

Disability Income...The Basics

A disability policy is designed to replace lost income when a policyholder is unable to work due to a covered accident or illness.

Disability policies generally have:

- **A waiting period**-A waiting period in disability insurance is like a deductible on your car insurance. The difference is that while a deductible for auto insurance is expressed in dollars (\$250, \$500, etc.), a waiting period for disability insurance is expressed in time, such as 60 days, 90 days, or longer. It is the amount of time that you must wait before benefits will be paid. The longer the time period, the lower the premium.
- **A benefit period**-A benefit period can be two years, five years, etc. The most comprehensive policy is one that pays benefits to Age 65.
- **An occupational classification**-Depending on the occupational classification, the premium and the benefit period will be determined.
- **A monthly benefit amount**-A monthly benefit amount can be up to 60% of the present income. Benefits are tax free on an individual policy. The older you are, the more disability insurance will cost, but once a premium has been established, it is likely to stay the same throughout the life of the policy.

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