

Your Most Valuable Asset

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What is your most valuable asset? Many people will think about this question and come up with a variety of answers, but most people will likely say their home is their most valuable asset, while others may say a business they own or a retirement portfolio.

But for some people, understanding the answer to this question comes too late. Without warning, bad health can take its toll which can leave you disabled or severely ill and unable to continue with your everyday responsibilities.

Therefore, the real answer to this question is *the ability to earn a living*. While most people insure their home, business, vehicles, or other valuables for fire, theft, accidents, etc., many do not seem to insure the most valuable asset that is actually able to make it all happen.

For those that run their own business, it is certain to be difficult to continue to manage a full-time business with illness taking its toll. A result of this is the inability to earn the type of income that was possible to provide for the family while in good health.

So, what other sources of income are there? There is the possibility of applying for disability benefit via the Canada Pension Plan, but the payouts on this type of policy are not immediate. In certain cases, the benefits are not payable for up to 12 months after making the initial application. And for those that meet the criteria to qualify, the payout is limited to \$933.82 per month (average amount for new beneficiaries).

Other benefit options include [Employment Insurance](#) [1] but this is not applicable to those that previously owned their own business. Moreover, even if you are able to benefit from this type of plan, the payouts are usually limited to a time-frame of about three or four months.

The option to borrow money from a bank is not likely to be viable without being able to clearly show a steady income to make the monthly repayments. Also, the extra stress of putting yourself in more debt will not likely help while attempting to recover from ill health.

There is the [RRSP \(Registered Retirement Savings Plan\)](#) [2] to cash in. But, early withdrawals of the RRSP funds will have a negative effect on retirement and it is also fully taxable. According to Statistics Canada, over 1.5 million people made an early withdrawal in 2015 from their savings plan.

Workers Compensation is a further option, which pays out in the event of a work-related illness or injury. However, it can be difficult to prove that an illness is work related.

A major financial concern is the ability to continue to make the timely mortgage payments. On average, over 50% of mortgage foreclosures are directly attributed to disability.

In a situation like this, the most practical way to maintain an income is to plan ahead and take out a [Disability Income Insurance policy](#) [3]. This type of policy pays a monthly amount after waiting a specific wait period. The actual benefit paid will vary with the different policies. It is also possible to apply for a policy that pays out on a partial disability.

Questions about protecting your most valuable asset?

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