

DISABILITY INCOME INSURANCE

A sudden interruption of income—due to an extended period of sickness or injury—can have serious financial consequences for many of today's employees. If you are lucky, you may receive group long term disability benefits through your employer. However, you will need to make sure the benefits available through your group long term disability coverage are adequate for your needs. Group long term disability benefits are taxable if your employer pays the premiums, may be capped at a relatively low amount, and may not cover variable income such as bonuses or commissions. As such, these benefits may not be enough to maintain your lifestyle or pay all your bills if you become too sick or injured to work.

An individual disability income insurance policy can help supplement your group long term disability benefits and protect a larger portion of your income. This, in turn, provides a fundamental layer of security for your financial future. An individual disability income insurance policy you purchase on your own is fully portable, meaning you won't have to worry about losing coverage if you change jobs, and the benefits paid are tax free if you are the premium payor.¹ In addition, an individual disability income insurance policy is non-cancelable by the carrier (as long as the premiums are paid), and with a guaranteed renewable policy, your premiums will never change for the life of the policy.

Disability income insurance policies have exclusions and limitations.

¹ The information provided is not written or intended as tax or legal advice and may not be relied on for purposes of avoiding any Federal tax penalties. We are not authorized to give tax or legal advice. Individuals are encouraged to seek advice from their own tax or legal counsel.

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