

COVERED FOR DISABILITY? PROTECT YOUR MOST IMPORTANT ASSET

By Matt Luckey, *WealthWave Financial*

Most of our clients here at WealthWave think their home, investments and business are their most important assets. The truth is more foundational: Your most important asset is your ability to apply your decades of experience as a teaching professional and translate that ability into income.

It's that ability to generate income that funds your family's lifestyle and creates value for your business. Most people focus on protecting that income by purchasing life insurance, which can help replace income in the event of untimely death (*see our article in the July 2017 newsletter*). But what happens if you don't die? What if a car wreck or illness doesn't kill you but keeps you away from your business for six months? What if an injury prevents you from making it to the course or your teaching facility for longer than that? What happens to your income?

Statistically, there's a 30 percent chance you'll become disabled and unable to work for at least three months. The 13 percent of Proponent Group members who are facility or academy owners have other partners and instructors who can help fill the void and keep business revenues relatively stable. Even at that, it's important to note that three-owner businesses run a 79 percent chance that one of the owners will be out of commission for at least 3 months—in itself a hardship. As for the other 87 percent of Proponent members whose income relies on their personal ability to get out and teach, they don't have much or any fill-in help to turn to.

Less than a third of Proponent Group members have disability insurance that is provided or partially paid for by their employer. Such group disability insurance can provide income to help get you through an illness or injury. The main decision that must be made by employees who have access to group disability insurance surrounds coverage amounts and duration. Most employers offer short-term disability, which replaces the majority of your income for about three months.

This coverage is usually paid for by the employer and included as part of a benefits package. It's common for people to mistake short-term coverage for adequate disability insurance. Since most disabilities keep you out of work for more than three months, you also need to consider long-term disability insurance. This type of policy provides slightly lesser coverage amounts (typically in the

neighborhood of 40-60 percent of your monthly income) for longer periods of time. Your employers may subsidize long-term disability insurance but you'll typically have to opt-in to the coverage and pay part of the premiums out of your paycheck.

If you're in the majority of Proponent Group members who don't have access to disability insurance through an employer, it's critical that you meet with a professional to help assess your coverage needs. While individual policies are usually more expensive than group plans, they offer much more flexibility and customization.

One of the major benefits to an individual policy is your ability to select "own-occupation" coverage. Many standard policies won't pay benefits if you're able to work in a field other than your specialty. For instance, if you break a leg, you won't be able to go out to the range and provide swing instruction but you might be able to work in the pro shop or perform clerical duties. In that circumstance, the policy may not pay any benefits since you still have the ability to generate income – albeit at a rate nowhere close to what you make normally. So when purchasing insurance on your own it's important to negotiate the exact terms of your policy to ensure you get the protection your family needs.

Members who need to purchase disability insurance outside of their employer also have an additional advantage. At the 10th Anniversary Summit in November, many members expressed interest in securing long-term care coverage using some of the newest products that fix the longstanding problems of traditional, stand-alone long-term care policies (*see our June 2017 newsletter article*). When designed correctly, such products can complement and significantly augment disability insurance policies. Therefore, it's important to not consider disability insurance in a vacuum, but to understand how it fits into your overall financial game plan.

Given the physical nature of your profession, disability insurance is an especially important consideration for any Proponent member. As with all areas of financial matters, the WealthWave team takes a comprehensive, objective, and consultative approach to helping clients address disability insurance needs.

As a Proponent Group member, you're entitled to a free consultation to ensure that your family and business is protected in the event of the unexpected. Please visit us at wealthwave.com/mattluckey to get started. PG

