

# DISABILITY

## INCOME PROTECTION

for CPAs



Consider **what's at risk** if you don't protect your ability to earn an income.

If you, your family or staff would be adversely impacted by your inability to do your job, consider disability income protection.

**DISABILITY INCOME PROTECTION** insures your ability to earn a living by replacing a portion of your income (typically 60%) in the event of an illness or injury.

### Disability Income Insurers & their benefit offerings for CPAs

| INSURER         | BENEFIT HIGHLIGHTS  |
|-----------------|---|
| Assurity        | Mthly Max Benefit \$20K to age 67; BOE \$20K  |
| Guardian        | Mthly Max Benefit \$20K to age 70; BOE \$50K; Buy-Out \$2M  |
| Illinois Mutual | Mthly Max Benefit \$10K to age 67; BOE \$10K  |
| MassMutual      | Mthly Max Benefit \$20K to age 70; BOE \$50K; Buy-Out \$2.25M   |
| Mutual of Omaha | Mthly Max Benefit \$12K to age 67; 15% bus. owner discount; BOE \$20K   |
| Ohio National   | Mthly Max Benefit \$20K to age 70; BOE \$50K; Buy-Out \$2M  |
| Principal       | Mthly Max Benefit \$20K to age 70; 10% select occupation discount; BOE \$30K; Buy-Out \$1.5M; Key Person \$500K |
| Standard        | Mthly Max Benefit \$20K to age 67; 10% business owner discount; BOE \$50K; Buy-Out \$1.5M                       |

**Business Overhead Expense (BOE)** pays the insured's business overhead expenses if disabled. Assumption for the illustration above is a 30-day elimination period and 12-month payout.

**Buy-Out** funds a buy-sell agreement to buy out a totally disabled business owner. Maximizes the financial return when a business is transferred, while minimizing tax liability. Assumption for illustration above is an aggregate/lump payout for a 365-elimination period.

**Key Person Replacement (KPR)** provides benefits to a business if a key employee critical to the success of the business becomes totally disabled.

This is a general overview of disability benefits for this occupation class. For specific benefit options available to you, please request an illustration.

Let me help you design a plan that best fits your needs and budget.



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## Disability Coverage

### Things to Consider

Below are important factors that can affect the type of disability coverage that's right for you. The best way to ensure a responsible decision is to **discuss your specific needs with an insurance professional.**

#### Benefit period

This is the length of time a policy will pay benefits. This period can last between **one and five years, up to age 65, or even for life**, depending on your specific needs. The length of the benefit period will directly impact your premiums — the longer the benefit period, the higher the premiums.

#### Coverage amount

While there's no substitute for a thorough needs analysis conducted by an insurance professional, you'll find that most policies cover **between 50% and 70% of your income**. When thinking about how much coverage you need, consider both short-term and long-term expenses, as well as any other sources of disability income, such as investment income or other disability income coverage.

#### Elimination period (or waiting period)

This is the amount of time you are required to wait from the onset of a qualified disability until you are eligible to receive benefits. It can vary from **30 days to a year, but is often 90 days**. A longer elimination period generally translates into lower premiums. Be certain you that you could afford to meet your immediate needs during that period if you were to become disabled.

#### Definition of disability

*How is a disability defined in order to trigger benefits?*

Definitions range from the inability to perform most of the duties of the job you've been trained to perform to the inability to perform *any* job. "**True own-occupation**" means that you would be deemed disabled if you are unable to perform the material and substantial duties of your occupation (medical specialty) **AND** your benefits do not change even if you make an income (gainfully employed) in another occupation or specialty.



### The Value of Your Profession

You've invested a significant amount of time and money to engage in your profession. Your income is key to your practice's success, your day-to-day expenses, and your long-term savings.



### Protect Your Income

While you can't predict the unexpected, you can prepare. **Disability insurance (DI) is income protection**, helping to replace income lost during a period when you're too sick or injured to work. You can use the monthly benefits in any way you see fit.

#### Optional riders

You can address additional scenarios with the purchase of optional riders to account for inflation, student loan payments, retirement savings, etc.

#### Tax-free income

Paying your premiums with after-tax dollars means benefits paid will be tax-free (according to current IRS regulations).

#### Policy protection

**Noncancelable:** policy cannot be cancelled, except for nonpayment of premiums. You can renew your policy every year without an increase in premium or a reduction in benefits.

**Guaranteed Renewable:** right to renew the policy with the same benefits, and the policy cannot be cancelled by the company. However, the insurer has the right to increase your premiums as long as it does so for all other policyholders in the same rating class.

#### Coordination of benefits

Most insurance companies will coordinate plan benefits with other disability plans available to you, whether purchased or available through your employer/association. If applicable, we suggest that you review the maximum benefit allowed when coordinated with other disability plans.

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