FIRST ELEMENT
INSURANCE PLANNERS

DI Evaluation for Valued Client

Disclaimer

DI Evaluation is a planning concept designed to assist you in exploring disability insurance options. This presentation is not intended to be a retirement, benefit or estate plan nor is it a specific recommendation for a retirement, benefit or estate plan. This material is for informational purposes only. Although many of the topics presented may also involve legal, tax, accounting or other issues, there is absolutely no intention of offering such advice and this presentation and any other oral or written communication should not be construed as such.

Individuals interested in this topic should consult their own professional advisors to examine tax, legal, accounting, or financial planning aspects of this topic. As you explore your planning needs with your legal and tax advisors, we hope that you find this analysis useful.

Agenda

A Brief Chat About the Need

What Disability Income Insurance (DI) Is and How You Collect Benefits

Discuss DI Policy Features and Benefits

Potential Solutions to Protect Your Income

Questions and Next Steps

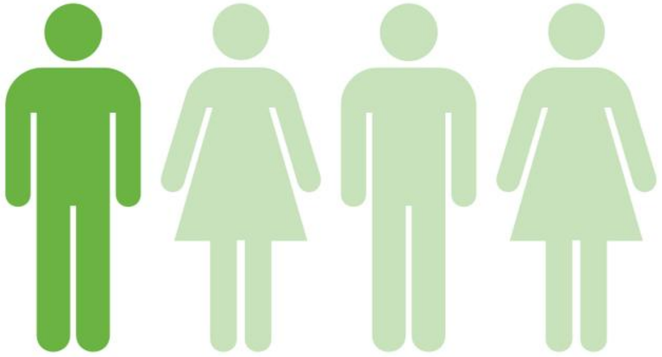
Goals & Objectives

You listed the following concerns as it relates to disability income…

- Your ability to maintain your position, and thus your income, in the event of a partial disability
- The concern of your insurance benefit keeping pace with rising inflation costs
- Your ability to pay premium if an insurance company were to increase your rates
- Importance of receiving a benefit if you cannot perform your occupation, but can perform another occupation
- Importance of being able to increase your insurance benefit based upon substantial salary increases
- Your concern over social security impeding a private insurance benefit
- The importance of receiving a greater benefit in the event of a catastrophic disability (the inability to perform activities of daily living)

A Brief Chat About the Need…

A Brief Chat About the Need…



Just under 1 in 4 of today's 20-year-olds
can expect to be out of work for at least a year because of a disabling condition[1]
before they reach the normal retirement age

1 Social Security Administration, Disability and Death Probability Tables for Insured Workers Who Attain Age 20 in 2025. https://www.ssa.gov/oact/NOTES/ran6/an2025-6.pdf Table A, Column 1 (Probability of Disability before NRA)
2 Council for Disability Awareness Commissioner's Disability Insurance Tables A and C, assuming equal weights by gender and occupation class. Available at ttp://www.disabilitycanhappen.org/chances_disability/disability_stats.asp. Accessed July 3, 2013.

A Brief Chat About the Need…

The most common reasons for long-term disability claims:

26% **Pain in the back & joints**
(musculoskeletal disorders, especially in knees, hips, & shoulders)

15% **Cancer**

11% **Fractures, sprains & strains**
(Injuries to muscles & ligaments)

9% **Mental health issues**
(including depression & anxiety)

9% **Circulatory**
(Heart attack, stroke)

Source: Integrated Benefits Institute, Health and Productivity Benchmarking 2024 (released 4Q 2025), Long-Term Disability, All Employers. Condition-specific results. See https://www.ibiweb.org/tools-analysis/benchmarking

A Brief Chat About the Need…

Your income — when viewed over your entire career — is often your single, most important asset. A permanent disability therefore, can have a significant impact on you and your family.

The chart below shows what your earnings potential is between your current working age and 65:

Annual Income	**$525,600**
Age 51*	$5,921,502

* Assumes 3.25% Compounded Growth

What DI Is and How You Collect on Benefits

What is Income Protection?

Individual Disability Income (DI) insurance is a simple and cost-efficient way to help protect your financial future if you become too sick or hurt to work. It's a "back-up plan", so you can continue to live life on your terms—even during difficult times. You may:

- *Be covered through work with group long-term disability insurance*. If you have this, you're fortunate to have some income protection. Note that group insurance may not be portable if you change jobs, may provide protection only for a limited number of years, may not provide enough coverage for professional occupations, and may exclude incentive pay. Benefits may also be taxable if an employer pays the premium.

- *Rely on a government program, like Social Security disability insurance*, to cover you. Be aware that it typically provides less than $1,300 a month in benefits and requires you to meet pretty rigid requirements.[1]

- ***Buy your own coverage***. Individual DI insurance puts you in control and is the most flexible option because you can customize your coverage. Plus, it can work on its own or with other options, like your group coverage through work.

