

Your Custom Title

REYNOLDS AND ASSOCIATES

12345 Anywhere Street
San Diego, CA 92127
858-592-6262



Mark Reynolds
Title

Protection When You Can't Work

Disability Insurance Could Help You and Your Family Through a Difficult Time

When you're working, it might be difficult to imagine being unable to work due to an illness or injury. But the statistics may surprise you. Research indicates that more than one out of five workers will become disabled for three months or longer during their careers, and one out of eight will be disabled for five years or more.¹

INSURING YOUR MOST VALUABLE ASSET

You probably wouldn't consider going without homeowners insurance or auto insurance. And if you own something of special value, such as jewelry or a coin collection, you may even have insurance specifically for that possession. Your most valuable asset, however, might be your ability to earn an income.

A 25-year-old making \$50,000 annually could earn \$2 million by age 65 — even more with raises in pay that typically accompany a successful career. A five-year period of disability might mean a loss of \$250,000.

Take a moment to consider all the expenses you have to meet every month. What would happen if you suddenly lost your regular flow of income? The bills wouldn't stop. Eighteen percent of working Americans say they would face financial difficulties if they lost just *one month* of income.² Even if you have a solid savings account, an extended period of disability could deplete your savings faster than you might think.

Research indicates that more than one out of five workers will become disabled for three months or longer during their careers, and one out of eight will be disabled for five years or more.

INDIVIDUAL COVERAGE

An individual disability income insurance policy can help replace a percentage of your salary (up to the policy limits) if you suffer an illness or injury that makes it impossible for you to continue working. The benefits can continue until you recover or for a predetermined number of years, whichever comes first.

If you pay the premiums yourself, the benefits usually are not taxable. Some policies will pay if you can't perform your *current* occupation, whereas others may pay only if you cannot perform *any type* of job.

Group disability coverage through your employer may be helpful, but group plans rarely

cover as much as the 70% to 80% of income that an individual policy typically offers, and the benefits from group plans are taxable if the employer paid the premiums. You could also lose your group coverage if you leave your current job.

Social Security offers some disability protection, but the \$1,146 average monthly disability benefit would not provide substantial income replacement for most workers.³ Also, it can be very difficult to qualify for disability under Social Security; about 70% of applications are initially denied.⁴

HIGH MEDICAL COSTS

In the event of disability, you would have to cover not only

your family's expenses but also potentially high medical costs. Even a good health insurance policy may require substantial out-of-pocket expenditures. So you could find yourself in the difficult position of losing your income at the time you need it most — when your regular living expenses are increased by medical bills.

Without an adequate, long-term source of disability income, you might be forced to use your retirement assets to pay living expenses and medical costs. This could result in federal income tax penalties and interfere with progress toward your retirement goals, perhaps preventing you from pursuing the kind of retirement you envision.

It may be unpleasant to consider the possibility of a disabling injury or illness. Purchasing a disability income insurance policy with adequate coverage could be an important step that might help protect you and your family.

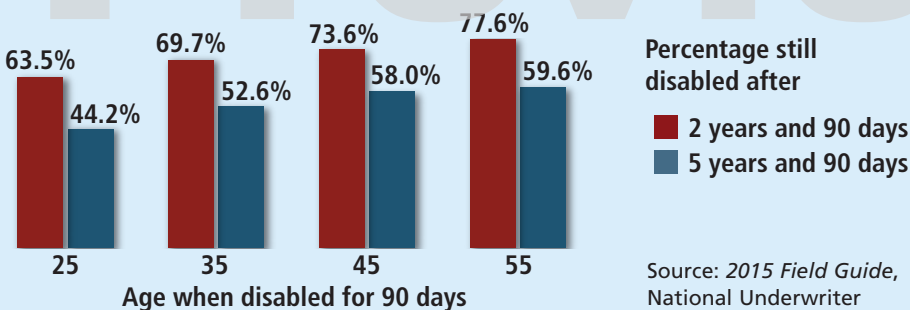
1) Council for Disability Awareness, 2013 (most current data available)

2) LIMRA, 2015

3–4) Social Security Administration, 2014

Months Could Turn into Years

Once a disability has lasted for at least 90 days, the chance that it will continue for a longer period increases with age.



The information in this newsletter is not intended as tax, legal, investment, or retirement advice or recommendations, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek advice from an independent professional advisor. The content is derived from sources believed to be accurate. Neither the information presented nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. This material was written and prepared by Broadridge Advisor Solutions. © 2017 Broadridge Investor Communication Solutions, Inc.

Mark Reynolds