

spring into Disability Insurance awareness month



with Mary Drueke-Collins

Spring is finally here! We are all excited for the longer days, brighter sunshine and blossoming trees. Most of us don't think about our finances when we are enjoying the spring weather. So you probably don't know May is Disability Insurance Awareness month! This is actually a great time to think about what would happen if you were ever disabled and how to protect you and your family from the financial risk of being unable to work.

Most of us don't like to think about becoming disabled and even more of us think that it will never happen to us. If you take a good look at the statistics on disability, you just might be surprised. These following statistics come from the 'chances of disability' section of The Council for Disability Awareness website (www.disabilitycanhappen.org). Just over 25% of today's 20 year olds will become disabled at some point in their life before they retire. Consider the disability probability for these average individuals:

-Sally is an average 35 years old office worker, 5'4", 125 pounds. Sally leads a healthy lifestyle, but still has the following risks: a 24% chance of being disabled for three months or longer during her working career; and a 38% chance that her disability will last five years or longer. The average disability for someone like Sally lasts 82 months. If Sally were to use tobacco and weighed 160 pounds, her risk of disability would increase to a 41% chance of being disabled for three months or more.

-Joe is also an average 35 years old office worker, 5'10", 170 pounds. Joe also leads a healthy lifestyle, and has the following risks: a 21% chance of being disabled for three months or longer during his working career; and a 38% chance that his disability will last five years or longer. The average disability for someone like Joe lasts 82 months. If Joe were to use tobacco and weighed 210 pounds, his risk of disability would increase to a 45% chance of being disabled for three months or more.

If you were to become disabled and not able to earn an income, do you have enough savings to survive financially? Expert recommendations tell us that we should have at least six months' income in savings in case of emergency. The fact is that most people could not sustain their lifestyle for even a month if they lost their income. The effect of one long-term disability occurrence can wipe out a family's assets.

Disability income insurance is designed to help. Disability insurance essentially insures your income, paying you a portion of your salary when you are unable to work due to an injury or illness. The length of time the disability insurance pays and the amount of your income it replaces depends upon the policy you purchase. Some policies provide flexibility in the percentage of your income it replaces and for how long. Disability insurance comes in two forms: short-term and long-term. Generally, short-term disability insurance pays benefits for 90 to 180 days. Long-term disability typically begins to pay benefits after the short-term policy ends and most policies pay for as long as you cannot work, until you reach Social Security retirement age.

The cost of disability affects more than the individual and their family. A valuable employee would be difficult to replace if he or she developed a serious illness or experienced an accident. If the option is available, most employees would also rather return to their former jobs than try to find new employment after a period of disability. Because of this, many employers provide disability insurance to their employees, or at least the option to purchase the coverage. Individual policies are available if you are self-employed.

Chances are that you won't need to rely on disability coverage. But luck can turn against you, and the cost of losing is high. Before you take some time to smell the spring flowers, make sure you protect your most valuable asset: your ability to earn a living.

For more information, please contact your trusted advisor at Swartzbaugh-Farber – 'Client Centered – Client Advocates™'.