

Rob Turner's **Disability Income** INSURANCE – SUMMARY

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-We sell both individual, group, and individual (in bulk) Disability Income plans.

-Principal Financial, Ameritas, MetLife, and The Standard are four carriers we represent via individual plans (singular). Ameritas is the only carrier we represent who provides an individual bulk offering. We represent too many to list relative to group DI plans. There are multiple carriers available.

-The Ameritas bulk offering is a wonderful solution if there are at least 5 individuals we can Class together. Because they also offer Simplified Underwriting and the plans are fully portable and discounted (bulk purchase), they're worth seriously considering for higher income individuals who can be grouped into one Class.

Disability Income insurance is made up of 3 parts that work together to cover either all or a portion of one's income.

1. **Monthly benefit (taxable or tax free – depending on how the premium is paid)**
2. **Benefit period**
3. **Elimination period**

1. **Monthly benefit:** Amount provided to the beneficiary.
2. **Benefit period:** The number of years that the monthly stipend will be available to the beneficiary. (24 months to SS retirement eligible).
3. **Elimination period:** How long the beneficiary must wait before the benefit will be available to them. (I usually recommend no more than 90 days, though it can be up to 24 months).

FREQUENTLY ASKED QUESTIONS

1. WHAT IF I ANTICIPATE HAVING OTHER INCOME AVAILABLE TO ME TO OFFSET MY LOSS OF INCOME RELATIVE TO A DISABILITY?

- **Coordinate the Monthly Benefit within the individual plan to take advantage of this. Keep in mind that you can never be over insured for Disability Income insurance. It's not possible to do this within either the individual or group paradigm.**

2. ARE THERE ANY LIMITATIONS AS TO HOW I CAN UTILIZE MY MONTHLY BENEFIT?

- **No. It is the beneficiary's money.**

3. WILL DISABILITY INCOME INSURANCE PREMIUMS INCREASE OVER TIME?

- They likely will increase if it is a Group policy, otherwise individual policyholder's premium costs will NOT increase unless the monthly benefit itself is willfully increased.

4. WHAT'S THE MOST AFFORDABLE WAY TO PUT DISABILITY INCOME INSURANCE IN PLACE?

- Group plans are far more affordable than individual, but they're not portable and the plans aren't as rich. Typically, the Definition of Disability isn't as strong within group plans, there's no COLA rider, they contain weak Mental / Nervous language, and they DO NOT coordinate with SS Disability benefits.

5. WHEN DO PROFESSIONALS TYPICALLY PUT DISABILITY INCOME INSURANCE IN PLACE?

- Because Disability Income coverage is only available for +/- 5 years beyond SS retirement eligibility age (+/- age 65), it's wise to put it in force well before. We find that most Professionals rely on their employer to provide them with some basic coverage prior to supplementing with an individual policy. As Professionals change jobs or go out on their own, the individual coverage goes with them. Keep in mind that individual plans typically require that an applicant move through Full Underwriting prior to obtaining a plan.

6. IS THERE A MONTHLY BENEFIT "SWEET SPOT" RELATIVE TO THE AGE OF POLICY PURCHASE?

- No. Most policyholders want their entire income covered by a plan, though some do opt for an Elimination period that's longer than 90 days which allows them to take their savings into consideration prior to relying on the benefit.

7. DOES THE MONTHLY BENEFIT INCREASE AS THE POLICY AGES (YEAR TO YEAR)?

- The Benefit can be increased (with a proportionate increase in premium) voluntarily every three years (within an individual plan) with proof of income increase. An automatic increase (reflecting an assumed Cost of Living increase) will also occur. Both of these options are available if the applicable policy riders are put in place whilst purchasing the individual plan. Group plans benefits are typically captured annually via an updated census document transmitted to the carrier.

8. CATEGORICALLY, WHAT IS DISABILITY INCOME INSURANCE?

- Disability Income insurance is considered a health insurance product because it's responding to morbidity.

9. WHY PURCHASE DISABILITY INCOME INSURANCE?

- **To protect your INCOME** and to keep one from having to rely on someone else (or the government) in the event that one becomes disabled and can no longer work in the capacity they were in when they became disabled.

10. ON AVERAGE, HOW LONG DO MOST PEOPLE NEED THEIR BENEFIT ONCE THEY'RE ON CLAIM?

- It varies case by case. Women do have higher percentages of going on claim than men do. Many disabilities – within 5 years – result in death, though some individuals are able to manage their disability through medical care for much, much longer prior to expiring. Most Professionals who go on claim do so due to a disabling medical event like a stroke, heart attack or diabetes related disability.

11. WHAT IS THE TYPICAL SUCCESSIVE CHAIN OF EVENTS RELATIVE TO A DISABILITY?

- Most Professionals typically want to return to work if they can. If they're able to do so and they have a plan that has a Definition of Disability that allows for "Own Occupation" coverage, they're encouraged to return to work in some capacity (either at their previous employer or somewhere else). Other Professionals opt to return to work part-time. Most plans – both individual and group – encourage this by paying the difference between what the employer has agreed to pay and what the plan benefit is.

12. IS THE BENEFIT TAXABLE?

- It is if the premium isn't taken out of each covered plan participant's net pay.

13. WHAT HAPPENS IF OVER TIME ONE BECOMES UNABLE TO PAY THE POLICY PREMIUMS? IS THE POLICY LOST?

- Like health insurance, you'll have the option to reduce the benefit / benefit period / etc. to reduce the premium if the premium cost becomes too difficult for you. Unfortunately, this applies to individual policies only.

14. ONCE ON CLAIM, DOES THE MONTHLY BENEFIT INCREASE TO KEEP UP WITH THE COST OF LIVING?

- If the COLA rider is purchased, the Benefit will grow annually to keep up with the Cost of Living.



