

# Disability Income Insurance

*Learn the truth. Know the risk. Protect your income.*



*How would you keep it going if you were out of work because of an illness or injury?*

“IT’S LIKELY  
TO HAPPEN,  
BUT NOT  
TO ME.”

REALLY? THAT’S WHAT  
MANY PEOPLE THINK,  
BUT THE FACTS DON’T  
SUGGEST IT:

**1 in 3** will experience a long-term disability prior to retirement with the average long-term disability claim duration being 2½ years.<sup>1</sup>

**87** percent of injuries that don’t occur on the job aren’t covered by workers’ compensation.<sup>2</sup>



<sup>1</sup> America’s Health Insurance Plans (AHIP), Baby Boomer Awareness of Disability Risk Study (2008); most recent available  
<sup>2</sup> National Safety Council, Injury Facts (2011)

# Know the Risk

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**The risk that matters most is *yours*.** Everyone's financial situation is different, so it's important to gain perspective on what's at stake when ***your*** income isn't protected. That means looking at your current situation and considering what you would need today if you were to become unable to work. Think about all the things that make your life comfortable thanks to your income.

No one can predict the timing or severity of a disabling illness or injury. So, as you take these steps, consider both short-term and long-term needs.

## **Step 1**

Determine your expenses.

You can download an expense worksheet at [www.mutualofomaha.com/keepitgoing](http://www.mutualofomaha.com/keepitgoing).

## **Step 2**

Know what employer-provided benefits you could count on (sick days, vacation, group disability payments, if applicable).

## **Step 3**

Identify the gap in coverage (additional money needed to cover your expenses).

*keep it going!*



# Cindy's Wake Up Call

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Cindy decided to change careers after years in corporate information technology. At the age of 46, she earned her culinary degree and now works as a chef in a local restaurant. Happy that she followed her dreams, she accepts long, stressful days on her feet. "Cooking is a physical challenge because there is almost always no rest during the day," Cindy said. "I am constantly moving around the kitchen, carrying large, heavy pots... it's hard work but never dull!"

It was when Cindy's sous chef Greg had to take time off work because of an accident during a ski trip that she contemplated her own situation. Greg broke his foot and tore his ACL and according to his doctor, he would be out of work at least three months, after which he may be able to return to the kitchen part time until he was able to take on the full demands of his job. For Greg and his family, being off work that long meant no income. The first thing Greg thought was how he would keep everything going for his family if there wasn't money coming in. "I felt a lot of anxiety and stress

knowing my income wouldn't be there," Greg said. "We needed my paycheck."

Greg discovered health insurance would take care of most of the medical costs but not all so there would be medical expenses to pay. Using his modest savings to cover bills and living expenses would set his family back. His wife's income would help, but as a substitute teacher her income was inconsistent and depended on being called to work. No doubt Greg and his family would struggle financially during his recovery.

Cindy's wake up call came during conversations with Greg. He said he couldn't believe he was off work—he didn't think it would ever happen. He told Cindy that having a way to protect his income would have been smart but he never really thought about it. "I sort of took Greg's experience as a sign," Cindy said. "I don't want anything to happen to me during my working years but if something does, I will have a protected income."

*(This story portrays a situation our customers may have faced or could face. It does not represent an actual person.)*



# Your Income Protection Options

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**Perhaps you haven't really thought about protecting your income until now.** Your income means independence for you and your family, and you rely on it for so many things. Good thing there are options available to help you protect it.

Individually-owned disability insurance stays with you no matter where you work as long as you pay the premiums. It's an investment that helps protect your most important asset, your income, throughout your working years.

**Short-Term Disability** – can provide immediate coverage from your first day of disability and can pay benefits until your employer-provided coverage begins to pay.

**Accident Only Disability** – pays for disabilities caused by accidents (not illness) and generally costs less than policies that cover both accidents and illness.

**Long-Term Disability** – is comprehensive, with optional benefits to help tailor coverage and can provide benefits for several years, even to age 67.

When you add a disability income insurance policy purchase, you're not only taking an important step toward securing your income during working years, you're giving yourself a plan to help keep your life going. Learn the truth, know the risk and help protect your income with disability income insurance.

