

Morgan & Morgan Insurance

PROTECTING YOUR INCOME - PART 1

If you are in business, you probably insure the components of your business against loss beyond your control. You insure your premises against fire, accidental injury, and theft of property. Your equipment is probably insured. You probably have business interruption insurance to compensate you if your property is rendered unusable due to accidental damage. Whether or not you own a business, you probably insure your car so you can be sure that you'll always have the means to get to work. You probably insure your dwelling so you can be sure that there will be a roof over your head in the event of a catastrophe.

Life, homeowners, and other types of insurance policies provide important kinds of coverage, but they will not safeguard you from financial impact if a disability prevents you from working. The stark reality is that without disability income insurance, a serious injury or illness could be financially devastating to you and your family.

You may believe you're less likely to become disabled than to die prematurely, but statistics show exactly the opposite is true. According to tables prepared by the Society of Actuaries in 1985, at any given time in your career, the chance that a long-term disability will occur is several times the likelihood of death. For example, at age 37, the odds of a long-term disability vs. death is 3.3 to 1. At age 42, the odds are 3.5 to 1, at age 47, they are 2.8 to 1, and at age 52, they are 2.2 to 1.

Before you read further, please get a piece of blank paper and a writing utensil. On the paper, write the names of 20 people that know each other. Some examples are members of your family or members of a club, service, or religious organization. Once you have finished, circle the ones who have had a disability lasting 90 days or longer. My experience has shown that more than 90 percent of you will have circled at least 1 name on your lists.

If you earn \$50,000 per year, in 20 years you will have earned 1 million dollars. Without you in it, will your car earn you that kind of money? Will any of the other things you insured enable you to continue receiving your income? Disability income insurance, also known as disability income replacement insurance, is an important vehicle that will help replace a portion of your income in the event that you become disabled due to accident or illness.

There are several types of disability insurance policies. A properly licensed agent or financial representative can explain which is best for you.

The opinions expressed in this article are for general information only and are not intended to provide specific advice or recommendations for any individual. We suggest that you consult your representative, attorney, or accountant with regard to your individual situation.

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*Like most insurance policies, Disability Income Insurance policies contain exclusions, limitations, reductions of benefits and terms for keeping them in-force. Your agent or financial representative can provide you with costs and complete details.

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