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## The Case for Disability Insurance

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What do you believe is your greatest financial asset? It might surprise you to know that, for most people, it is their future earning power. Our society does not think twice about buying insurance to protect assets such as homes and vehicles. Protecting oneself with insurance against the risk of death is much more common than protecting future earnings. But, there is solution to protect your future earning power. Disability insurance provides a source of income to people who are unable to work due to accident or illness.

A common misconception is that disability insurance is not necessary because it won't happen to you. Studies have shown that the majority (60 percent) of Americans must deal with disability in their lifetimes. Further, a 35-year-old has a 50 percent chance of becoming disabled for a 90-day period or longer before age 65, and almost one in seven people ages 35-65 can expect to become disabled for five years or longer.

The results of not having insurance to protect future earning power can be devastating. Regardless of what income a person makes, a typical family has commitments that consume 65-75 percent of their normal cash flow. When a disability occurs and income stops, those commitments remain. Nearly half of all foreclosures on conventional mortgages are caused by disability; only two percent are caused by death. If you saved 10 percent of your income each year, one year of being totally disabled would deplete all of that savings. Even though the need is great, the majority of Americans do not have disability insurance.

A study by Hartford Insurance Company found that 49 percent of Americans have short-term disability insurance and 44 percent have long-term disability coverage. For those that do not have any protection, a belief exists that Social Security Disability Insurance through the federal government would cover their expenses. But, qualifying for Social Security is not only difficult, the process takes a long time and payments do not begin until the process is over. To qualify, you must prove that you can't do **any** job, not just

the one you currently have. Even if you do qualify for Social Security Disability benefits, the average payout is only 40 percent of a person's income.

Hopefully, you will agree that protecting your future earning power is critical. Check with your employer to see if it has a benefit that is included in your income. If not, you should contact an insurance professional to analyze your financial situation. The results of doing nothing could cause irreparable harm to you and your family in the future.