I didn't die:' Cancer free, with no retirement savings

Lynne FitzGerald will have to sell her home in Halifax after accumulating bills while she was sick. ()

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Lynne FitzGerald is moving. She doesn't want to sell the quaint Halifax home in which she raised her daughter, but her retirement savings are gone.

Her story illustrates what can happen when a catastrophic illness upends the best-laid retirement plans.

Ms. FitzGerald, 68, isn't supposed to be alive. Diagnosed in 2005 with stage-four colon cancer, her liver riddled with tumours, she was told she had a year to live. "It was a nightmare," recalls Ms. FitzGerald, a single mom. "I had a car, a mortgage and a daughter in high school."

Ms. FitzGerald quit a contract position at Dalhousie University when her aggressive chemotherapy regimen left her unable to work. With no income and no health benefits, she had no option but to go on welfare, a decision which – according to provincial rules at the time – meant she had to liquidate all investments.

"They made me cash in all of my RRSPs," she says, adding she incurred stiff penalties. "I had to bring my investment portfolio down to zero."

Living on $127 a month, she hit rock bottom. "That's where it went very bad," says Ms. FitzGerald, "because I didn't die."

Instead, despite the odds, she got better. After six months of chemo, colon surgery and the surgical resection of three remaining liver tumours, she was declared cancer-free in 2006. "The resident came and said: 'You are now cancer-free.' Cancer free? It was amazing," she says.

"My whole neighbourhood showed up and painted my house and planted flowers in my flower boxes."

Fast forward 10 years, and Ms. FitzGerald is a cancer survivor. But the downside is she has never been able to replenish her lost retirement savings. As a side effect of the chemo, she has joint pain and severe short-term memory loss and can no longer work. She lives off a combination of CPP and provincial retirement benefits totalling about $1,450 a month. "I live on my line of credit," she says. "By the second week of the month, I'm out of money."

Deb Maskens is all too familiar with such stories. As co-lead of CanCertainty, a coalition of patient, physician and caregiver groups, she advocates for patients with cancer who are forced to pay out-of-pocket for costs associated with treatment. Many call her saying they falsely believed their private insurance would pay for everything. Instead, they've been forced to take out a line of credit, get a second mortgage or cash in RRSPs to pay for drugs not covered under provincial or public plans.

"I think there's a great myth out there that you've worked all your life, you had private insurance and when you're 65 the public plan will kick in and things will be great," says Ms. Maskens.

According to CanCertainty, while cancer patients living in British Columbia, Alberta, Saskatchewan and Manitoba have their cancer treatments fully covered regardless of household income or private-insurance status, patients in Ontario and the Atlantic provinces are on the hook for these costs (Quebec residents pay a small annual deductible of less than $900 for all medications, including oral cancer medications).

And although many soon-to-be retirees believe the insurance policies they are carrying over from their employer will protect them, Ms. Maskens says they are in for a rude awakening. She says many former employer-sponsored insurance policies cap medication at $3,000 a year at age 65 – a far cry from the $60,000-a-year drug she takes to treat her own kidney cancer. "[Patients] need to check the fine print."

Catastrophic illnesses such as heart attack and stroke can also have a big impact. According to the Heart and Stroke Foundation of Canada, the number of Canadians living with long-term disability from stroke will increase by up to 80 per cent in the next 20 years.

Brian Poncelet, an Oakville, Ont.-based certified financial planner, says one of his clients, a 58-year-old man, was thankful for critical illness insurance when he suffered a heart attack several years ago. But he says most people aren't being that pro-active – or are waiting too long to buy coverage, making premiums prohibitive for most.

"A lot of people are unaware of it – it's not selling as much as it should." Mr. Poncelet says people shouldn't wait until their 50s to look into products that can help cover possible health-care catastrophes. He recommends those in their 40s buy coverage – when premiums are more manageable.

For Ms. Maskens, it comes down to soul-searching – and planning. She says people have to ask themselves: " 'Am I insured against a catastrophic illness?' You need to build this into your personal plan." She says getting private health coverage – and keeping it after leaving an employer – is essential. Critical illness insurance is also something to consider, though Ms. Maskens concedes that the limits – usually in the $75,000 to $100,000 range – aren't always sufficient, and higher limits can bring steep premiums.

But just hoping for the best shouldn't be an option, she says.

"These are situations people really need to prepare for. They are walking into a very vulnerable part of their lives."

Editor's note: An earlier version of this story said Lynne FitzGerald was diagnosed in 2006. She was in fact diagnosed in 2005.