

Peace of mind

How long-term disability insurance can keep a family afloat **Interviewed by Elizabeth Grace Saunders**

You want to always provide for your family, so you have a generous life insurance policy. But have you considered long-term disability insurance?

“Nine years ago, my husband was diagnosed with cancer and was unable to continue working at his professional job,” says Griselle Farbish, an agent with Sapoznik Insurance. “At the time, I was at home with three small children. If my husband hadn’t had disability insurance, our family’s expenses would have depleted our savings in two to three months.” Fortunately, Farbish’s husband had the foresight to carry sufficient disability insurance, and the family was able to maintain its lifestyle and care for him until he passed away.

“I am passionate about letting people know this insurance is just as important as health insurance,” Farbish says. “The coverage costs pennies when it’s done under a group policy and can save families from disrupting their lifestyle when a bread-winner becomes disabled.”

Smart Business spoke with Farbish about the significance of long-term disability insurance for employers and their employees.

What is long-term disability insurance (LTD)?

Long-term disability insures a portion of a person’s income by paying a percentage of his or her paycheck if the person becomes disabled. Employees with LTD coverage who become disabled receive this benefit until they are no longer disabled or they reach the age of 65. Individuals are considered disabled if they are not able to perform the duties of their job or are unable to continue to earn a large percentage of their income. Three out of 10 workers between the ages of 25 and 65 will become disabled due to an accident or illness that keeps them out of work for three months or longer.

What are the key things you should tell employees about LTD?

Studies show that one out of seven people who become disabled are disabled for five or more years, and more than 90 percent of those disabilities happen outside of



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work. Over half of all personal bankruptcies and mortgage foreclosures are due to a disability. Premiums paid in by the employee result in nontaxable income payouts at the time the benefits are received.

Who should consider LTD and at what age should individuals enroll?

A very common misconception about LTD insurance is that healthy people don’t need this type of coverage, according to financial and insurance experts. It’s important for people to remember that anyone under the age of 40 is four times more likely to become disabled than to die, according to insurance industry statistics. With that in mind, all employees who are eligible for LTD should seriously consider enrolling as soon as possible.

What are the most common causes of disabilities?

A lot of people associate disability with workplace injuries, but in reality, most accidents occur outside of the workplace. Accidents related to cars, motorcycles, home repairs or vacations are all covered under long-term disability.

Illnesses such as cancer, heart disease

and diabetes are also major causes of long-term disability. Arthritis, back pain, lifestyle choices and even obesity are also common causes of disabilities.

Why should employers offer long-term disability to their employees?

LTD helps employers complete their existing employee benefits package. Working with a qualified insurance broker can help employers ensure they offer the appropriate benefits and understand the true function of each type of insurance. By offering this benefit on a voluntary basis, the employer doesn’t have to incur any additional costs.

Also, an employer who offers LTD could see a reduction of workers’ compensation claims. If employees have LTD and hurt themselves on Sunday, they are less likely to come in on Monday and claim a workplace injury. LTD gives employees the correct insurance vehicle for nonjob-related injuries.

Is medical underwriting necessary for LTD?

Individuals in group LTD policies do not need medical underwriting to be insured up to the amount guaranteed at the time the policy is issued. This means there is no need to undergo medical physicals or testing before you are approved for coverage.

Why should individuals have LTD in addition to life insurance?

We often consider the need for some type of life insurance coverage way before evaluating the benefits of LTD. In fact, research suggests that about 90 percent of Americans have some type of life insurance, while only about 35 percent have long-term disability coverage. Over the past 20 years, deaths due to cancer, heart attack, and stroke have decreased overall nationwide. But these illnesses that used to kill, now disable, so it’s increasingly important to invest in a secure future with LTD coverage.

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