

# Understanding Your Disability Insurance Benefit

If you suddenly stopped receiving your paycheck because an illness or injury prevented you from working, how long could you go without feeling the financial pinch? That's where disability insurance comes in. Think of it as insurance for your paycheck. Here are answers to questions you might have about this important benefit your employer offers.

## How does disability insurance work?

Disability insurance provides you with replacement income for a specified period of time if you're unable to work due to an illness or injury. In the event of a claim, the money from your disability insurance plan can be used to pay everyday living expenses—rent or mortgage, groceries, utility bills, etc.

## Is it just like getting my paycheck?

No. In general, disability insurance provides you with a percentage of your monthly earnings, usually 50% to 70%. It's intended to help you make ends meet until, hopefully, you're able to return to work.

## An Active Life Saved

New Year's Eve is usually a time for celebration, but for Bill Reid, it was a time of life-altering changes. While driving to his sister's home, he was hit head-on by another motorist and suffered life-threatening injuries that placed him in coma for five weeks. After 13 surgeries and seven months in the hospital and rehab center, Bill was able to regain much of his mobility. However, the brain trauma left Bill with chronic, short-term memory loss, which made it impossible for him to return to work. Fortunately, he had disability insurance coverage through work and on his own. The benefits Bill receives have allowed him to stay in his home and lead an active life, something that wouldn't have been possible without the coverage.



Bill Reid



Watch Bill's story at [www.lifehappens.org/reid](http://www.lifehappens.org/reid)

## How long do I get this benefit if I'm sick or injured and unable to work?

There are two kinds of disability insurance that employers can offer: short term and long term. Most short-term disability insurance replaces a percentage of your income for a limited period of time, typically three or six months. Long-term disability insurance provides replacement income for longer periods, such as five years or until age 65. Check with your benefits manager to see if you have short-term, long-term or both types of coverage.

## Will my company's basic benefit be enough to cover my needs?

Each person's situation is unique, so there's no set answer to that question. For help determining if your current benefit is sufficient to meet your needs, visit the nonprofit Life Happens' Disability Insurance Needs Calculator, at [www.lifehappens.org/DIcalc](http://www.lifehappens.org/DIcalc).

## What if I find that I need more?

Employers often offer you the option of increasing your benefit from, say, half to two-thirds of your base salary. To qualify for additional coverage, you may have to answer some questions about your health. A benefit of purchasing additional coverage through work is that it's generally easier to qualify for than coverage you purchase on your own. It also tends to be less expensive than individually owned coverage.

## Can I take my coverage if I leave?

In general, you are not able to take your disability coverage with you. Ask your benefits manager about what your specific plan options are.