

These questions and answers can help you learn more about the importance of protecting your income in the event of illness or injury. For guidance on disability income options and how to help protect your dreams for the future, consult your financial advisor.

#### **What are the chances that a disability could happen to me?**

A working individual, age 40, has a 43% chance of becoming disabled for 90 days or more. And a working couple, both age 40, has a 68% chance of at least one individual becoming disabled for 90 days or more.<sup>1</sup>

#### **Will Social Security benefits replace my income if I am disabled?**

*For many the answer is no.*

Only 3 out of 10 workers who applied for Social Security disability benefits had their initial claim approved in 2005.

Those who qualify typically have a waiting or eligibility period of six months, in addition to almost three months for processing an initial request for a disability claim. If a claim is appealed, it can take more than a year, on average, to get a decision.

#### **Is the amount of disability income insurance I get at work enough?**

*Employer-sponsored coverage can be a great start, however it may fall short of covering all that it could.*

Group coverage typically replaces just 60% of lost base salary.

Bonuses, commissions, employer retirement plan contributions and other incentive compensation beyond base salary are not usually covered.

Group benefits are often taxable<sup>3</sup>—further reducing your disability benefit amount.

With individual disability income insurance, you own your coverage. It doesn't go away if your job changes and periods of unemployment won't interrupt your income protection.

#### **Is using my savings an option to pay expenses if I am unable to work and how will that affect those assets?**

*Even a substantial emergency fund may not be enough.*

No one knows how long a disability might last. Your savings could be drained before you are able to return to work. In addition, drawing from your savings or investments may jeopardize other financial goals, such as saving for retirement.

If you are on disability, you can't make contributions to your employer's retirement plan. Plus, you miss out on retirement plan contributions made by your employer.

It may make more sense to allocate a small percentage of your current income to help protect your bigger financial picture. A financial advisor can help you determine the disability income insurance coverage best suited to your needs.

**How much does it cost to buy disability income insurance?**

*Generally, for as little as 2-3% of your salary, you can cover up to 80% of after-tax income during disability.*

When you buy your own disability income insurance with after-tax dollars, 100% of the benefits are income-tax-free.

You can help protect more of your actual earnings because individual disability income insurance covers bonus and/or commission income.

*To find out the definition of Social Security Disability insurance - [CLICK HERE](#)*

<sup>1</sup> *JHA Disability Fact Book, 2006*

<sup>2</sup> *Social Security Administration, 2005*

<sup>3</sup> *Group benefits are taxable when the premium is employer-paid.*