



May Is Disability Insurance Awareness Month

For many Americans, insuring your car and home are no brainers. However, something that is many times more valuable than either of those— a paycheck— is often forgotten about when it comes to insurance. What would happen if suddenly, due to an accident or illness, an employee was unable to work? Short and/or Long-Term disability coverage is an invaluable component in a comprehensive benefits package to protect your employees financially. Often, an employee's disability does not qualify for Worker's Compensation or Social Security benefits, and without a paycheck, can lead to financial hardship for the employee. Disability insurance is insurance for their paychecks.

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Common misconceptions about disability insurance-

- "I'd rely on my savings until I could get back to work."
- "I don't need it—I don't work in a dangerous profession."
- The government provides assistance when people become disabled.
- "I have disability coverage at work."

Take a moment to consider this scenario. Starting tomorrow, you'll no longer be receiving your paycheck. It isn't because you've lost your job; it's because a sudden illness or accident prevents you from showing up to work and earning that paycheck. Think it can't happen to you? Think again. You have a three in 10 chance that you will be faced with being out of work for three months or more during your career due to a disabling illness or injury, according to the consulting firm Milliman Inc. So, your paycheck has stopped. How would you continue to pay your mortgage or rent, buy groceries and pay your monthly bills?

If you answered "dip into savings" or "rely on the government" you may be in for a surprise. Instead, your answer should be: disability insurance. Here's why:

Savings may not cut it. Most people overestimate what they have to cover their expenses if a disabling illness or injury kept them from earning a paycheck. According to a LIFE Foundation survey, half of working Americans say they couldn't make it a month before financial difficulties would set in. Keep in mind that disabling illnesses or injuries often last for months or even years.

The government may not be there for you. According to the National Safety Council, 90 percent of long-term disabilities are a result of an injury or illness that is not work-related and therefore wouldn't qualify for state-based Workers' Compensation programs.

Doing business the "old fashioned, personal way".

Please contact our office for a thoughtful conversation, to discuss ways to save your plan money, or with any questions you may have. We're here to help!



Is Your Paycheck Protected?

And if the employee was hoping for Social Security disability benefits, know that about 65 percent of those who apply are initially denied, and those who are approved receive an average monthly benefit of just \$1,065, which would leave an income barely above the poverty line.

That's why it's important to have disability insurance. Think of it as paycheck insurance. It provides replacement income in case an illness or injury prevents an employee from working, and it helps make ends meet until the employee can return to work.

Take Action. Your next step should be to find out if you offer disability insurance coverage to your employees, and if so how much. Keep in mind that according to the Social Security Administration, 69 percent of workers in the private sector don't have long-term disability insurance. And short-term or partial coverage wouldn't be enough if an employee was unable to work for an extended period of time.

Once you have a sense of the need for disability insurance, it's important to speak with an expert in your community. With so many options to weigh, an insurance professional will be able to explain the various features of disability insurance policies and help you strike the appropriate balance between the benefits you desire and the money you have to spend.

What can employers do? One of the best features of employer-provided coverage is that there is no underwriting, meaning employees automatically qualify for coverage. Employer provided coverage may also allow employees to increase their coverage to a greater coverage amount. Employers can also make a disability plan available to employees on a voluntary (employee-paid) basis, which helps workers get coverage more easily than if they were to purchase an individual policy on their own.

Please contact us if you're interested in adding disability insurance to your suite of employee benefits or have questions about your current coverage.

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