

# Disability Income Insurance

## What Every Physician Needs to Know

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Most people know they need to insure their life, their car, and their home or condo. But they often overlook insuring their most important asset - their ability to earn an income. Your income is the primary source of funding for a lifetime of things, from basic necessities to the hopes and dreams you have for yourself and those you love. The \$3-9 million or more you'll likely earn over the course of your medical career is surely an asset worth insuring.

But what would happen if your income stopped because you were too sick or injured to work? Without a paycheck, how long could you pay your rent and utilities, buy groceries, make student loan payments, etc.? In all likelihood, your life would be thrown significantly off course.

Before you say this could never happen to you, consider the fact that 1 in 4 of today's 20-year-olds will become disabled before they retire.<sup>1</sup> And if you're thinking that most disabilities are the result of freak accidents, you're in for a surprise. The vast majority of disabilities, about 90%, are caused by various forms of illness including cancer, mental disorders like anxiety and depression, muscle and back problems, and heart disease.<sup>2</sup>

### What to Look for in a Disability Income Policy

Disability income insurance (DI) can help replace your income if you become too sick or hurt to work. It provides a buffer against the unexpected. Should disability strike, DI provides income that can be used to keep your household running as well as to help you adjust to your changed circumstances.

But before you go shopping for a DI policy, you need to know what features to look for to get income protection you can count on:

#### How Disability is Defined

The definition of Total Disability outlines what constitutes being totally disabled.

- If a policy defines Total Disability as inability to return to work in *any occupation*, then it would typically pay benefits only if you were unable to perform any job, either your own or a job in a new field or occupation.
- If the policy defines Total Disability as an inability to work in your *own occupation*, it typically pays benefits if you cannot perform the duties of the occupation you were engaged in prior to becoming ill or injured.

#### Coverage for a Partial Disability and/or Recovery

A policy's Residual Disability benefit provides protection in the event of partial disability or during a recovery period.

- Typically payable in an amount that is proportionate to the loss of income suffered due to sickness or injury.
- Supports your financial recovery while you recover physically.
- Not available with most group plans.

## Flexibility to Tailor Coverage to Your Specific Needs

Both now and in the future, options (also called "riders") like these let you:

- Increase coverage as your income grows with no medical insurability requirement.<sup>3</sup>
- Adjust benefits to help keep pace with the cost of living.
- Safeguard retirement contributions.
- Protect student loan payments.

## Portability

Most physicians expect to change jobs or employers multiple times during the course of their career.

- You can take individual DI coverage with you when you change jobs.
- Group Long-Term Disability (Group LTD) plans typically are not portable.

## Cancellability

To avoid the possibility of losing your coverage just when you need it most, choose a policy that's both **non-cancellable and guaranteed renewable** to age 65—with premiums also guaranteed until age 65.

- With group or association group coverage, you run the risk of being dropped and left unprotected at a time in your life when, due to your age or to a change in your health, it would be very difficult to qualify for coverage from another provider.

## Timing

It's important to note that the cost of individual disability income protection is age-based, so you can lock in a lower rate by *buying now while you're young and healthy*.

As a physician, you've made a significant investment of time and money to build your career with the promise of financial security and the other rewards your profession provides. But should you become too ill or injured to work, that promise evaporates. Contact a reputable DI insurance agent to ensure you have adequate protection for your greatest asset.

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<sup>1</sup> U.S. Social Security Administration Fact Sheet, October 2015.

<sup>2</sup> Council for Disability Awareness 2014 Long-Term Disability Claims Review.

<sup>3</sup> Restrictions and limitations apply. The amount of additional coverage available will be financially underwritten based on the amount of disability insurance you have or are eligible to receive, as well as your income at the time you apply.

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