



*Shedding light on*

# Health insurance

A PRACTICAL GUIDE TO HELPING  
YOU ACHIEVE A LIFETIME OF  
FINANCIAL SECURITY

**LEARN MORE ABOUT:**

- Taking care of your family's well-being
- Protecting your finances
- Securing your plans for the future

## About this guide

This booklet is part of a series designed to help you create a comprehensive plan for a lifetime of financial security.

Clear explanations give you a better understanding of what health insurance is and why it's important. You'll learn about the different types of health insurance available and the advantages each one offers in helping you take care of your family's health care needs and look out for their financial well-being.

To help you understand the various insurance products and how much you need, we'll point you to a few online resources throughout this booklet.



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## WHY HEALTH INSURANCE?

*Living well* is about getting the most out of each day, making healthy decisions and doing the best job possible to take care of yourself and the people you love. But a health event can happen to anyone at any time, creating unexpected expenses that might be difficult to manage.

Government-sponsored health care plans give everyone the benefit of access to medically necessary services that are provided either in a hospital or by a physician – it's required under the *Canada Health Act*. Yet coverage for other services differs from province to province and may change whenever provincial governments change their health care spending decisions. Not all expenses are covered and your eligibility for certain services may be based on a combination of different factors such as age and income.



### THINGS TO REMEMBER

The costs of coping with a health event go far beyond getting medical treatment. Health insurance is a way to cover hidden costs and unexpected expenses you might not have considered:

- Medical expenses not covered by provincial plans (e.g. prescription drugs)
- Lost wages for you and/or a caregiver
- Travel and accommodation for medical treatment
- Additional child care or home maintenance costs if you don't have time or energy for these necessary tasks
- Home modifications to accommodate special needs
- Special medical equipment
- Rehabilitative costs
- Professional counselling services
- Personal care (e.g. help with bathing or getting dressed)

## **Individually owned health insurance gives you greater control over how you manage your family's health and well-being.**

Some of the advantages of health insurance include:

- Provides affordable access to the health services you and your family need
- Gives you more control over the timeliness and quality of care you receive
- Prevents you from having to use your savings and investments to cover medical expenses – thereby protecting your plans for your family's future
- Offers greater flexibility and permanency than coverage through an employer or an association

We know the unexpected can happen; the key is having a solid plan in place to protect your family's well-being and financial future.



### **TIP**

There are many different types of health insurance plans available. Reviewing the different types with an advisor is a good way to understand the potential advantages each one holds for your family and determine how much coverage you need.

## WHAT ABOUT THE HEALTH COVERAGE I ALREADY HAVE?

If you're an employee of a company, or a member of a professional association, you may have some supplemental health insurance coverage. While this is a good start, you're limited by the type and amount of coverage your employer or association offers. Keep in mind that if you change careers or end your employment, your coverage may end, too.

If you already have individually owned coverage, you may want to review it with an advisor.



### TAKE A CLOSER LOOK

**Things to note that are common to most employer or professional association plans:**

- Your employer or association owns the policy and may be able to cancel or alter the coverage at any time.
- You may need a higher amount of insurance or different features than what your employer or association plan offers.
- Coverage often ends when you are no longer a member of the group.

**Advantages of individual health insurance coverage:**

- You're in charge of your policy and can make changes as you need.
- It gives you more options and more choices in the coverage you want.
- You select the amount and types of insurance that meet your specific needs.

# WHAT TYPES OF HEALTH INSURANCE ARE RIGHT FOR ME?

To make the healthiest financial choices for your family, you first need to become familiar with the various types of health insurance coverage available and the features and benefits they offer.

There are four types of individual health insurance coverage:

- Personal health insurance
- Disability insurance
- Critical illness insurance
- Long-term care insurance



## DID YOU KNOW?

**Myth:** My provincial health care coverage takes care of all my medical costs.

**Truth:** Government funding currently covers only 70% of total health spending in Canada. The rest of these expenses are paid for out-of-pocket by the patient or by private insurance.

Canadian Institute for Health Information, Health Care in Canada 2007 (Ottawa: CIHI, 2007).

