



## Long-Term Disability Insurance protects your most important asset...your ability to make a living.

Most people insure their car, their health and their life. However, almost everything you own is based on your ability to earn an income. Disability insurance is not an “extra”. It is a “must”.

### Just over 1 in 4 of today’s 20-year olds will become disabled before reaching age 67.<sup>1</sup>

Nobody wants to think about a tragic long-term disability. If it happened to you, how would you replace your paycheck? Your employer understands the importance of long-term disability insurance, which is why this benefit is being made available to you. Disability benefits can help pay your mortgage, college tuition, medical insurance payments, or more.

### The main cause of disability is illness, not accidents.

According to the Bureau of Labor Statistics, 99% of disability claims were not work-related in 2016. The top cause of new disabilities include cancer, pregnancy, joint disorders, and musculoskeletal diseases.<sup>2</sup>

In 2016, more than half of all personal bankruptcies and mortgage foreclosures are a consequence of disability due to medical debt.<sup>3</sup>

- The risk of long-term disability during a worker’s career is greater than the risk of premature death. Yet most workers would never think of going without life insurance protection for their families.<sup>4</sup>

- Disability can be more disastrous financially than death. If you are disabled, you lose your earning power, but you still have living and medical care costs not covered by health insurance.<sup>5</sup>
- The question to ask yourself is: “Am I willing to take a risk with those odds?” Generally, people are not willing to take that risk, which is why they purchase disability insurance.

### The main cause of disability is illness, not accidents.

- The average national rate of approval for those who applied for Social Security Disability Insurance benefits is 36%.<sup>6</sup>
- Workers’ Compensation provides benefits ONLY if a disability is a result of an on-the-job accident, injury, or occupational disease. Close to 99% of disabling accidents and illnesses are not work related.<sup>2</sup>
- Health insurance does not replace your income or make your house payment.
- Unemployment compensation is only for those who are physically and mentally able to work.

(over)

### Top three causes of disability in U.S.<sup>7</sup>

- Heart Disease
- Cancer
- Cerebrovascular Diseases (Stroke)

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## Are there any medical questions or tests needed to qualify for disability insurance?

Individual insurance carriers often require medical questions, blood tests and/or a visit with a nurse or physician. With group insurance, the insurance company's risk is lower because it is based on the claims history of the entire group, rather than your personal health history. Therefore, the insurance company is often able to offer a period of time where you can purchase disability insurance without medical questions or tests. Certain conditions may apply.

## What is an "Elimination Period"?

An Elimination Period is the time between when your disability begins and the time you are eligible to receive benefits. No benefits are paid during the Elimination Period.

## Are disability income benefits taxed?

If you pay for disability insurance with after-tax dollars, your disability benefits will not be subject to income tax. Please see your tax adviser for specific advice.

## No disability insurance payments during a disability.

While you are disabled, you don't want to worry about paying for your coverage. The Waiver of Premium feature waives your disability insurance payment. This begins as soon as you start receiving disability benefits and continues while you are disabled.

## How is this plan different than Short-Term Disability Insurance or Sick-Leave Pay?

Short-term disability insurance and sick-leave plans pay for a specified period of time – typically 6-25

weeks. After the Elimination Period (see above), your long-term disability plan will pay benefits for a specified number of months or years if you are unable to work in your current occupation. If you are unable to work in any occupation, you will usually receive benefits to age 65 or later (depending upon the age at when you became disabled).

## What about Maternity Coverage?

If you become pregnant while covered, disability insurance will protect you if you experience unexpected complications that prevent you from doing your job. Pregnancy, child-birth, and related medical conditions are covered the same as any illness.

1. <https://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf>
2. Bureau of Labor Statistics, *Employer-Reported Workplace Injuries and Illnesses (Annual) 2016*, Table Table1 Incidence rates of nonfatal occupational injuries and illnesses by industry and case types, cases with days away from work.
3. [https://www.limra.com/uploadedFiles/limra.com/LIMRA\\_Root/Posts/PR/\\_Media/PDFs/2016-DIAM.pdf](https://www.limra.com/uploadedFiles/limra.com/LIMRA_Root/Posts/PR/_Media/PDFs/2016-DIAM.pdf)
4. *Guide to Disability Income Insurance, America's Health Insurance Plans, 2013.*
5. "Life and Disability Insurance" *usa.gov*, October 17, 2012.
6. <https://www.ssdrc.com/5-72.html>
7. <https://www.cdc.gov/ncbddd/disabilityandhealth/features/disabilitystatus.html>

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