

# The Beginners Guide to Disability Insurance

## What is Individual Disability Insurance?

Most Americans insure their homes and their vehicles but forget to insure their most important asset, their paycheck. Yet, without a paycheck, homes, vehicles, and other essential things can become unaffordable.

An IDI policy will pay up to 82% of your take-home pay when you become sick or injured. In most cases, these benefits are paid to you on a tax-free basis. Each policy is customized uniquely to fit your needs and claims can last until retirement age.



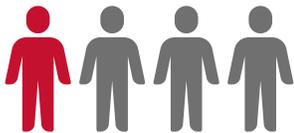
72% of Americans don't have enough savings to cover bills for 6 months.<sup>1</sup>

## When Should I Buy IDI?

Protecting your income with IDI is a wise choice at any age. It is easier to get coverage when you are young and healthy as premiums increase as you age and develop health conditions.

There has never been a better time to apply for IDI. Once you are too sick, you won't be able to get the protection you need ... just as you can't buy house insurance after your house catches on fire.

## MYTH: It Won't Happen to Me



**ACT:** Just over **1 in 4** of today's 20-year-olds will become disabled before they retire.<sup>2</sup>

## MYTH: IDI Is Too Expensive



**FACT:** Only **40%** of US households have enough savings to cover **at least 3 months** of their recurring expenses

## MYTH: I Don't Need IDI Because I Already Have Group LTD

- Group long-term disability (LTD) insurance typically pays about 60% of your income before taxes, but some group policies come with a monthly benefit cap that leaves high earners underinsured.
- You may assume your disability benefits won't be taxed, but if the employer pays the premium, the benefit is typically taxed.
- If you decide to switch jobs, group LTD is not typically portable.

**FACT:** Supplementing your group LTD with IDI will allow for robust income protection.

1. Board of Governors of the Federal Reserve System, FEDS Notes  
2. Social Security Administration, Fact Sheet 2019  
3. Board of Governors of the Federal Reserve System, FEDS Notes