

# Disability Information

## Disability Facts:

- 1 in 4 of today's 20 year olds will become disabled before they retire
- 95% of claims are a result of illness like cancer & strokes, rather than injury

## Types of Disability Contracts

### Long Term Disability

- Benefit Period durations range from 2 years up to Age 70
- Elimination Periods range from 30 days to 360 days

### Short Term Disability

- Benefit Period durations range from 3 months up to 2 years
- Elimination Periods range from 0 days to 90 days

## Monthly Benefit Ranges

- Monthly Benefits commonly range between \$100 - \$20,000
- Will be calculated according to income (max of 60%)

## Occupation Class Designations:

- 6, 5, 4, 3, 2, 1
- Blue Collar Industry – Lower occupation class designations
- White Collar Industry – Higher occupation class designations

Occupation Classes are determined by the daily duties of the insured, not by the title they hold

## Definitions of Disability

**Any-Occupation** – Benefit pays out only if you are unable to perform the duties of any occupation, regardless of training or education. (Ex. – You can no longer teach, but you can be a secretary).

- This is not very common with individual contracts.

**Own-Occupation & Not Working** – Benefit pays out if you are unable to perform the duties of your occupation and not working in any other field.

**Transitional Own-Occupation** - Benefit pays out if you are unable to perform the duties of your occupation. During that time, if you are able to work in another occupation, you can, and still collect the benefit from your original occupation, so long as the benefit and your new income do not crest the threshold of your original income.

**True "Own-Occupation"** – Benefit pays out if you are unable to perform the duties of your occupation. During that time, if you are able to work in another occupation, you can, and still collect the benefit from your original occupation. (Ex. – If you no longer can be a surgeon, you would collect your monthly benefits even if you decided to become a teacher. Solely protects your specific occupation.).

## Rider Information

**Future Increase Option** – (AKA – Benefit Update) – Allows the insured to increase the monthly benefit in the future without the need to show proof of medical insurability, but will need to show proof of financial insurability to justify the increase.

**Residual & Recovery Benefit** – Allows a partial benefit payout in the event of a loss of income due to a partial disability. The monthly benefit payout will be proportionate to the amount of income lost due to the partial disability.

**Cost of Living Adjustment** – While you are receiving monthly benefits, your payments are adjusted to keep up with inflation. Typically between 3% and 6% with simple or compounding inflation (dependent on carrier)

**Automatic Increase** – (AKA – Future Benefit Increase) – Automatic monthly benefit increase for the initial years of the contract (typically at no extra cost)

**Catastrophic Disability Benefit** – Pays an additional monthly benefit in the event the client is unable to perform two out of the six activities of daily living or develops a severe cognitive impairment

## Discounts & Perks

- Business Owners can be eligible for special benefit limits and premium discounts
- Multiple individuals that work for a common employer can receive a discount on their premiums
- High Occupation classes can sometimes receive discounts for their specific profession