## Make the comparison

The following pages examine each type of health insurance coverage in more detail. For each type, we'll outline who the insurance is a good fit for and how the product works. This section gives you a quick comparison of the four types of health insurance to get you started.

Each type of coverage serves a different purpose and protects against a different financial risk.



### THINGS TO REMEMBER

- ✓ Individually owned health insurance puts you in control of your future by having a plan in place to look after your health care needs without having to rely on retirement savings.
- ✓ Insurance costs less and is easier to qualify for when you're younger and healthy – so don't wait!
- ✓ Flexible coverage options let you design a customized plan that best meets your needs.
- ✓ Minimum and maximum coverage amounts differ depending on the type of coverage you choose and may also be based on things like your current health and income.



### TIP

Once you purchase health insurance, insurers give you time, at least 10 days, to review the details of your policy before committing to buying it. This is a good time to review your policy with an advisor.

## MAKE THE COMPARISON

|                                                | Personal health insurance                                                                                                                                            | Disability insurance                                                                                                                                                 | Critical illness insurance                                                                                                                                                             | Long-term care insurance                                                                                                                                                  |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Risk that product was designed to cover</b> | Medical and dental expenses not covered or not fully covered by your provincial plan                                                                                 | Lost income if you're unable to work                                                                                                                                 | Expenses related to surviving a serious illness                                                                                                                                        | Cost of care over a lengthy period                                                                                                                                        |
| <b>How the benefit is paid</b>                 | Reimburses medical and dental expenses                                                                                                                               | Replaces a portion of pre-disability income                                                                                                                          | Pays a one-time cash payment if you're diagnosed with a covered condition and meet the survival period requirement                                                                     | Reimburses expenses or pays an income benefit while you're unable to care for yourself                                                                                    |
| <b>How is it offered?</b>                      | <ul style="list-style-type: none"> <li>• Often provided through an employer or professional association</li> <li>• Also available for individual purchase</li> </ul> | <ul style="list-style-type: none"> <li>• Often provided through an employer or professional association</li> <li>• Also available for individual purchase</li> </ul> | <ul style="list-style-type: none"> <li>• Primarily available for individual purchase</li> <li>• Becoming more popular as part of employer or professional association plans</li> </ul> | <ul style="list-style-type: none"> <li>• Primarily available for individual purchase</li> <li>• Sometimes offered through employer or professional association</li> </ul> |

For more product comparisons, please go to [www.sunlife.ca/MyFinancialPlan](http://www.sunlife.ca/MyFinancialPlan) › Health › Health insurance summary.



“Running a business takes a lot of time and energy. To stay on top of my game, I need to make sure I look after my health.”

And if an emergency did happen, it's good to know I'm able to get the medical treatment that will get me back to business as usual.”

*James, self-starter*

## Personal health insurance

### Who buys it?

As the saying goes, an ounce of prevention is worth a pound of cure. Personal health insurance is ideal for people who don't already have coverage – like those who are self-employed, contract and seasonal workers, business owners or retirees – to help them manage the cost of maintaining their good health and be prepared for unexpected medical expenses. It's also a good way for those who already have a health insurance plan through an employer or professional association to get more comprehensive coverage.

## Why do I need it?

Some medical services are only partially covered by provincial plans, while others are not covered at all. Personal health insurance (PHI) plans help fill in the gap to ensure you and your family have affordable access to the services you need.

PHI provides coverage for unexpected medical emergencies and routine health care expenses that aren't covered by government plans. Many plans also give you the option to add coverage for dental care.

## How does it work?

PHI reimburses you for a portion (e.g. 80%) of services that are not covered or only partially covered by your provincial plan, up to a specified maximum amount. For example, you may be covered for up to a certain dollar amount each year or you may have a dollar limit that is applied over the life of your coverage.

## If you live in Quebec...

You must already have drug and supplemental health benefits through either a group plan or through the Régie de l'assurance maladie du Québec (RAMQ) before you're able to purchase individual personal health insurance.



### TIP

If you are self-employed, you may be able to deduct part of the premiums you pay for your personal health insurance as a business expense. In some cases, business owners may be able to deduct a portion of the premiums paid for their employees.

