

Focus On... Things You Should Know About Group LTD

Reliable disability insurance coverage is a critical part of your financial planning. However, most people don't really know what their Group LTD insurance would cover if they became sick or injured. Why not take a few minutes to review your group benefits booklet? Here are some things to look for:

How much does it pay?

- May not cover all sources of income such as bonuses and commission
- May have overall maximum that caps benefits below your income level
- May be reduced by other sources of income or subject to a maximum earnings clause
- Benefits will be taxable if premiums paid by employer

Would benefits cover a permanent disability and keep up with inflation?

What is the cost?

- May be inexpensive, but could be a reflection of quality
- May increase over time, depending on age and health experience of the group

What are the guarantees?

- Group coverage would not be guaranteed
- Coverage may be cancelled
- Premiums would not be fully guaranteed

Who controls the contract?

- You do not control the plan; it is negotiated between the employer and the insurance company
- Coverage is not portable to a new employer
- Generally you don't have the option to convert to individual coverage if you become self-employed
- Usually does not include the opportunity for professional, personalized advice from an independent financial advisor

How do you qualify for benefits?

- Typically uses quite restrictive definition of disability ("any occupation")
- May depend on mandatory participation in a rehab program
- May have limitations or exclusions, especially for mental/nervous disorders or soft tissue damage to back and neck
- Usually has pre-existing conditions limitation
- Typically does not cover you if you can work part-time