

## Disability insurance

Disability insurance steps in to help cover expenses by paying a percentage of your salary if an illness or injury prevents you from working. Depending on the policy, disability insurance can cover lost income, for months, years or your entire working life.

### What Does Disability Insurance Cost?

The cost of disability insurance depends on several factors, including:

- **Benefit amount** – disability insurance typically replaces between 40% to 80% of pre-tax earnings. The higher the benefit amount, the higher the cost.
- **Benefit period** - The length of time benefits are paid under the policy. Generally, the cost increases as the benefit period increases.
- **Elimination period** - The number of days before benefits on a claim are paid. Think of it as a deductible measured in time instead of money. A longer elimination period can reduce your disability insurance cost.
- **Issue Age** – The younger the applicant's age, the lower the premium.
- **Health Status** - premiums increase as health decreases, for smokers or those with a family history of chronic disease. Some disability insurance companies let you exclude an illness or disability you already have - just know benefits can not be collected if the excluded illness or injury makes it impossible for you to work.
- **Occupation** - More dangerous jobs and jobs paying a high salary are typically more expensive to insure.
- **Hobbies** - Participating in risky hobbies increase the cost of your disability insurance.
- **Gender**. Disability insurance can cost more for women or for men depending on their age. In general, men tend to pay more as they age.
- **The definition of disability**. There are two disability definitions insurance companies use: Own occupation and Any occupation
  - **Own occupation disability insurance** kicks in when you can no longer perform the job you had when you became disabled. An example would be a painter who suffers a hand injury.
  - **Any occupation disability insurance** only kicks in if you can't perform any job at all. To use the example above, the painter could earn an income from teaching or lecturing about painting.

One of the best ways to protect future earning potential and stay on solid financial ground, in the event of illness or injury is with a disability insurance policy.

**Call 310 540 7760 to discuss your specific needs.**