Some companies offer plans that replace your employer's plan if you leave your job or retire. The benefit of this kind of plan to you is that you don't have to prove you're in good health to get the coverage, as long as you apply within a certain timeframe, usually 30 to 60 days from the date your group plan ended.



## TAKE A CLOSER LOOK

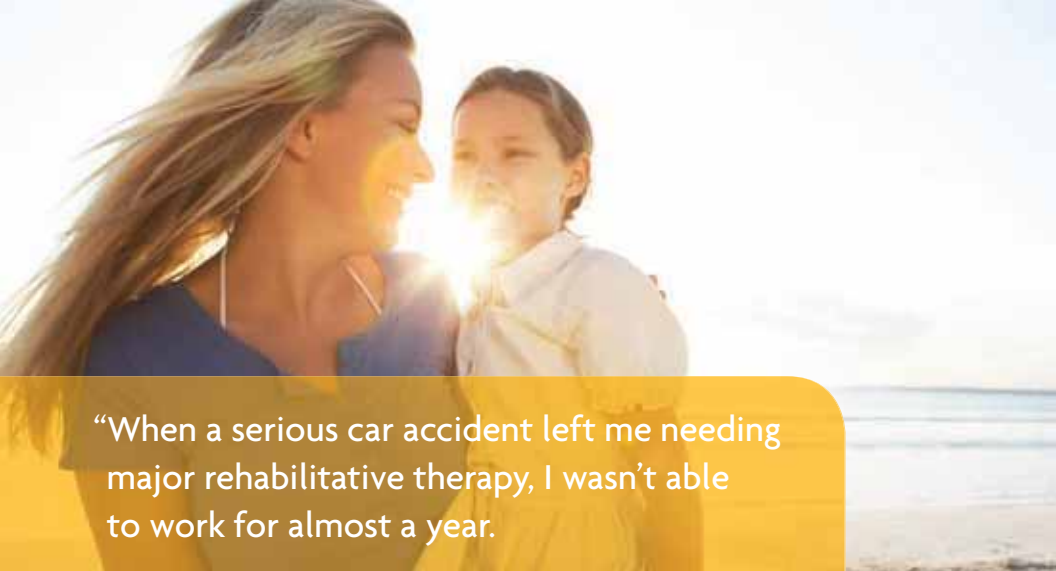
The types of expenses typically covered by personal health insurance include:

- Prescription drugs
- Semi-private or private hospital rooms
- Ambulance services
- In-home nursing services
- Artificial limbs
- Medical appliances and special equipment (e.g. wheelchairs)
- Emergency travel medical coverage
- Specified medical or paramedical services  
(e.g. physiotherapists, registered massage therapists,  
podiatrists, chiropractors)
- Vision care (e.g. optometrist services, glasses and contacts)

Dental benefits may offer coverage for these types of services:

- Examinations and x-rays
- Cleanings
- Fillings
- Extractions
- Root canals
- Crowns
- Bridges
- Dentures

Some dental plans may also pay for orthodontic services.



“When a serious car accident left me needing major rehabilitative therapy, I wasn’t able to work for almost a year.

Thankfully, I was able to keep things at home pretty much business as usual for my daughter while I took the time I needed to fully recover.”

*Andrea, independently single*

## Disability insurance

### Who buys it?

Disability insurance is a smart choice for business owners and self-employed people who are the main income earners for their household. It’s also a good choice for those who have some coverage through an employer or association plan, since individually owned disability insurance offers more flexibility regarding when and how you receive the benefit.

### Why do I need it?

For most of us, our ability to earn an income is our most valuable asset and it deserves to be protected. But what would happen if you were no longer able to work because of an accident or illness?

Disability insurance replaces part of your income for a period of time if you’re unable to work.

## How does it work?

The benefit amount will help you keep things running “business as usual” if you need to take time off work. This amount is usually a portion of your income. Typically, this amount is paid to you on a monthly basis.

You can also choose when your benefit payments will start (e.g. 30, 60, 90 days or even as long as two years after the disability happened) and for how long you’ll receive them. Most plans have an end date after which you no longer qualify to receive benefits. End dates are either after a set number of years or a certain age, usually 65.

