

# 2025 · WHAT ISSUES SHOULD I CONSIDER WHEN PURCHASING DISABILITY INSURANCE?

THRESHOLD ISSUES	YES	NO
<p><b>Do you need to assess your risk of becoming disabled prior to retirement?</b> If so, review the statistical likelihood of incurring a disability and the average duration, and factor in your personal circumstances. Consider the different types of disabilities (mental and physical) that could limit your ability to perform work.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need to review how Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs operate and might interact with private insurance?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ SSDI provides benefits to insured individuals (i.e., those who have adequate credits) who qualify as disabled.</li> <li>■ SSI provides benefits to disabled individuals with limited resources and income.</li> <li>■ These programs have strict eligibility requirements, and claims are frequently denied compared to individual policies.</li> <li>■ See the “Do I Qualify For Social Security Disability Benefits?” flowchart.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need to understand how benefits are triggered under disability policies?</b> If so, consider how the definition of disability varies under different policies, with some imposing more restrictive terms.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need to distinguish between a short-term disability and a long-term disability?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you have any pre-existing conditions that could affect your eligibility or the cost of coverage?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>

CASH FLOW ISSUES	YES	NO
<p><b>Do you need to make a plan to cover costs in the event of a short-term disability?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ Your employer may offer short-term disability coverage (review the eligibility requirements under your plan) and/or you may obtain coverage individually.</li> <li>■ Short-term policies provide benefits for a limited term, generally ranging from three to six months. (continue on next column)</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>

CASH FLOW ISSUES (CONTINUED)	YES	NO
<p><b>Do you need to determine how much income to replace in the event of a long-term disability?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ Calculate your current after-tax income, and estimate your lifestyle funding needs.</li> <li>■ Long-term disability policies can provide benefits, typically percentage-based per your income, for a term of years or until a stated age (e.g., 65 or 67).</li> <li>■ If your employer offers long-term coverage, review any caps, and determine whether the policy is portable and whether a supplemental individual policy is needed.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need to determine how much you can afford to spend on disability insurance premiums and/or adjust your budget?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need to compare annual and monthly premium options?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you have an adequate emergency fund to cover any elimination period?</b> If so, consider the financial impact of different elimination periods.</p>	<input type="checkbox"/>	<input type="checkbox"/>

TAX PLANNING ISSUES	YES	NO
<p><b>Does (or will) your employer pay disability premiums on your behalf, in whole or in part?</b> If so, any benefit payments attributable to employer-paid premiums will be subject to income taxation.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Can you pay premiums through payroll deduction?</b> If so, you likely have the option whether to pay with pre-tax or after-tax dollars. Note that paying premiums with pre-tax dollars subjects benefits to income taxation.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need to determine whether SSDI will be subject to federal income tax?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ If your provisional income (MAGI plus one half of SSDI benefits) is less than the base amount for your filing status, your benefits will not be taxable.</li> <li>■ The base amount is \$25,000 for single filers, and \$32,000 for MFJ. (continue on next page)</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>

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TAX PLANNING ISSUES (CONTINUED)	YES	NO
<p><b>Are you a business owner with employees?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>Offering group coverage to your employees could be an important perk.</li> <li>Any premiums paid by the business are income tax-deductible.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
COVERAGE ISSUES	YES	NO
<p><b>Do you need to compare different disability plan options (e.g., amount and duration of benefits) and compare how they coordinate with your financial plan?</b> If so, consider how a potential disability could impact your ability to save for retirement and achieve other financial goals.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Does your employer offer a disability benefits program?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>Review the income replacement and portability of the policy, as well as any job protection offered by your employer.</li> <li>Supplement any employer coverage with an individual policy.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Are you self-employed (e.g., sole proprietor, independent contractor)?</b> If so, consider seeking group coverage through a professional association or other syndicate.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you want coverage for partial disability (i.e., no fully disabled requirement)?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you want coverage that protects you when you are unable to perform your current job, specifically?</b> If so, be sure to select a policy with an “own occupation” definition, instead of “any occupation” (which would be more restrictive).</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need to understand the elimination period?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Does the coverage you are considering offset other forms of income (e.g., Social Security, workers comp, state disability benefit programs, etc.)?</b> If so, consider the total net benefit that you can reasonably expect from all sources.</p>	<input type="checkbox"/>	<input type="checkbox"/>

POLICY FEATURES	YES	NO
<p><b>Do you need to compare exclusions and disqualifying factors?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need to review whether different waiting periods are associated with certain injuries or illnesses?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>If you are comparing percentage-based benefit options, are caps imposed on monthly payments?</b> If so, be sure to understand the specified maximum payment.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need to review basic riders that are typically included or offered at a low cost?</b> If so, consider how riders such as guaranteed renewable, automatic increase, and waiver of premium might suit your needs.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Are you interested in more specialized riders to customize your coverage?</b> If so, consider how COLA, return of premium, and survivor/death benefit riders could enhance your coverage.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you have student loans?</b> If so, consider coverage that would pay your loan balances during a disability (if they aren't discharged).</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need to review the financial stability, rating, and service reviews of different insurance companies?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Does the policy have a return-to-work provision?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need to review the policy to see if it is noncancellable and guaranteed renewable?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
MISCELLANEOUS ISSUES	YES	NO
<p><b>Do you need to assess the non-financial effects of a potential disability?</b> If so, consider the impact on your family, home, and general lifestyle.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need to consider adding a disability rider to your life insurance policy?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you have worker's compensation insurance?</b> If so, understand when this coverage would apply in lieu of disability insurance.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Does your employer offer any job protection (e.g., per FMLA or beyond)?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Are there any state-specific issues to consider?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>

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