

Here's four ways to protect yourself from a long-term disability.

Know your options. Compare the benefits. Consider the advantages.

While most people like to think the odds of becoming disabled are pretty slim, the U.S. Social Security Administration has found that a 20-year-old worker has a one-in-four chance of becoming disabled *before* he or she reaches retirement age.¹ Given this statistic—and the potential impact a long-term disability could have—it's clear to see why so many working adults need financial protection.

The only question is: How can they get it?

For most people, there are four potential sources of long-term disability protection: (1) Social Security, (2) Workers Compensation, (3) Employer Coverage, and (4) Group Disability Insurance. Since each program has its own distinct criteria, benefits, and limitations, let's take a closer look at what they have to offer:

Social Security Disability Insurance (SSDI) — Contrary to popular belief, Social Security provides more than retiree benefits. The Social Security Disability Insurance program pays benefits to people who cannot work because they have a medical condition that is expected to last at least one year or result in death. The program does not cover short-term or partial disabilities, and comes with other limitations as well:

- You must be unable to work any job, not just the job you hold.
- It takes three to five months to process an application (and 65% of initial claims are denied).²
- The average payment is just \$1,171 a month,³ and will be subject to federal income tax.

Workers Compensation — Workers compensation is a state-administered insurance program that protects employees if they are injured or disabled while at work. Benefits vary from state to state, but this coverage is intended to help cover medical expenses, replace lost income, and pay for any required rehabilitation. Unlike Social Security, payments are not taxed and the program does cover partial and short-term disabilities. However, there are some potential drawbacks:

- Benefits are paid only if the disability is work related (less than 5% of claims qualify).⁴
- You may be subject to regular medical examinations and evaluations in order to maintain benefits.
- You forfeit the right to take legal action against your employer if you accept benefits.

Workplace (Employer) Coverage — Many large employers provide disability coverage as a workplace benefit. While little to no underwriting is required, these plans are often limited in the types of features and benefits offered. In fact, these plans typically cover 50%-60% of your income. Let's look at a few of the reasons why these plans may not meet your needs:

- Plans are not portable, so you lose your coverage if you leave your job.
- Benefits are taxable if your employer pays the premiums.
- Plans often have long waiting periods (up to six months) before you can collect benefits.



Group Disability — Many professional associations and affinity groups offer disability insurance plans to their members. These plans typically cover partial disabilities and severe illnesses, and are often customized to include common industry specific injuries. While benefits and features vary from plan to plan, they usually have the following in common:

- Coverage is portable, provided you remain a member of your industry, association, or affinity group.
- Benefits are not taxed if you pay the premium.
- Many plans cover accidents and illnesses that occur in the home.

As confusing—and crowded—as the disability insurance landscape can be, it’s clear that working families need this valuable protection. To find out more* about group disability insurance available through [Association/Affiliation], please visit [URL] or call [Association/AffiliatePhone].

**Which option is best for you?
Check out our quick comparison guide.**

| | <i>Are benefits taxable?</i> | <i>Does it cover partial or short term-disabilities?</i> | <i>Does the disability have to be work-related?</i> | <i>Is coverage portable?</i> |
|----------------------------|--------------------------------|--|---|------------------------------|
| SSDI | Yes | No | No | Yes |
| Workers Comp. | No | Yes | Yes | Yes |
| Employer Disability | Yes, if employer pays premiums | Depends on plan (usually, yes) | No | No |
| Group Disability | No | Depends on plan (usually, yes) | No | Yes |

*Including features, costs, eligibility, renewability, limitations, exclusions and more.

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¹ U.S. Social Security Administration, “Fact Sheet,” June 2016 @ <https://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf>

² Council for Disability Awareness, “Disability Statistics, “ accessed on April 7, 2017 @ www.disabilitycanhappen.org

³ U.S. Social Security Administration, “Fact Sheet,” June 2016 @ <https://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf>

⁴ LifeHealthPro, “The ethical considerations of selling disability insurance,” May 6, 2015 @ <http://www.lifehealthpro.com/2015/05/06/the-ethical-considerations-of-selling-disability-i>

