

# Business & Finance

## The money machine

Picture this: There is a house with a machine in the basement that prints money — all day, all month, all year. It just continues to print out dollar bills without stopping. As a matter of fact, the money from this machine is how the family pays its bills — mortgage, utilities, car payments, credit card payments, insurance and groceries. This machine is how families send their children to college, fund family vacations, and pays for every need the family has.

Who has a machine like this? Almost every house in the land. Some houses even have two of them. It's the person that works hard each day, gets up early, puts in a long day, then comes home to dinner and does the same thing every day, week in and week out. Many people enjoy their jobs, some just tolerate their work, but every single person enjoys the day they bring home their paychecks, their own personal "money machine."

The problem is that most families don't insure their "money machine." The type of insurance used to protect a "money machine" is disability income insurance. Who needs disability income insurance? The only people who need it are those who have something to lose if they are disabled, cannot work, lose their income and cannot pay their bills. Do you know anyone like this?

According to the Gallup survey

conducted by UNUM Corporation, if you are under 35, the chances that you will be disabled for at least six months during your working career is one in three. Men have a 43 percent chance of becoming seriously disabled during their working years, and women have a 54 percent chance. According to the Policy Journal of the Health Sphere, disability causes nearly 50 percent of mortgage foreclosures, while only 2 percent are caused by death. The American Payroll Association in its "Getting Paid in America" survey states that 71 percent of Americans live paycheck to paycheck. Ask yourself, how long can YOU live without a paycheck?

Disability income insurance is designed to pay monetary benefits for times when an illness or injury prevents a person from working and earning an income. This is an "income replacement" policy. According to the Social Security Administration, over 70 percent of the private sector workforce has no long-term disability insurance, either through their employer, or purchased on their own. That's a lot of folks who would have a problem paying their bills if they couldn't work and earn a paycheck.

Many people think that they can qualify for Social Security disability payments since they have worked the required 40 quarters. Unfortu-

nately, only 39 percent of the 2.1 million workers who applied for Social Security disability benefits in 2005 were approved. Workers' Compensation? According to the National Safety Council, 90 percent of disabling accidents and injuries are NOT work related. Group long-term disability through your employer? If you are lucky enough to have this coverage, just remember that if your employer pays the premiums, all benefits received are taxable, both federal and state. And, most group LTD policies have limitations on benefits. Highly compensated individuals will normally have a substantially lower percentage of their income covered by group LTD policies.

It's important to realize that many people work in small businesses, or work for themselves, so they don't have group LTD coverage. These folks need to look at purchasing coverage on their own. Disability income insurance is based on several factors — the occupation and duties of the individual, age and sex, medical history and medications, smoking status, and earned and declared income. Full disclosure is important when looking to purchase disability income insurance. The agent will need to know details about your medical history and the exact duties of your job. The amount of coverage for which a person can qualify is

based on their NET, TAXABLE income, not the GROSS income.

Financial documentation is required when you apply for disability income insurance. The insurance company is looking to issue a policy to replace your income, so they need to know what your income was for the previous year. If you work for someone else, all you need is last year's W-2 and a copy of your current pay stub to show your current rate of salary. If you are self-employed, the insurance company will want your previous year's tax return with all schedules so they can see your net, taxable income.

Not everyone is insurable medically, so it's important to pre-qualify your health history before you apply. Most occupations can be underwritten, although some cannot, so it's important to discuss your actual job duties up front to make sure that YOUR occupation is insurable. There are excellent disability carriers that write white collar, gray collar and blue collar occupations, and a good agent will have access to several carriers to give you options.

Protect your income and protect your family. Disability income insurance is the answer.

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