

Know Your Disability Insurance Rights

Understanding Disability Insurance

When it comes to disability coverage, individual policies tend to offer a wide range of benefits. For example, they can cover an individual's lost wages for a specified period of time if he or she is unable to work due to injury or illness. They can also provide reimbursement for medical expenses and other related costs associated with the disability. In addition, some individual policies may offer additional coverage such as rehabilitation services and vocational training.

Employee benefit plans may provide a variety of disability coverage options designed to meet the specific needs of covered employees. These typically include short-term disability income coverage, long-term disability income benefits, and a 'residual benefit' that pays out if the employee is unable to return to work after a certain amount of time. Many employee benefit plans also include life insurance as part of their disability coverage in case the employee passes away while on leave due to a disability.

How Does Disability Insurance Work?

Social Security provides disabled individuals with financial assistance through its Supplemental Security Income (SSI) program. SSI provides monthly payments based on income level and is intended to help those who are not able to work due to physical or mental impairments. In addition, Social Security also offers basic health care assistance through its Medicare program for those who qualify for SSI benefits due to age or disability status.

Workers' compensation provides monetary coverage for employees who are injured or become ill on the job in most states in America. It is generally provided by employers and covers medical expenses, partial replacement of lost wages, and rehabilitation costs associated with the injury or illness sustained at work.

Risk & Need For Disability Insurance

The assessment of financial risks and need for disability insurance can be best understood by looking at hypothetical disability scenarios. For instance, if an individual is a primary breadwinner in a household with high medical expenses due to a chronic illness, income protection provided through disability insurance can provide essential financial risk management. Should the primary breadwinner be unable to work due to a disabling illness or injury, their loss of income could quickly put their family in financial jeopardy. Disability insurance offers some degree of assurance that the family will still have a source of income should the breadwinner become disabled and unable to work.

Another example of when disability insurance can provide important financial protection is when an individual has a large amount of debt they are responsible for making payments on. Consider someone who has taken out several loans and/or credit cards to pay for expensive medical treatments or start up costs for their business. If this person were to become disabled, they would likely no longer have access to the same level of income needed to

make payments on those debts, putting them at serious risk for defaulting on them or having difficulty getting additional loans in the future. In this case, having disability insurance would be able to ensure that those loan payments could continue even if the individual was not able to return to work due to their disability.

Finally, it is important for individuals with dependents such as children or elderly parents who rely on them financially to consider investing in disability insurance as well. A disabling illness or injury could significantly reduce or eliminate that person's ability to generate income and support their dependents, leaving them vulnerable financially unless they have some other form of backup plan in place such as disability insurance coverage. This type of insurance could help protect the family from having difficulties paying bills and struggling financially if the primary source of income suddenly disappeared due to an unexpected disabling event.

The Bottom Line On Disability Insurance

Finally, some states have implemented temporary disability programs which provide financial assistance for certain disabilities that are expected to be only temporary in nature such as pregnancy or childbirth recovery. This type of coverage often includes wage replacement benefits during the period when an employee is unable to perform their regular duties at work due to their temporary condition.

Ultimately, each type of policy offers different levels of protection depending on an individual's specific needs and circumstances; however it is important for individuals considering any type of disability coverage option to thoroughly research all available options in order to make sure they receive maximum protection throughout their lifetime.

STANDARDS: 6.12.6a, 6.12.6b