Soften the blow of a client’s illness

Having money available will allow the client to focus on recovering
By Fiona Collie

When a client becomes ill, there may be many decisions to make by the client, his or her family and other professionals, says Drew Abbott, vice-president and investment advisors with TD Waterhouse Private Investment Advice in Toronto. The advisor's role is to act as a "middleman" to make sure everything gets done.

Here's a list of steps to take with your clients before and after they become seriously ill:

> Set up emergency funds
To avoid additional stress when a client becomes seriously ill unexpectedly, make sure you talk to clients about saving for emergencies.

Unfortunately, most people live paycheck to paycheck, says Mark Halpern, a certified financial planner and president and founder of illnessprotection.com in Markham, Ont. But, he says, they should have three to six months' worth of income saved for emergencies.

That money should be in liquid investments such as money-market funds, T-bills or redeemable GICs, he says. Even having access to a line of credit would be useful. Having that money available will allow the client to focus on recovering instead of paying bills.

> Discuss insurance
Make sure your clients are ready for anything by discussing insurance products with them — when they are well.

Talk about long-term disability insurance, says Halpern, as well as critical illness insurance, long-term-care and U.S care products (which provide Canadian residents with access to health care in the U.S.).

If clients do have policies, he says, make sure their executors and family members know about them and where the documents are stored.

> Consider estate issues
When a client becomes seriously ill, take a look at his or her accounts to determine whether there are any potential tax issues.

Talk with an accountant to see if the client should take such steps as setting up joint accounts to reduce probate taxes, says Abbott. If the joint owner of the account is not a spouse, you may also have to speak with a lawyer.
As well, talk with other professionals, he says, to decide whether a family trust would be appropriate for the client.

> Adjust your client's portfolio
Consider making changes to the client's portfolio if there is a strong possibility that he or she will be ill for a long period of time.

A sudden downturn in the market could leave the client without access to much needed funds, Abbott says. Generally, when a client becomes ill, you should consider taking a more conservative position.

This is the second in a two-part article dealing with steps advisors can take to assist clients who fall ill.