

ELEMENTS *of Disability Income*

4 BASIC DECISIONS

Monthly Benefit

A Disability policy provides monthly benefits to help pay for personal living expenses incurred during disability...such as mortgage, car payments, utilities and food.

Benefit Period

The benefit period is the length of time the insured will receive benefits after satisfying the elimination period.

Elimination Period

The elimination period is commonly referred to as a "waiting period", the number of days the insured must wait before benefits begin. Benefits are paid one month after satisfying a policy's elimination period.

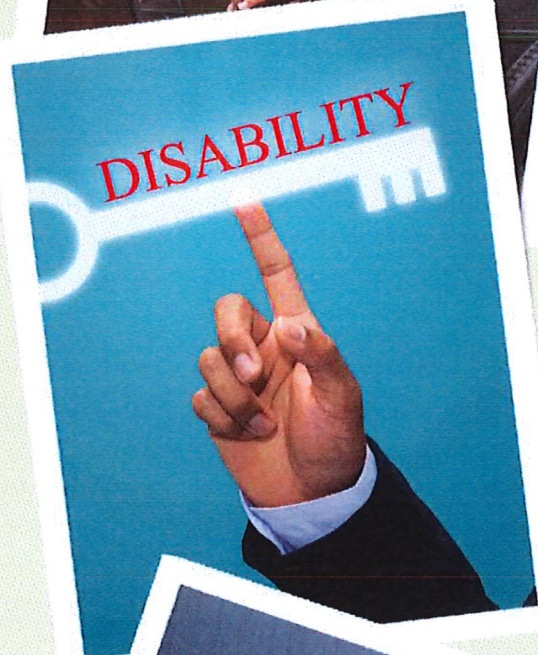
Guaranteed Renewable

Guarantees the right to continue the policy as long as premiums are being paid when due. The premium can be changed only if change applies to all policies with similar benefits insuring the same risk class.

OR

Non-Cancelable

The policy guarantees the right to continue coverage, the policy or premium cannot be changed as long as premiums are paid when due.



Commonly Included Riders (No Cost Riders)

(Not offered by all Carriers)



Waiver of Premium

Waives the premium while on claim for a disability.

Death Benefit

Pays a lump sum benefit if insured dies while on claim for disability.

Transplant Surgery Benefit

Pays benefits under the same basis as any other sickness if insured is a transplant donor.

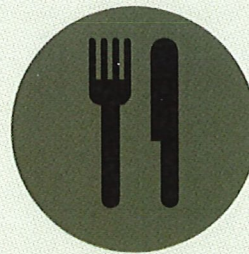
Future Benefit Increase

Allows a policyholder to increase monthly benefit every 3 years, subject to proof of financial insurability only.


Benefit Update

Allows policyholder to increase monthly benefit by 4% compounded each year. (Premiums increase each year with benefit increase, no proof of insurability.)

Consider all the things Income Pays for...



If unable to work and earn an income, Disability Insurance helps pay monthly expenses.



Optional Riders (Cost Riders)

(Not offered by all Carriers)

True Regular Occupation Rider

Extends the policyholder occupation coverage for the length of the benefit period, allows the policyholder to receive full benefits in the event of becoming totally disabled in their regular occupation but work in another occupation.

Residual Disability Rider

Pays a percentage of your total monthly benefit for a disability for the first 24 months of the benefit period, if you are unable to work fulltime in your occupation.

Catastrophic Disability Rider

Pays a monthly benefit in addition to the disability benefit if you are unable to perform at least two activities of daily living without substantial assistance.

Cost-of-Living Rider

Increases the disability benefit payable compounded annually, first increase takes place after 12 months of benefit being received by policyholder.

Social Insurance Rider

Offers disability income insurance at more affordable premiums since disability benefits payable under this rider are offset dollar-for-dollar when other forms of social insurance are being paid.

Return of Premium Rider

Provides for the return of a specified percentage of premiums paid (50 or 80%) less any benefits paid at the end of each term period (usually 10 years).

Cash Value Benefit Rider

Provides a percentage of all premiums paid for the policy and riders, minus the amount of any benefits paid in claims. The percentage amount ranges from 15% in the 6th year to 100% in the 25th year.

Essential Terminology

Definition of Your Occupation

The profession or occupation, not a specific job or a job with a certain employer, you were actively working in at the start of your disability.

Definition of Disability Benefit

The benefit for your continuous disability that begins on or after the policy date and while the policy is in-force. Benefits start to accrue at the end of the elimination period. Benefits will continue during your continuous disability, but not beyond the maximum benefit period.

Definition of Total Disability

Solely due to injury or sickness, during your occupation period you are unable to perform the substantial and material duties of your occupation and you are not working.

Definition of Earnings

Amount you earned which would have resulted in current taxable employee compensation such as salary, wages, draw, commissions, bonuses...any income or compensation earned. Earnings do not include any form of unearned income such as dividends, rents, interest, capital gains, income received from any form of deferred compensation, retirement, pension plan, income from royalties or disability benefits.

