

Disability Insurance Benefits Explained

Your Guide to Understanding Coverage and Protection

Disability Insurance Benefits: An Overview

Disability insurance benefits are designed to provide you with partial income replacement if you are unable to work due to illness, injury, or certain health conditions such as pregnancy.

1. Income Replacement

Disability insurance generally replaces 60%–80% of your income if you become unable to work. This vital support helps you cover essential living expenses such as:

- Mortgage or rent
- Utilities
- Groceries
- Car payments
- Childcare or college expenses
- Other financial obligations

2. Types of Disability Insurance and Their Benefits

- Short-Term Disability (STD):
 - Provides income replacement for 3–6 months
 - Begins after a short waiting period (typically 7–14 days)
 - Commonly offered through employers as a group benefit

Long-Term Disability (LTD):

Covers disabilities lasting for several years or until retirement

Available through employers and as individual policies

Benefit periods range from 2 years up to retirement age

Social Security Disability Insurance (SSDI):

Federal program providing monthly payments

Requires strict medical and work eligibility

Disability must last at least one year or result in death

State Disability Insurance:

Offered in select states

Funded through paycheck deductions

Provides temporary benefits based on state-specific rules

3. Important Considerations

- **Waiting Period:** The time before benefits begin (elimination period)
- **Benefit Period:** The duration for which benefits are paid
- **Definition of Disability:**
- **Own-occupation:** Pays if you can't perform your current job
- **Any-occupation:** Pays only if you can't perform any suitable work

Tax Implications:

If premiums are paid with after-tax dollars, benefits are not taxable

If premiums are paid by your employer or pre-tax, benefits may be subject to tax

4. Why Disability Insurance Is Important

Disability insurance safeguards your financial security and preserves your way of life. A long-term illness or injury can:

- Rapidly deplete your savings
- Interrupt your retirement contributions (including TSP or IRA)
- Force you to borrow money or liquidate assets
- Cause ongoing financial strain for you and your loved ones

Statistics indicate that a significant percentage of workers will experience a disability lasting a year or more before reaching retirement age.

Note: Always review the details of your policy and consult with a financial or insurance professional to ensure you have the right coverage for your needs.

For More Information:

www.peoplecomefirst.life

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