1. Annual Statistical Supplement to the Social Security Bulletin", Released May 2019. ssa.gov. Retrieved 9/2019.

Policy Features and Benefits

IMPORTANT: The information that follows is intended to be general in nature. Always refer to the insurance carrier-provided materials for exact definitions.

Terms to Help You Understand the Coverage

- **Short term disability** benefits typically have a duration of three to six months and provide minimal relief for a significant injury or illness.

- **Long term disability** benefits pay a percentage of your salary until you are able to return to work or for the length of the benefit period (commonly age 65 or 67). This is our focus today.

Terms to Help You Understand the Coverage

- **Benefit Amount** – This is the payment that may be received monthly upon determination that one is disabled and unable to work. By design, benefits will be less than one's after-tax employment income.
- **Elimination, or Waiting Period** – The period in time between the illness/injury and the receipt of benefit payments. Typically 90 or 180 days. Consider whether Short Term disability insurance is available and/or if the insured has accumulated an emergency fund.
- **Benefit Period** – Benefits, once payment commences, pays either to time of recovery, or to a certain age (perhaps 65 or 67), or for a certain period (perhaps 2 years or 5 years).
- **Exclusions**– A policy may exclude coverage if there is a history of injury or illness from a particular condition, prior to application. For example, if there is a history of back injury, the policy may include language that excludes payment of the benefit amount, if a back ailment leads to disability. Claims arising from mental/nervous disorders, if one works in a high-stress occupation or has been treated for anxiety or other mental conditions may be excluded.
    - A **Limitation,** rather than an exclusion, may instead be imposed on such claims which allows for the benefit amount to be paid, but for a shorter benefit period.

Occupation Definition

- “**Own Occupation**” or **“Regular Occupation”** – If unable to perform the material and substantial duties specific to the occupation for which one has been trained/educated. May receive benefits while working in another capacity.

- “**Modified Own-Occ**” – If unable to perform the material and substantial duties the occupation for which one has been trained/educated AND not employed in any other position while on claim.

- “**Partial Own-Occ**” – Same as “Own-Occ” but for a short period of time, perhaps 2 to 5 years.

- “**Any Occupation**” – Least favorable - If unable to perform the duties of any occupation by which the individual may be suited.

Riders and Other provisions

- **Residual, or Partial Benefit** – Allows the insured to collect benefits while able to work only part - time. If income is reduced by a certain percentage, the monthly benefit may be paid proportionally, or in full.
- **Cost-of-Living Adjustment (COLA) Rider** – Once on claim, the benefit amount may increase by an inflation factor.
- **Income Update Riders (e.g. "Future Insurability Option" and "Benefit Update") –** Allows the opportunity to increase coverage as income increases. Some riders do so automatically for a period of time, and some require financial underwriting.
- **Non-Cancelable**– As long as the premium is paid under the terms of the contract, the insurance company may not unilaterally cancel the contract (Standard language with some insurers.)
- **Catastrophic Rider** – Pays an additional monthly benefit when there is a disability with loss of "activities of daily living" or a cognitive impairment. Similar to a "Long-Term-Care" definition.
- **Others** -- varies with insurance company
  - Residual Death Benefit
  - Family Care Benefit
  - Rehabilitation / Recovery Benefit
  - Capital Sum / Presumptive Disability
  - Other

Potential Solutions to Protect Your Income

Current Market Options

	TheStandard Platinum Advantage	Principal® Income Protector	Ameritas DINAMIC CORNERSTONE
Monthly Benefit Amount	$7,408.00	$8,615.00	$8,100.00
Elimination Period	180 days	180 days	180 days
Benefit Period	to age 65	to age 65	to age 65
Renewability	Non-Cancelable	Non-Cancelable	Non-Cancelable
Own Occupation	Own Occupation	Own Occupation	Own Occupation
Residual Benefit	Enhanced Residual	Residual	Enhanced Residual Plus
Recovery Benefit	Included for the benefit period	Included for the benefit period	Included for the benefit period
Catastrophic Benefit	Illustrated	Illustrated	Illustrated
COLA Rider	3% Compound	3% Compound	3% Compound
Future Insurability Option	Not Available	Not Available	Not Available
Auto Increase Benefit	Automatic Increase Benefit	Not Available	Not Available
Presumptive Benefit	Benefit Period	Benefit Period	Benefit Period
Mental Limitation	24 Months	24 Months	24 months
Company Rating	A	A+	A
Special Features	Family Care Benefit	Not Available	Good Health Benefit
Annual Premium	**$2,788.15**	**$3,514.22**	**$3,028.37**

Next Steps in Exploring DI Options

- Application

- Underwriting – Varies, and may include:
    - Telephone Interview
    - Physical Exam
    - Review of Medical Information
    - Financial Documentation
    - Typically a 6-12 week process

- Potential Offer – at which time the applicant may accept if desired

FIRST ELEMENT
INSURANCE PLANNERS

Questions?