing artwork is not an exact science, even for experts. Unlike the financial markets, where a buyer can get an up-to-date quote on almost any security, it's difficult to know what a collectible will yield at auction before it's actually sold. Additionally, high transaction costs can eat into the profits of your sale. When selling or buying through a gallery or auction house, expect to pay a 20% to 30% sales commission.⁴

According to property appraisers specializing in fine art and collectibles, most artwork does not appreciate in value.⁵ Hiring an appraiser before you make the purchase may improve your chance of a positive return on your investment, but it may add additional upfront costs.

What about insurance and proper care?

Unlike a stock or bond, a piece of art takes up space in your home, can get damaged in the course of everyday living, or can even be stolen. This means you'll need to factor in the costs of care when you buy art, which will include expenses such as framing, cleaning, insurance and even transport.

Is this adding useful diversification to my portfolio?

Research by the Graduate School of Stanford Business concluded that "not only are the returns of art lower than investors think, but the risk is higher," and that "art investments would not substantially improve the risk/return profile of a portfolio."⁶

It's for this reason that many experts advise against buying art solely as an investment. "I've never bought a painting for investment purposes, and I wouldn't recommend it," says Peter Simpson, art expert and former arts editor at the Ottawa Citizen.⁷ There are certainly simpler and less risky routes to diversification.

Value, of course, means more than just monetary worth. Art experts almost universally suggest that passion is a critical piece of the picture. "Of all the advice from artists, gallery owners and collectors, this particular nugget – buy what you love – is near universal."⁸ The real value in art, for many, is the day-by-day enjoyment it brings to the owner.

Please call our office if you are interested in learning more about diversified investment strategies.

1 All figures Heffel Fine Art Auction House, Toronto.

2 <https://www.quora.com/Is-art-a-good-asset-class-for-an-investment-portfolio>

3 <http://www.wsj.com/articles/SB10001424127887324468104578250030617504680n>

4 <http://www.wsj.com/articles/SB10001424127887324468104578250030617504680>

5 <http://guernseyandassociates.blogspot.ca/2012/08/collecting-art-with-eye-towards-value.html>

6 <https://www.gsb.stanford.edu/insights/research-art-good-investment>

7 <http://www.moneysense.ca/spend/shopping/five-tips-on-buying-art/>

8 <http://www.moneysense.ca/spend/shopping/five-tips-on-buying-art/>