

Have you protected yourself financially with disability income insurance?

In the Circle

Planning Strategies & Concepts

DISABILITY INCOME INSURANCE

What is Disability Income Insurance?

Why is Disability Income Insurance important?

Disability Income Insurance Benefit Provisions



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Disability Income Insurance



You work tirelessly to navigate the financial jungle. Have you taken the appropriate steps to protect your livelihood, your welfare and that of your family, in the event of a disabling illness or injury? What have you done to ensure your financial security if you are unable to work? Have you protected yourself financially with disability income insurance?

Consider Disability Income (DI) Insurance... Here's why.

What is Disability Income Insurance?

It is insurance against the risk of income loss as a result of an inability to work. In the event of a disabling illness or injury, disability income insurance provides a replacement for the income that would have been earned otherwise.

Why is Disability Income Insurance important?

Disability income insurance complements the medical insurance that you carry. While the latter covers the medical expenses incurred as part of your recovery from an illness or injury, the former helps pay the normal expenses that you face as part of your day-to-day lives. Disability income insurance allows you to sustain your current lifestyle while you recover from injury or illness. It helps to protect the assets that you have worked hard to acquire. While approximately two-thirds of employees in the United States have access to paid sick leave¹, over half of occupational

injuries and illnesses (2008 data) require more days away from work than are provided by those benefits.² Worker compensation insurance covers work related illnesses and injuries occurring on the job. However, disabling injuries and illnesses are more than six times as likely to occur away from work as they are to occur on the job.³ Disability income insurance pays benefits when the insured is unable to work due to illness or injury without regard to the time or place of the injury.

Disability Income Insurance Benefit Provisions

When evaluating disability income insurance policies, what are some of the provisions that you should examine in your comparison?

■ **Waiting Period** – How long must you be disabled before the benefit period begins? Short term disability policies typically have waiting periods ranging from one to eight weeks, while long term disability policies have a waiting period often between twelve and fifty-two weeks.

Disability Statistics

50%

Over 50% of occupational injuries and illness in 2008 resulted in work absences of at least six days, 26% in excess of thirty days.¹

85%

Over 85% of disabling injuries occurred away from work.²

■ **Benefit Period** – How long will the insurance company continue to make payments if you remain disabled and unable to work? Short term disability benefits often terminate after thirteen or twenty-six weeks, while long term disability benefits may terminate after two, five, or ten years after you become disabled, or continue until you reach normal retirement age, 65 or 67 years of age.

■ **Monthly Benefit** – How much money will the insurance company pay you each month that you are disabled and can not work? You want to be sure that the monthly benefit covers your normal living expenses. Make sure to consider the timing and frequency of the benefit payments. Are the benefits paid out on a weekly, biweekly, or monthly basis? Are the payments made at the beginning, middle, or end of the payment period?

■ **Definition of Disability** – Does the policy pay pro-rated benefits if you are partially disabled, or does it only pay if you are fully disabled? Will the policy pay benefits, full or partial, if you are unable to return to work in your original occupational capacity, but are able to work in an occupation to which you are suited by training, education, or experience?

■ **Cost-Of-Living Adjustments** – Does the policy allow for adjustments in the monthly benefit amount based on some standard inflation index, like the Consumer Price Index?***

■ **Renew-ability and Waiver Of Premium** – Do you have the right to continue the policy effectively without modification so long as you keep up the premium payments? Do you have to continue paying the premiums on the policy while you are disabled, or does the policy have a provision that waives payment of the premiums during the period of disability?

■ **Rehabilitation Expense** – Does the policy pay for a rehabilitation program in addition to the normal monthly benefits, or must you pay for that rehabilitation program out of those normal monthly benefits?

In Conclusion

The importance of having life insurance is undeniable, but the importance of having disability income insurance to cover the more likely occurrence of a disabling illness or injury can not be overstated and should never be underestimated.

+ SUSTAIN DAILY EXPENSES

Helps pay the normal expenses that you face as part of your day-to-day life.

+ COVER MEDICAL EXPENSES

Covers the medical expenses incurred as part of your recovery from an illness or injury.



SHORT TERM DI BENEFIT

Allows you to sustain your current lifestyle while you recover from injury or illness.

LONG TERM DI BENEFIT

Helps to protect the assets that you have worked hard to acquire.

¹ Program Perspectives, U.S. Bureau of Labor Statistics, Vol. 2 Issue 2, March 2010

² Nonfatal Occupational Injuries and Illnesses Requiring Days Away From Work, 2008, USDL-09-1454, U.S. Department of Labor, Bureau of Labor Statistics, Table 8, p 18

³ National Safety Council, Injury Facts 2009 ed. p. 31 (2007 full year)

***Not necessarily protection against increase in the cost of living.



Did You Know?

➤ While approximately two-thirds of employees in the United States have access to paid sick leave¹, over half of occupational injuries and illnesses (2008 data) require more days away from work than are provided by those benefits.²

➤ Worker compensation insurance covers work related illnesses and injuries occurring on the job.³ However, disabling injuries and illnesses are more than six times as likely to occur away from work as they are to occur on the job.

Call today to discuss how disability income insurance can protect yourself, your family and your business.

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