

## Losing a Job

Although it may be of small comfort, many people have faced the upset of losing their job and have still emerged in as good or even better shape.

It is important to appreciate that this can be a time of opportunity and a chance to take a good look at the benefits your background and experience will provide when seeking a new and challenging position.

One of the issues that should be addressed is the nature of your departure from your previous employer. Under law and simply the concept of 'fair play' your previous employer will be providing you with benefits as you leave. Some of the factors that we help our clients consider and evaluate are:

1. Severance
2. Insurance
3. Pensions
4. Group Registered Retirement Savings Plans (GRRSPs)
5. Deferred Profit Sharing Plans (DPSPs)
6. Changing careers
7. Legal advice and references

This quarter we will highlight the typical insurance considerations. Many companies offer group insurance plans that cover life, disability and health insurance. The amount of coverage you receive depends on your company. Here is some information on the types of coverage a client may consider replacing when they leave their job.

### Life Insurance

Many companies offer one to three times your annual salary as life insurance. If your company pays the premiums, this coverage is a taxable benefit from your company and increases your taxable income for the year. When you leave your company most insurance companies will offer you the option of converting the group coverage into individual coverage. This option must be exercised within 31 days of the date of your departure from the company. The amount of coverage provided will not be in excess of what you enjoyed as an employee. A potential benefit of this option is that the coverage is not subject to medical underwriting so if you have health or other underwriting issues you should still receive the individual coverage. Unfortunately, no medical underwriting usually means high premiums. Ask us if you need the coverage and if so, take the conversion and simultaneously we will help you apply for individual coverage which could be at substantially lower rates. If approved, you would then replace the higher cost group policy.

## Disability Insurance

Depending on the group insurance plan, the opportunity to convert group disability insurance to individual coverage may also be provided. Statistics show that it is very likely that you will need disability insurance coverage at least once in your life. It is very important to ensure that you replace this coverage when you leave your group plan. Ask us for an evaluation of your needs and a quote.

## Health Insurance

Health insurance coverage stops when you leave your job so health expenses (typically drugs and dental) will be your responsibility. Some termination packages continue health benefits for a set period of time. If your spouse is a member of a group plan through her/his company, you and other family members should continue to have coverage under that plan. If you join a new company that offers group health insurance there could be a waiting period of three months before group membership begins. Therefore, if there is some flexibility in incurring expenses (dental check-ups for example) it would be sensible to defer those expenses until coverage under the new plan begins. For more information about your group insurance coverage, please contact your company's Human Resources department or the insurance company directly. We can help you determine what type of insurance coverage you should have and how to replace coverage lost when you leave your job.