

Disability Insurance

What is Disability Income (DI) Insurance?



In the event of an injury or illness, disability insurance helps protect your income if you're too sick or hurt to work. It is available through both public and private programs and helps you pay bills while you recover.

Types of Disability Insurance

Short-Term

- Provides employees with coverage for time spent away from work for short periods.
- Wage insurance covers events, such as an illness, accident, or injury, where the employee intends to return to work after a few weeks, months, or even a year.
- Most short-term disability policies have a waiting period of zero to 14 days before benefits begin.
- Benefits may only be paid for a maximum of two years.

Long-Term

- Covers individuals who experience more lengthy or lifelong events
- Employer plans normally work in conjunction with short-term disability plans. Individuals begin receiving short-term disability benefits before any long-term benefits kick in.
- The waiting period can range anywhere between a few weeks to several months.
- The maximum benefit goes beyond short-term coverage, from a few years to the rest of the insured individual's life.

Disability Definitions

Own Occupation

- Disability has made you unable to perform the duties of your specific occupation. This is usually a partial disability. If this is the case, you will receive benefits after the elimination/waiting period.

Any Occupation

- Disability has made you unable to perform the duties of any occupation, not just your specific occupation. This is usually a total disability. If this is the case, you will receive benefits after the elimination/waiting period, which is the length of time policyholders must wait before collecting benefits.

Hybrid

- A combination of the above two definitions falling somewhere between partial and total disability.

Why do you need Disability Income Insurance?

- To help protect you from financial losses if an accident or illness renders you or a loved one incapable of working and receiving regular income.
- Disabilities are more likely to be caused by an illness than an injury. Preparing today for unforeseen circumstances can go a long way to ensure you continue to meet your financial needs.

Did You Know...?

At age 42, you're four times more likely to become disabled than die during your working years.

LifeInsure.com

How Does Disability Income Insurance Work?

If you become too sick or hurt to work, after an elimination/waiting period, you will be paid monthly benefits to replace a portion of your income and to help cover your everyday expenses.

Benefit Amount

The benefit amount typically replaces somewhere between 45% to 65% of your gross income. If provided fully by the employer, benefits are taxable. If purchased by an individual, benefits are tax-free. If employer-provided, but you contribute a portion of the premium, the percentage of the premium paid by the employer is the amount of the benefit that is taxable. A longer benefit period equals a higher premium.

Factors in Disability Insurance Premiums

- Requirements for qualifying under the plans
- Amount of income to be replaced
- Length of time during which benefits are paid
- Medical history
- Length of the waiting period, also known as the elimination period

Policy Riders

Policy riders are optional provisions/benefits that can be added to enhance the features of the different aspects of a disability policy. Some riders are provided at no additional cost, while others require payment.

Riders include, but are not limited to:

- Cost of Living Adjustment (COLA) – Increases your benefits to account for inflation, either based on simple interest or compounding interest
- Basic & Enhanced Partial Disability Benefits – Partial benefits paid if your ability to work is limited but not a total disability
- Future Increase Option – Allows you to increase coverage in the future without having to undergo a medical exam
- Catastrophic Disability Benefits (CAT) – Provides extra funds, up to 100% of income replacement if you are functionally impaired or irrevocably disabled

How Can Fort Pitt Capital Group Help?

At Fort Pitt, we believe insurance is an integral part of a holistic financial plan, so we offer our clients in-house risk mitigation solutions. Our clients benefit by receiving advice through our fiduciary role, which means we will act in your best interest and only recommend products based on your needs.

Talk to your advisor today to find out if disability insurance can benefit you.

www.fortpittcapital.com | fpcg@fortpittcapital.com | 1-800-471-5827