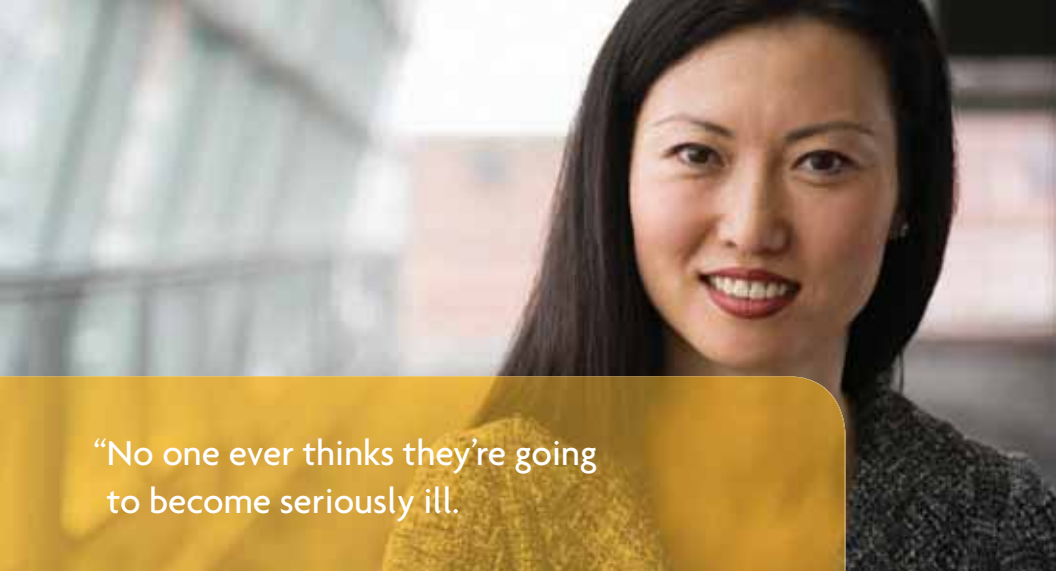


### TAKE A CLOSER LOOK

Disability insurance benefits are paid when the insured person is unable to work. But the definition of being able to work – and stop receiving benefits – may be based on whether you’re able to perform your own job, own occupation or any occupation.

- ***Own job*** – able to perform the duties you routinely perform for your specific employer.
- ***Own occupation*** – able to perform the duties you routinely perform for the occupation in general, not just for your specific employer.
- ***Any occupation*** – able to perform any occupation for which you are reasonably suited to perform based on your education, training or experience.

The plan may begin with the “own occupation” definition and move to the “any occupation” definition once the insured person has been disabled for a period of time (often two years).



“No one ever thinks they’re going to become seriously ill.

I certainly didn’t, but it happened to me. You can’t imagine how thankful I was to be able to take the time I needed to focus on getting better, without having to worry about money.”

*Alexis, strong survivor*

## Critical illness insurance

### Who buys it?

Critical illness insurance is a smart way to protect your family’s financial well-being during the recovery process. It’s especially important for single people, self-employed individuals or business owners who may not be able to earn a living while they focus on getting better. Even if you have disability insurance to replace some of your lost income, critical illness insurance helps fill the gap between your usual pre-disability income and the amount your disability benefit provides.



### DID YOU KNOW?

Survival rates are on the rise. The estimated five year survival rate for breast cancer is 87% and the estimated five year survival rate for prostate cancer is 95%.

Canadian Cancer Society/National Cancer Institute of Canada: Canadian Cancer Statistics 2008 (Toronto, 2008)

Coverage is also available for children, which allows parents to take time away from work to look after their child's needs. Coverage for your child can also guarantee they have coverage as adults, regardless of their health.

### Why do I need it?

Medical advances mean more and more people are surviving serious illnesses or conditions (e.g. cancer, heart attack, and stroke). Critical illness insurance pays a lump-sum benefit that helps you manage the cost of recovery, which often extends beyond the cost of medical treatment.



### DID YOU KNOW?

**Myth:** People usually don't survive a heart attack or stroke.

**Truth:** Almost 90% of people admitted to hospital with a first-time heart attack and over 80% of those with a first stroke survive.

Canadian Institute for Health Information: Health Care in Canada 2006 (Ottawa: CIHI, 2006).



