



Disability Insurance: Why Your Workplace Coverage May Not Be Enough

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Disability Insurance

Big Idea:

Your **ability** to earn an income is your **greatest asset** and like any other asset, it should be protected with coverage.

What Is A Disability?

- Injury or illness that prevents you from performing the “material and substantial duties of your occupation”
- Much more common & chronic than you might think
 - » Arthritis is the leading cause*
 - » Most are residual or partial disabilities that limit income



**Source: Center for Disease Control and Prevention*

Why Do I Need Disability Insurance?

- Health and life insurance do not cover disabilities
- Not just about the risks, it is also about the consequences
 - » Insuring possessions vs. insuring your income
 - » Most bankruptcies are a result of disabilities
 - Professionals resort to GoFundMe campaigns
 - » The average disability lasts almost 3 years*

**Source: Council for Disability Awareness*

What Should I Look For In Disability Insurance?

- Benefit Amount
 - » Percentage of your income replaced
- Benefit Period
 - » How long a policy pays
 - Short-Term Disability only provides 6 months of benefits
 - Long-Term Disability provides benefits for at least 1 year
- Elimination Period
 - » Time that you have to wait- like a deductible
- Definition of Disability
 - » Total vs. partial
 - » Any occupation vs. own occupation

What About Workers Compensation & Social Security?

- Workers Compensation
 - » All states require employers to provide this coverage but...
 - Most disabilities are not workplace related
- Social Security
 - » Almost 2/3 of applications are initially declined*
 - » Any occupation definition of disability
 - » Must have worked recently & long enough to qualify
 - » Monthly benefits historically equal the poverty line*

**Source: Social Security Administration*

Social Security services are not offered through, or supervised by, The Lincoln Investment Companies.

What About My Disability Coverage Through Work?

- Group Disability
 - » More affordable but more limited than individual plans
 - Can require greater loss of income for residual or partial disabilities
 - Plans may not provide a specific definition for these
 - Usually no or limited own occupation definition
 - For example, 3 years of own occupation coverage but any occupation beyond then
 - Often cap monthly benefit
 - For example, 60% of income replaced **up to \$6000** per month
 - Almost always tied to employer

What Kind Of Disability Coverage Does Lincoln Offer?

- Individual Long-Term Disability
 - » More expensive but more comprehensive than group plans
 - More coverage for residual or partial disabilities
 - 20% loss of income as a result of injury or sickness
 - Usually own occupation definition for life of policy
 - Can protect career until age 70
 - Monthly benefit cap based on 60% of annual income
 - Unless professional is a high earner
 - Not tied to employer

How Can I Take Advantage of These Disability Offerings?

- Group Disability
 - » Opt-in to this coverage and premiums are deducted from payroll
 - » Usually only requires minimal underwriting
 - Health questionnaire
 - » Rarely requires full medical underwriting
 - Health exam
- Individual Disability
 - » Apply for this coverage and premiums are drafted from account
 - » Almost always requires a health questionnaire
 - » Rarely requires a health exam

How Can I Maximize My Disability Coverage?

- Group Disability & Individual Disability work together
 - » No single insurance company will replace 100% of your income but...
 - You **could** replace 100% by obtaining both types of coverage
 - » Always apply for individual coverage 1st to maximize your benefit
 - » You can **usually** still get individual disability even if you have group coverage



Questions?

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