

DISABILITY

What you need to know...

Your most important asset is not your home, your car, your jewelry or other possessions. It is your ability to earn a living. But what would happen if those paychecks stopped? That's where disability insurance comes in. It provides an income to you and your family if you are unable to work because of illness or injury.



Who Needs Disability Insurance?

Just about anyone who has a job. While it is true people in professions like farming, law enforcement and construction face greater risks, the odds of suffering a long-term disability are high for all workers because illness - not accidents - account for 90 percent of disabilities that keep people out of work. A lengthy disability could literally cost millions. A 45-year-old worker who makes \$50,000 a year and suffers a permanent disability could lose \$1 million in future earnings.



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or call 802-44-TAXES.

Sources of Disability Income Protection

Workers' Compensation

If you are employed and suffer a disabling injury or illness related to your work, you may be able to count on workers compensation to fill in about two-thirds of your pre-disability income. All states require employers to provide Workers' Compensation coverage. Approximately only 5% of disabilities happen at work and 95% are disabilities that occur outside of work and do not qualify for Workers' Compensation coverage.

Social Security

The federal government administers a disability program that covers most workers. About 65% of applications are initially denied and payment levels are modest paying on average \$1,111 a month.

State Disability Insurance Programs

A handful of states provide short-term disability coverage - typically for up to six months - that workers pay for through payroll deduction. New York has a state disability program that pays 50% of your weekly wage, but maxes out at \$170 a week for up to 26 weeks.

Employer Sponsored Coverage

The main source of disability income protection in the United States is coverage provided or sponsored by employers. Many large employers provide group Short-term disability (coverage for about 3 months) and Long-term Disability (50 -70% coverage for longer periods). A benefit of purchasing disability coverage at the workplace is it is generally easier to qualify for than coverage purchased on your own.

Individual Disability Insurance

The most flexible and reliable source of income protection coverage is an individually owned policy. A privately owned policy is portable if you change jobs and pays between 50% to 70% of your pre-disability gross salary. When paid with after-tax dollars, benefits are received income-tax free.



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