### TAKE A CLOSER LOOK

Most critical illness insurance plans provide coverage for cancer, heart attack and stroke as well as the survival of other serious illnesses or conditions such as a coronary artery bypass surgery and Multiple Sclerosis.

Some critical illness insurance plans have added benefits like coverage for childhood illnesses or a feature that refunds all or part of the premiums you've paid if you cancel the policy, generally after a specified period of time, or it ends without you having made a claim.

## How does it work?

If you are diagnosed with one of the conditions covered under your plan, the lump-sum benefit is paid to you at the end of the required survival period (often as short as 30 days). This benefit gives you more options and greater control over how you manage your recovery because how you spend the money is entirely up to you. You may use it to cover treatments or medications not paid for by government plans, to cover your mortgage and pay household bills or even to help cover the lost income of a family member who takes time off to be with you – it's completely up to you.



### TIP

If you're a sole proprietor or partner in a business, disability insurance and critical illness insurance can help you:

- Pay outstanding business loans
- Meet everyday business expenses
- Protect against financial loss if a key employee (i.e. someone who is vital to operating the business) becomes critically ill or disabled
- Provide funding for a partner or shareholders to purchase the business interest from a critically ill or disabled partner



“We hope to have a full and active retirement ahead of us. But, there’s no guarantee that both of us will always stay in good health.

Making sure we have a support system in place so that we’re able to make the most of our own healthy years is one of the best gifts we’ve given to each other.”

*Howard & Juanita, living well*

## Long-term care insurance

### Who buys it?

While it’s likely that family and friends would be more than willing to lend a hand, taking care of a loved one over the long term often has significant physical, emotional and financial consequences for the caregiver.

Long-term care insurance is a good solution for those approaching retirement who want to avoid placing the burden of care on a healthy spouse, their children or other family members. Adult children may also buy it to ensure parents with fixed retirement incomes have access to quality long-term care, if needed.

## Why do I need it?

As we age, our need for health care increases – and in some cases, this may mean a need for ongoing care. Coverage for services like in-home nursing or personal care, homemaking or assisted living is not required under the Canada Health Act. What is covered varies from province to province.

Long-term care insurance provides financial assistance if you need help to perform routine activities – like bathing, feeding or dressing yourself, or if you need supervision because of declined mental ability.

## How does it work?

The benefit helps pay for ongoing care services you may receive in your own home or while residing in a retirement home, an assisted-living setting or in a long-term care facility. You decide how long you'll receive the benefit. Most plans offer an unlimited benefit period but some have limited lifetime maximum amounts. Once you start receiving benefits, you stop paying the insurance premiums.

There are two general types of long-term care insurance plans available:

- **Reimbursement-style plans** – a plan of care is developed that specifies the types and frequency (e.g. hours per day, days per week) of eligible services for the person receiving care. You're reimbursed for the cost of these services, up to a pre-determined daily maximum.
- **Income-style plans** – provide a regular income that can be used for any purpose, including care received from family members.

