PSG Wealth

RANDS AND SENSE

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RANDS AND SENSE - PERSONAL FINANCE

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Critical illnesses can be costly

October is breast cancer awareness month and, according to the Cancer Association of South Africa, over 19 million women aged 15 years and older risk being diagnosed with breast cancer. The National Cancer Registry describes breast cancer as being the most common form of cancer affecting women of all races in South Africa. Their research shows that one in every 25 women will suffer from some form of breast cancer during their lifetime.

The good news is that the vast majority of patients survive for many years after diagnosis if their condition is detected and treated at an early stage.

Unfortunately, there are enormous physical, mental and financial challenges associated with the treatment of breast cancer. These challenges do not only affect you but also your immediate family, friends and associates. The medical costs involved in treating a critical illness, even if detected at an early stage, can be extremely expensive. A good medical aid will usually cover many, but probably not all hospital and treatment-related costs.

Certain indirect and unexpected expenses will usually not be covered and you will be required to cover these expenses yourself. Examples include travel and accommodation expenses during treatment and convalescence, or the cost of having to employ a care-giver. You may even need to make structural changes to your living quarters, which could also be costly.

It is possible to protect yourself from the financial impact of breast cancer by having a dread disease benefit (otherwise known as critical illness or severe illness cover) incorporated into your long-term insurance policy. This benefit is designed to pay you a tax-free cash lump-sum if you are diagnosed as having a critical illness. This payment is not affected by any costs covered by your medical aid and you can use the money in any way you see fit. You could use it to cover your living expenses while you are being treated or recovering from the illness. You may need to scale down on your work activities, take more holidays or you may even wish to invest the proceeds.

There are a wide range of conditions including cancer, heart attack, stroke, coronary artery bypass graft that are covered by the dread disease benefit. The major life assurance companies provide cover in different ways according to their individual rules, so it would be time well spent discussing this type of cover with a Certified Financial Planner®. It is essential to have the right type of cover with the right assurer to meet your individual needs. Surprisingly, many pension or provident fund schemes established by organisations for their employees do not include critical illness cover as part of their group benefits.

It is sensible to aim to lead a lifestyle that reduces your chances of suffering from a critical illness. It is also prudent to be prepared and have peace of mind, knowing that in the event of a critical illness, you would be able to cope financially. It is always better to be safe than sorry!

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