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## Disability Planning: A REALITY CHECK

*When you own your own business, you do not have the security of group insurance that employees*

*have. After several years, you may find that you are drawing a substantial income from a successful venture.*

If you became disabled, would your business continue to generate the same profits? If not, how would you meet your mortgage payments and pay for your groceries? When we are independent-minded, we tend to be optimistic, to the degree that we might believe one of the following money myths.

**Money Myth #1.** I will borrow the money until I get well.

**Reality:** Few people will lend money to a disabled person. It's hard enough to borrow money when you're in perfect health with a steady income.

**Money Myth #2.** I'll live off my savings.

**Reality:** How long would your savings last? Using up your savings at an age when you ought to add to your investments may ruin your retirement plan.

**Money Myth #3.** I'll sell off some or all of my business assets.

**Reality:** How many assets does your business own that are

## Practical Wealth Creation Ideas

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not required for its successful operation? Who will pay fair market value to one perceived as liquidating out of a dire need for cash?

The timing may not coincide with market demand for your assets.

**Money Myth #4.** My business will pay me a salary.

**Reality:** Your partners may need to hire someone to fulfill your responsibilities. Flip the perspective around. If your partner became disabled, how long could you keep paying him or her a salary in addition to the salary for the replacement? If you are a sole proprietor, and disabled to the degree you cannot work, how could you hire and train someone to work hard enough to produce his own salary and yours?

### Business Owner Disability Insurance Check List

- **Income Replacement Insurance** Pays you a cheque to cover a major portion of your present income drawn from the company.
- **Key-Person Insurance** Pays a benefit to enable the business to hire a replacement.
- **Office Overhead Insurance** Helps you pay for day-to-day overhead and salaries.
- **Buy-Sell Insurance** Creates the cash to allow your partners to buy out your interest, or vice versa, based on a written agreement.