

We at NMIN Advisor will custom design a Disability Plan for you. There are many different variables in a disability plan, your occupation, amount of coverage, term of coverage and much more. Please read the following information about disability insurance if after reading this you wish more information or even a quote please contact us at 888-277-4456 or email us at [advisor@nminalliance.com](mailto:advisor@nminalliance.com).

## Disability Insurance



**Y**our most important asset is not your home, your car, your jewelry or other possessions. It's your ability to earn a living. Think about it: All of your plans for the future—from buying a home to putting your kids through college to building a retirement nest egg—are based on the assumption you will continue to earn a paycheck until you retire. But what would happen if those paychecks stopped? That's where disability insurance comes in. It provides an income to you and your family if you are unable to work because of illness or injury.

Your income is typically your largest asset. Think about how much you earn in a year and what that would be over a lifetime. The financial consequences of a lengthy disability could literally cost you millions. A 25-year-old worker who makes \$50,000 a year and suffers a permanent disability could lose \$3.8 million in future earnings. You don't hesitate to insure your home, car and other valuable possessions, so why wouldn't you insure something that is much more valuable than all those things?

If you're still not convinced that your income is worth insuring, think about how long you'd last without your paycheck before it would be difficult to pay for everyday expenses. The LIFE Foundation conducted a study that found that 70 percent of working Americans couldn't make it one month before financial difficulties would set in. More than one in four Americans wouldn't make it a week. In the event of a disabling illness or injury—and the odds are much greater than you might realize—disability insurance provides you and your family with a source of replacement income to help make ends meet until you're able to return to work. Explore this section to learn more about disability coverage, including the different sources of disability income protection and ways to get covered.

## Who Needs Disability Insurance?



**S**imply put, if you have a job, you most likely need disability insurance. The possibility of a disabling illness or injury may seem remote, but statistics paint a different picture. Nearly one in three women can expect to suffer a disability that keeps them out of work for 90 days or longer at some point during their working years. For men, the odds are about one in four. And one worker in seven can expect to be disabled for five or more years before retirement. For many, a sudden interruption of income could have serious financial consequences. Most of us have some kind of personal debt, typically a mortgage or credit card bills. Would you be able to maintain your standard of living if you were too ill or injured to work for an extended length of time? Half of all home foreclosures in the United States result from disability, as do an alarming number of personal bankruptcies.

The other thing to keep in mind is that an accident or illness that keeps you out of work for a period of time can be very costly. That's because people who become disabled not only need to continue providing for loved ones, but for themselves as well. A disabling injury or illness could lead to medical bills, modifications to your car or home, or other unforeseen needs that can be quite expensive. For all these reasons, almost anyone who works—whether they're single, married, with children or without—should consider disability insurance.

# Key Terms

When evaluating a disability insurance policy, here are the most important terms with which you should be familiar.

## Benefit level and period

Disability policies usually pay up to 40% to two-thirds of your pre-disability earnings at the time of purchase for a specified period of time. That period may run from one to five years, until age 65, or in some cases, for life. Since disability benefits are designed to replace the income you would otherwise earn by working, most people do not need benefits extending beyond the working years. Electing shorter benefit periods can save premium dollars. But bear in mind that a lengthy disability threatens your financial security more than a short-term disability.

## Definition of disability

Some policies pay if you're unable to perform the duties of your own occupation; others may pay only if you can't work at any occupation for which you're reasonably qualified. In addition, some policies pay only for disabilities arising from an accident. However, illness is the most common cause of disability (about 90%), and is more likely as you grow older.

## Elimination or waiting period

There usually is a waiting period, known as an elimination period, before benefits kick in. It's typically 30 days, 90 days or six months after a disability occurs. You can select the waiting period when you buy your policy. Opting for a longer waiting period will save you money.

## Extent of disability

Some policies pay only if you are totally disabled. Others cover partial disability for a limited time, but only when it follows a period of total disability for the same cause.

## Guaranteed renewable

One of two major types of disability policies. It means your policy can't be cancelled as long as the premiums are paid. Premiums can be raised for an entire class of policyholders but not for reasons related to your individual circumstances.

## Non-cancelable

The other major type of disability policies. These policies can never be cancelled as long as premiums are paid, and premiums are guaranteed not to increase.

## Inflation protection

You can add a cost-of-living adjustment to a policy that increases by a specified percentage after each year of disability. Though expensive, this option can be vital to maintaining your standard of living if you're out of work for a long period of time.

## Portability

Portability refers to whether or not you can take coverage with you. One of the biggest advantages of owning an individual disability policy - or purchasing disability coverage through your employer on a voluntary basis - is that it's completely portable. You own it and it follows you even if you change jobs. By contrast, traditional employer-sponsored group coverage is almost never portable.

## **Presumptive disability**

Even if you can still perform some or all of your regular job responsibilities, you are presumed fully disabled and are entitled to full benefits under specified conditions, such as loss of sight, speech, hearing, or use of limbs.

## **Residual benefits**

If you're unable to perform some aspects of your job, residual benefits allow partial disability payments based on your loss of income.