



YOUR HEALTH IS YOUR WEALTH

BY ROBERT M. PAFF, CLTC

All of us think about the consequences of dying too soon or being prepared to live too long. However, few if any of us, ever think about protecting our greatest asset. Is it our home, our car, or our spouse? The greatest asset that you and I have is our ability to work and provide an income stream for ourselves and our loved ones.

The chances of becoming disabled for more than three months are greater than the chances of dying, at every age.

Age	Chance of Disability
30	3 ½ time greater
40	3 times greater
50	2 times greater

In addition to thinking we will die too soon or live too long, most people think a disability is usually due to an injury. In reality, only 13% of disabilities are due to an injury (National Institute on Disability and Rehabilitation Research, 1992). ILLNESS is what prevents you from working at your job. Here are some examples:

Impairment	Total % of Disability Claims
Back / Spine	18.2%
Psychiatric & Emotional	12.7%
Neurological	11.3%
Extremities	9.0%

Source: HIAA Source Book of Health Insurance Data, 1999-2000

Certain states have mandates that require homeowners and car insurance. It's illegal to drive or own a home without them. This flies in the face of statistics that show very low probability of anything happening to our home or car. And yet few of us own a policy that guarantees a steady stream of tax free income in the event we are prevented from doing the material and substantial duties of our job.

Home Fire – 1 out of every 88 homes

Serious Auto Accident – 1 out of every 70 autos

Disability – 1 out of every 8 people (at least 8 days)

My young, single professional clients tell me it's not important if they can't work because they are not married or don't have children. I argue that it's even more important for those reasons. Protecting one's income is a selfish need and necessity. If you can't work who will take care of you? Who will pay your rent or mortgage? Who will make your car payment or take care of your student loans?

Potential Loss of Income

Age when disabled	25	30	40	50
Monthly Income	\$2000	\$4000	\$6000	\$8000
In one year you would lose	\$24,000	\$48,000	\$72,000	\$96,000
In two years you would lose	\$48,000	\$96,000	\$144,000	\$192,000

If part of your answer is you have coverage at work; let me fill you in on a little know secret about workforce benefits. A typical employer-sponsored long term disability plan pays 60% of your salary assuming you meet the definition of disability. Here's the bad news! That 60% is taxable when received as income because the employer deducts the premium as a legitimate business expense. Could you live on 45% of your current income? Most people could not. Taxation is only one of the many problems that plague group disability insurance.

Here are some other facts to consider when thinking about disability insurance.

- You can only buy disability insurance when you are healthy
- You cannot rely on Social Security Benefits to cover all expenses
- You cannot rely on Worker's Compensation to cover all expenses.
- You cannot rely on savings. It is projected that one year of a disability can wipe out 10 years of savings.
- You cannot and probably would not want to rely on your family's income or savings
- You cannot rely on a bank loan with no income

The odds of being disabled before age 65 are four times higher than premature death before the same age and, yet, we don't protect our "greatest asset". Before it's too late, before you develop a pre-existing condition, do yourself a favor and contact your financial advisor to discuss a supplemental income protection policy. It could be the best call you ever make!

**where not cited, facts and figures provided by Guardian Insurance.*



Bob Paff is founder and president of Integrated Benefits Corporation, a nationally known, full-service financial services boutique for individuals, families, professionals, the self-employed and small business. A nationally recognized expert in the field of disability insurance, Bob speaks at hospitals and leading academic institutions on this subject around the country. He, too, has had a disability so knows first-hand the importance of protecting your greatest asset. As well, Bob's wife is Dr. Laura Herrera, Chief Medical Officer for the Baltimore City Health Department, so he understands the medical community and how important it is to take care of yourself and your family.

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