

## **Accidents happen: Consider long-term disability coverage**

Many Americans live with some sort of disability, and a large number of these disabilities came about unexpectedly. A disabling accident or illness can happen to anyone at any time — and the more severe, the greater the potential drain on an individual's or family's budget. For this reason, everyone should at least consider long-term disability insurance.

### **What's the benefit?**

You may already own some disability insurance via your employer. But this coverage is likely only short-term and, even if it's for a longer period, may not cover you adequately.

Buying an individual long-term policy can ensure your policy will remain in effect no matter what your employment situation. Plus, choosing your own policy will allow you to tailor coverage to your own needs. What's more, disability income drawn from an individual insurance policy is generally income-tax free as long as you pay the premiums.

As you might expect, buying your own long-term disability coverage isn't inexpensive. But, like any insurance policy, a variety of factors weigh into just how much you'll have to pay. These include age, health and exactly how much coverage you're looking for. Nonetheless, expect a higher cost policy if you're older or seeking a longer coverage period.

### **Any shopping tips?**

When shopping for long-term disability insurance, there are a variety of points to keep in mind. First, pay careful attention to how a potential insurer defines "disability." Look for a broader definition that will cover you in as many instances as possible.

Also, seek to procure the highest monthly benefits for which you can attain eligibility. To do so, you may need to buy added coverage or riders that boost your payments. In addition, to the extent possible, stick to "own occupation" coverage. Some providers may offer less expensive "any occupation" coverage, but it could compel you to take a lower-paying job after suffering a disability.

To save money, look for a policy with a longer waiting period. For example, coverage with a nine-month waiting period will cost less than a policy with a one-month wait. Just make sure you can afford to wait that long.

### **Who can help?**

As you can see, buying a long-term disability policy requires forethought. One rule of thumb says you should try to cover 50% to 60% of your net income, but it may not be quite that simple. Your best bet is to estimate how much money you'd need to meet monthly expenses and then work with your financial advisor to pick out the best policy.