

## A Guide for Defensive Financial Planning.

It's in our family and on our street. It's among our friends. It is, as Toronto financial planner Janet Freedman writes, "a random selection that can happen to anyone."

Disability. The weaker sister of death. A partial strike against so much of what we hold dear as human beings. Janet Freedman had all those cherished things; freedom of movement, financial independence, ease of communication. And then she didn't.

Exactly 88 years after the Titanic met its fate, Janet Freedman collided with her own iceberg. On April 14, 2000, arms laden with groceries and tax returns, she tripped and landed head first, wedged between her and her neighbour's front steps.

With Freedman's spinal cord partially severed paralysis lingered. Throughout the months in hospital the formerly active, voluble professional suffered all the agonies and ignomies of spinal cord surgery, immobility, pneumonia, hallucinations and delirium.

On a ventilator, the expert in financial planning couldn't tell her family or friends where she'd put the critical Power of Attorney documents. Nor could Freedman explain the details of her disability insurance, bank accounts and all the other financial detritus of life that falls into disarray with shocking speed when a person becomes unexpectedly incapacitated.

Luckily for Freedman, her friend and fellow financial planner, Marie Howes, along with Howes' husband Gavin Clark, were holders of Power of Attorney. But even with such informed help there were problems.

Though Power of Attorney for Property was presented to Freedman's banks, Howes' was told Freedman had to verify the document. Kind of tough to do while half-conscious and on a ventilator. Disability cheques arrived late

or not at all, home care was inconsistent and the government program to help pay for things such as wheelchairs was a maze.

Freedman, who is a frequent "Portfolio Doctor" in this column, has spent four years staggering along the path to almost complete recovery. The book she has co-authored with Marie Howes, *Hit By An Iceberg: Coping with disability in mid-career* (Trafford, 2003) is a refreshingly blunt directive on how to deal with everything from insurance companies to government programs.

If you think you should wait until you are struck down in your prime to purchase this book, think again. Much of what Freedman experienced is fodder for defensive planning.

Starting with the basics such as Power of Attorney (both for personal care and property) and disability insurance Freedman and Howes offer clear suggestions on how to take steps that will protect you and guide family and friends for your care.

For example, they warn that giving children power of attorney can cause disastrous conflicts. "One way around these problems may be to appoint two children jointly so that both signatures are always required."

They also recommend naming an alternate attorney, especially for married couples. If both are in an accident the provincial Public Trustee or Official Guardian's Office takes over. Despite best intentions the government is not likely to manage your affairs as you would wish. Family or friends can apply to assume the responsibility of your life but it is a process that takes time – an unwelcome burden during a crisis.

We have dealt with the financial and medical issues of disability for 15 years and, as Freedman discovered, it is a constant battle to ensure you receive all that you are entitled to. Huge amounts of money and time can be wasted by not knowing how to navigate the system. If you spend most of

retirement portfolio and setting aside money for your children's education it is crushing to watch that money be eroded because of a lack of defensive planning.

The disability insurance section in the book is very thorough. It is a confusing area of insurance and one that individuals increasingly must take on themselves as more and more companies axe staff positions in favour of contract workers with few benefits.

If you have disability insurance the authors' words should have you dashing to the file and re-reading the policy. Buried in the fine print might be an "any occupation" definition which means you must be unable to work at any job, not only your regular one. Truck driver? Legs paralyzed? Too bad, you can be a telemarketer.

If you recently heard a loud grinding noise it was us gnashing our teeth as we read Freedman and Howes' account of federal and provincial government programs. If those who run our provinces and our country had deliberately set out to victimize the disabled with confusion they could not have done a better job than with the existing programs. Small wonder that 60 per cent of CPP disability applications are denied.

CPP disability, which is intended to cover only 25 per cent of the earnings on which you paid into the plan, is even more critical to women than men because more women than men work at jobs with no employer sponsored retirement or disability plans.

Fortunately, CCP disability, as it now stands, covers everyone, self-employed or otherwise, in all occupations and has no restrictions based on previous medical history.

On the other hand, it is a shock to many who are stricken during their working years, that their disability benefits from another sources (second payors) are reduced by the amount of CPP payments.

Examples of possible second payors are some group disability plans, provincial

people with disabilities and workers' compensation plans," write Freedman and Howes.

The inequities and inadequacies of provincial programs are legion. In Ontario, for example, the disabled must remain resolutely poor with less than \$5,000 to their name (including the cash value of life insurance policies) in order to receive Ontario Disability Support Payments. Still, if you are disabled in mid-career knowing the limitations and eligibility requirements can save you and your family tremendous time and stress.

As the health system now stands you cannot count on programs such as home care to meet even basic needs. "She didn't think I should have home care," recalls Freedman of her first assessment visit two weeks after being released from hospital, "and told me that I would not be eligible for five days a week for long – and that I only needed a bath once per week. I don't have serious incontinence problems but I have some."

Freedman had some income sufficient to pay the bills but there was nothing remaining for additional care. In one battle she was accused of malingering. "I'm afraid I lost my temper and told her that I hadn't broken my leg. I had broken my neck!"

*Hit By An Iceberg* is not a rant about the plight of the disabled. It is, rather, a sensible treatise on how to organize your financial and personal life to protect yourself and family.