

When Disability Strikes

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For more information about non-cancelable Disability Income Insurance offered by the American Association of Orthopaedic Surgeons Member Insurance Program through Pearl Insurance, please call 866.679.0888.

Have you made a plan to help protect you and your family if a long-term disability prevents you from working? As a American Association of Orthopaedic Surgeons (AAOS) member, right now is the best time to examine your financial resources for this potential scenario. Don't wait until it's too late.

"Many people may not think they need disability income insurance," explains Frank Keating, President and CEO of the American Council of Life Insurers (ACLI). "However, studies show that 3 out of every 10 workers between ages 25 and 65 will experience an accident or illness that keeps them out of work for three months or longer. And about one in seven people can expect to be disabled for five years or more before retirement."¹

If you do a little research into the costs that can accrue when a long-term disability strikes vs. those associated with a Disability Insurance policy in place, you may be surprised at what you find. And now that you've seen that long-term disability is a real possibility, how do you know if you're prepared if it were to happen to you?

Is your lifestyle at risk if you suddenly couldn't work?

In its publication, "Long-Term Disability Income Insurance—Financial Protection for You and Your Family," the Consumer Federation of America, in conjunction with the ACLI, outlines what resources to consider when determining how you and your family would fare financially during a period of disability:

- First, determine your eligibility for any work or government disability plans, then consider any savings or other family resources you might have.
- If the total of these benefits is insufficient to pay your living expenses if you become disabled, or if a disability would affect your long-term savings plan, the Federation's recommendation is to consider buying personal Disability Insurance as income protection.

The AAOS Member Insurance Program's Individual Disability Income Insurance policy helps ensure that a portion of your income would continue if you were to become sick or disabled and unable to work. Should you suffer a covered disability, you would receive benefits to spend on mortgage payments, rent, groceries or other living expenses—including medical expenses related to the disability. These policies help you sustain your income by providing you with monthly benefits until you can get back to work.

What to look for in a plan

If you don't have an employer Disability Insurance plan or if your plan through work replaces only a modest percentage of your current income (which is often characteristic of an employer plan), you may need additional Disability Insurance to help you keep up with your monthly expenses should disability strike.

In examining specific Disability Insurance policies, the Consumer Federation of America suggests considering features such as:

- Whether benefits will be paid if you are unable to perform the duties of your own occupation vs. any job for which you are reasonably qualified.
- Total benefits you will receive from all sources, which are typically limited to a percentage of your salary.
- If your disability benefits will be subject to income taxes. Benefits will be taxed to the extent your employer pays for Disability Insurance coverage. If you purchase your own coverage, such as coverage under the group policy offered through the association, the benefits you receive while disabled are typically not subject to income taxes, though you should consult with your personal tax advisor.
- What waiting periods are available before you start to receive benefits.
- The length of time benefits will be paid.
- A plan that is underwritten by a financially strong, reputable insurance company.

Please visit the AAOS Member Insurance Program website at www.aaosinsurance.com, where you may find further information on the necessity of Disability Insurance, as well as more information on the Individual Disability Income Insurance plan available to AAOS Members. You can also call an AAOS Member Insurance Program representative directly at 866.679.0888. You are eligible to apply for this Disability Income Insurance plan at a 10% discount because of your AAOS membership.

¹ACLI News Release, "ACLI Urges Americans to Evaluate Their Disability Insurance Needs During Disability Insurance Awareness Month," May 14, 2007, <http://www.acli.com>.

Disability insurance has limitations and exclusions. For costs and complete details of coverage, contact your AAOS Member Insurance Program Administrator. Program subject to state approval. Disability insurance is issued by Principal Life Insurance Company, a member of Principal Financial Group®, Des Moines IA 50392.