

## Disability Quotient

For questions about the PDQ or CDA, please call 207-774-2634.

For more information and other client questionnaires, go to [www.DisabilityCanHappen.org](http://www.DisabilityCanHappen.org).

## The Length of Time a Disability May Last

Age	Average length of disability*	Probability of disability* lasting 5 years or more
<input type="checkbox"/> 20-24	69 months	30%
<input type="checkbox"/> 25-29	74 months	32%
<input type="checkbox"/> 30-34	78 months	35%
<input type="checkbox"/> 35-39	82 months	38%
<input type="checkbox"/> 40-44	85 months	40%
<input type="checkbox"/> 45-49	86 months	43%
<input type="checkbox"/> 50-54	86 months	45%
<input type="checkbox"/> 55+	84 months	46%

\*For disabilities lasting three months or longer.



## Mind the Gap In Your Key Clients' Group DI Plan

By Ray Phillips

A trip on the London Underground is a unique experience. The complexity of the subway system borders on anarchy. Yet through it all a proper British structure keeps the system moving in a timely, efficient and orderly way.

As one stands on the platform and a subway car approaches, an otherworldly voice bellows from a loudspeaker, *Mind the gap*. This is the London Transit Authority's way of telling riders to be careful getting in the car lest they trip over the space between the car and the platform, or worse yet, get a foot caught in the small chasm.

A prudent DI planner might use this anecdote with clients when discussing their need to supplement a group long term disability (LTD). "If you don't *Mind the gap*, you might get caught short at claim time."

Consider this scenario: A well-compensated client has coverage at work. His perception is that it completely covers his income and there is no need for additional individual coverage. But remember, *Mind the gap*.

Let's assume the client is making \$225,000 and that he does indeed have a solid group LTD plan at work—60 percent of salary to a maximum of \$10,000 per month. The client's annual DI benefit would provide \$120,000 of taxable benefits (this benefit is taxable if the employer is paying the premium). Obviously, there's a shortfall relative to his income here, and realize that the gap would be wider if the client's income was higher or if the group LTD program's monthly cap was lower. Yet an appropriately structured individual DI plan can address that shortfall.

Likewise, bonuses and commissions

are not countable toward the income a group LTD plan will protect. This might further widen the gap, especially for those who are in a commission-oriented occupation or who have a history of healthy bonuses.

When working with the clients who have DI coverage provided by their employers, it is important to make sure the income they're making is suitably protected. Group LTD benefits may not protect as much income as the client assumes. Remember to think of the London Underground and *Mind the gap* in your client's group LTD plan! ☺

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*In 2006 he was presented with the prestigious Edward Haldeman Memorial Award from the Pittsburgh NAIFA Chapter for distinguished service to the insurance industry and community.*

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