

Disability Insurance White Paper

Have you ever wondered what would happen if you got sick or injured and could no longer work? If you are married would your spouse be able to take care of you and care for your home, children, and make enough money to make ends meet for the family? What would happen to your kids' futures? Would they no longer be planning for college instead trying to help make end meet for the family? Do you assume your parents, brother, sister or a friend will help you get thru the disability?

Disability insurance is intended to replace lost income when the insured becomes unable to work due to medical reasons caused by either illness or accident. For employed persons at some point will run out of sick and vacation time. If they are unable to return to work, at some point they will need income from some source to pay their bills. To that end the Disability Insurance Policies is needed to help cover the lost income.

Everyone who works, unless they are independently wealthy, needs to consider having a policy. There are few resources available for working folks when they become disabled. They have to figure out on their own how they will cover the cost of living. Many may assume the Government will just take care of them, and yes under certain circumstances you may be able to get money from the government, however there are various hurdles to get over first many difficult to tackle. Most who live by this assumption learn the hard way the reality is far different.

Generally if you have not worked and contributed to Social Security/Medicare for at least 10 years you will not be able to claim many benefits at the Federal Government level and states offer various levels of help. Those who have made enough of a contribution to SSI and Medicare may be eligible for SSI Disability payments and likewise Medicare benefits for those under age 65. The SSI Disability benefits are somewhat limited and will not allow you to live the lifestyle you were accustomed to living prior to the disability. You may find yourself with less than 35% of your prior to disability income coming in as a SSI-Disability payment which for most is not enough money to live, without giving up their prior to disability lifestyle.

With a disability plan, or stacked plans from your employer and an individual plan you may be able to ultimately replace most of your income. You generally pay for the disability income with after tax money so your benefits are generally paid on a pre-tax basis which does allow you to gross less disability income than prior working income and still live the same lifestyle to which you were accustomed. Some employers though offer the disability coverage at no cost to the employee in which case the benefits end up taxed.

You will find that the cost of the premium is actually very low considering the payout you would receive on claim for disability coverage. The cost of coverage is often favorable to most all other types of coverage you keep for your valuables. So it is always a good idea to check into the policies and see what it would cost for your specific coverage needs.

In addition to replacing lost income there are plans specifically aimed at business owners where they can have overhead costs paid by the plan when they are out on disability. The purpose of such a plan is to help keep the company from suffering costs of the owner being out while also losing income related to the boss being out. This is an especially good policy for private practice physicians. These policies are typically limited in their payout time period so they are usually fairly priced.

[Contact us to discuss how a Disability plan fits your individual or group needs.](#)