



Don't dismiss your

Greatest Asset

Learn how disability insurance can round out your financial plan.

When it comes to planning for your future, are you protecting your greatest asset? You may be surprised that your greatest asset is not your home or your car. Your greatest asset is actually **your ability to earn an income.**

And what's the best way to protect your greatest asset should you become injured or ill? The answer is simple – disability insurance (DI).

What does disability insurance actually do?

In the simplest of terms, DI replaces a portion of your income should you become unable to work for an extended period of time because of an illness or injury. There's plenty of research to back up the effectiveness of DI as well.

For instance:



1. The National Disability Institute found that households with one adult who has a disability require **28%** more income to retain a similar standard of living than households without an adult with a disability.¹



2. Consumers without DI coverage say their families would resort to tapping into personal savings (**48%**) or retirement funds (**26%**) to meet their day-to-day expenses.²

By the numbers

Did you know?



Almost **one in four** of today's 20-year-olds can expect to be out of work for 12 months or longer because of a disabling condition before they reach the normal retirement age.³



If you're like many Americans, you don't have enough savings to cover three months of living expenses. **More than a third** of consumers today say they can't pay an unexpected \$400 bill without having to take out a loan or sell something.⁴

¹ <https://www.limra.com/en/newsroom/industry-trends/2024/disability-insurance-awareness-month-protecting-your-paycheck-and-your-future/>

² 2024 Insurance Barometer Study, conducted by LIMRA and Life Happens.

³ Social Security Administration, Disability and Death Probability Tables for Insured Workers Who Attain Age 20 in 2023 Table A, Column 1 (Probability of Disability Before NRA).

⁴ Federal Reserve, Report on Economic Well-Being of U.S. Households in 2022 – May 2023.

What's the impact of losing your income?

Now that we learned a few basics about DI, we can dig a little deeper. It's time to consider some theoretical situations that could upend your financial plan. For instance, what would happen if you lost your job because of a layoff?

You'd obviously try to find a new one as fast as possible. But...

1. What if your last paycheck was indeed your last paycheck?

2. What would happen if you were no longer receiving a paycheck because of illness or injury? _____

3. How long could you dip into your savings? _____

Consider this, from the list below: What would you be able to limit before it became a pain point?

- Making financial sacrifices.
- Defaulting on your bills.
- Foregoing your children's college fund.
- Foregoing your retirement fund.
- Foregoing vacations.
- Losing your home.
- Losing your car.
- Filing for bankruptcy.
- Incurring medical expenses you can't afford.
- Liquidate asset(s) prematurely.

If some of the answers in this section made you reconsider your plan – it may be time to take a look at disability insurance.



Who are good candidates for DI?

Generally speaking, good candidates that would most benefit from DI include:



Actively working a minimum of 35 hours a week.



Recently placed life insurance of \$1 M or more.



Between the ages of 30 and 50.



Income of at least \$75 K.



White-collar, high-income earners with existing coverage for other sectors.

And:



Attorneys



Executives



Physicians



Engineers



Accountants



Business owners





Dispelling some myths about insurability and underwriting

Contrary to popular belief, more claims are made for disability because of illness, rather than injury. Pre-qualifying your disability insurance with an agent avoids any surprises you may experience during the underwriting process.

Most agents can also facilitate that conversation and shop with carriers to find out which would provide the best offer for you beforehand. Some typical impairments and/or conditions that can incur with ratings and/or exclusions include:

- Anxiety/depression
- Chronic musculoskeletal problems (back, other orthopedic)
- Cancer
- Pregnancy complications

Account for **10%** of all disability claims.

Account for **30%** of all disability claims.

That's why it's best to have these important discussions with a trusted agent in advance.

Takeaways

The harsh reality remains – bad things happen. If you're unable to work, how will your bills be paid? Through your savings, your retirement assets, or even government assistance? Everyone needs a plan. And the time to make one is now.

Don't ignore your greatest asset – your ability to earn an income.



Where to begin?

Contact your financial advisor for more disability insurance information today.