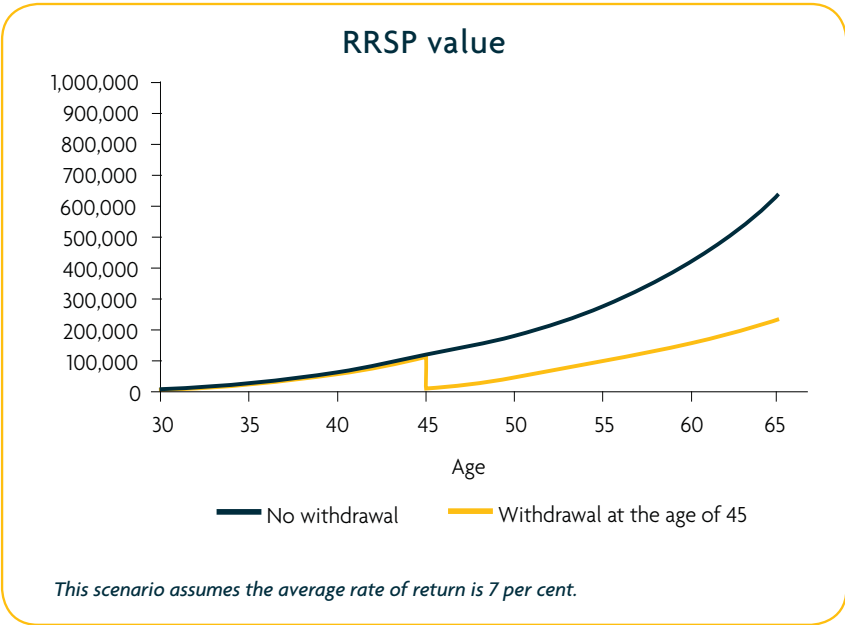


### TIP

Some long-term care insurance plans give you the option to pay the premiums over a limited time period (e.g. 20 years). So if you purchase a plan in your 40s, it's possible to have it fully paid for by the time you retire!

# WHAT'S THE IMPACT OF NOT HAVING COVERAGE?

If you had to dip into your RRSP because of a serious illness, your retirement savings could take a considerable hit. Take a look at the scenario below. Henry suffered a critical illness at age 45 and had to withdraw \$100,000 from his RRSP. He immediately had to pay 46% tax on that money leaving him with \$54,000 to pay for his treatment.



Henry was fortunate, he was back to work quickly and was able to resume contributions to his RRSP. But now his retirement plans have been scaled back to adjust for his smaller retirement savings – reduced by almost \$400,000.

If Henry had critical illness insurance coverage, he would have received the full benefit amount and his RRSP would continue to grow with no withdrawal.

Retirement planning today means thinking beyond maintaining your standard of living. An advisor is able to help you be financially prepared for your active retirement years and your future health care needs.

To see the impact an unexpected health cost can have on your RRSP, go to [www.sunlife.ca/MyFinancialPlan](http://www.sunlife.ca/MyFinancialPlan) › Tools › Impact of a withdrawal from my RRSP.

## WHEN SHOULD I RE-EVALUATE MY COVERAGE?

You're wise to consider making health insurance part of your financial plan. But since life keeps changing, it's important to review your coverage to make sure you always have the protection you and your family need, when you need it.

Since my last health insurance review (or coming up in the near future):

- I changed my marital status.
- I added to my household (including children, grandchildren or elderly parents).
- I bought a home.
- I changed jobs.
- I no longer have a benefits plan at work.
- I became self-employed or started a business.
- I am retiring.
- I quit smoking.



## The best time to plan for your health protection needs is while you're healthy.

Good health is something we often take for granted... until something happens.

But an unexpected health event doesn't have to mean unexpected financial loss. Health insurance is a smart way to plan for your health care needs tomorrow.



### THINGS TO REMEMBER

More information is available through the Canadian Life and Health Insurance Association, a non-profit, non-sales organization. Call their Consumer Assistance Centre at 1-800-268-8099 or visit their website [www.clhia.ca](http://www.clhia.ca).

## Want to learn more?

There are a variety of factors to consider when you think about protecting yourself and your family. Your advisor, with the help of Sun Life Financial, will listen to your personal situation and provide professional advice so you get the protection that is right for you.

Ask your advisor for copies of the other publications in this series or visit [www.sunlife.ca/MyFinancialPlan](http://www.sunlife.ca/MyFinancialPlan) to learn more.

# CREATE A BRIGHT FUTURE

Build. Protect. Enjoy!

Your advisor and Sun Life Financial are here to help.

The thought of building a lifetime of financial security can be intimidating. We're busier, more financially independent and less reliant on our families. And we live in a marketplace full of complex products, benefits and offers.

Professional advice is invaluable in helping us sort it all out. Your advisor has the expertise to understand your needs and show you how to fulfill them. Together, you'll create a personalized plan that addresses your goals for the future, and evolve that plan as your needs and situation change. Your advisor – and Sun Life Financial – will help you get the most out of your plan.

Talk to your advisor today  
about Sun Life Financial!

For more information and resources:

- Visit [www.sunlife.ca/MyFinancialPlan](http://www.sunlife.ca/MyFinancialPlan)
- Call 1 877 SUN-LIFE (1 877 786-5433)



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We're dedicated to helping you achieve lifetime financial security.