## About Mutual of Omaha Insurance Company (Mutual of Omaha)

Mutual of Omaha was founded on a simple principle: to provide financial security and care in difficult times. For more than 100 years, we have put that principle into action. When you're considering a disability income insurance policy, it's important to select a company that's stable and financially sound. Mutual of Omaha has a long history in the insurance industry — we've been paying claims to customers since 1909. Our longevity, financial strength and experience in helping people means you can count on us.

*keep it going!*



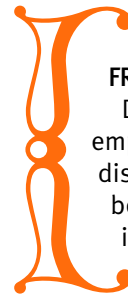
## CAN YOU COUNT ON THESE RESOURCES?

The Council for Disability Awareness compiled a list of common notions about how people would cope with the costs of unexpected disability and what resources they may have available to them:



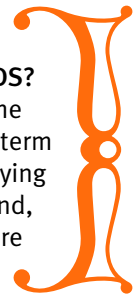
### IS VACATION TIME AN OPTION?

That might work for an injury that heals quickly. But your time might be used up in a month or less. The average length of a long-term disability is 2 ½ years.<sup>6</sup>



### WILL DISABILITY COVERAGE FROM WORK COVER YOUR NEEDS?

Do you know how it pays? Some employer plans cover only short-term disability or they don't begin paying benefits for 90 days or more. And, if you leave the company, you're no longer covered.



**WILL YOUR SPOUSE'S INCOME BE ENOUGH?** If you and your spouse both work, your household will at least have some income if you had to stop working. Even so, does your spouse make enough that it wouldn't be a problem to lose your entire salary? For many people, the answer is 'no.'



**ARE YOU WILLING TO TAP INTO SAVINGS?** Do you really want to use hard-earned savings to pay day-to-day living expenses and medical bills? Without an income, you won't be able to save for retirement at the rate you previously were or at all.



**ARE YOU COUNTING ON WORKERS' COMPENSATION?** Only 10 percent of disability cases are caused by eligible on-the-job injuries.<sup>8</sup>



**WILL SOCIAL SECURITY AND MEDICARE COVER YOU?** Half of all people are declined when they first request these benefits. The average payment is under \$1,130 a month.<sup>7</sup> Medicare doesn't cover long-term care unless it's deemed medically necessary. Medicaid does cover long-term care, but only for low-income earning people.<sup>9</sup>



**HOW WILL YOU MAKE ENDS MEET?** Becoming disabled adds extra costs for health care, medical supplies, and support. You may not realize all the added expense during a disability.



**WILL YOU BE ABLE TO BORROW MONEY?** Your chances of borrowing money from a financial institution could be slim because you won't have an income. If you borrow from family or friends, this could add more pressure on you at a time you need to focus on recovering.



<sup>6</sup> Council for Disability Awareness (2013) • <sup>7</sup> U.S. Social Security Administration, Disabled Worker Beneficiary Data (2012)

<sup>8</sup> CDA Consumer Disability Awareness Survey, Long-Term Disability Claims Review, Council for Disability Awareness (2010); most recent available

<sup>9</sup> Medicare & You Handbook (2012)

## WHAT PEOPLE THINK

When it comes to thinking about disability and its financial impact, most people just haven't *really* thought about it. The Council for Disability Awareness studied workers' perceptions of disability and how prepared they are to deal with a loss of income.<sup>3</sup> Here's what they found:

- 83 percent felt a disability could happen to anyone at any time, but deny it would happen to them
- 42 percent said their primary source to replace lost income would be sick leave and vacation benefits, but were unsure how much it would really cover
- 65 percent admitted they couldn't survive an income loss for more than a year, but didn't have a clear plan on how they would get by

## LEARN THE TRUTH

Maybe you've never thought about your income this way, but it's your most valuable asset. It helps pay bills, living expenses, and insurance. It's spent on recreation, vacations, education. It helps build up savings and contributes to retirement plans. And, your income is used for so many things in between! Your lifestyle, financial plans, everything you work for depends on your ability to earn an income.

That's why it's important to know the facts about disabilities and what you can do to protect your income.

## TRUTH IS:

- Most disabilities don't happen at work and more than 90 percent are caused by illness, not injury<sup>4</sup>
- Employer-provided disability insurance usually replaces about 60 percent of a person's income. But payments are taxable, therefore reducing benefits to about 40 percent of income
- Social Security Disability Insurance may not be there when you need it. More than 64 percent of initial benefit applications were denied in 2010.<sup>5</sup>

*The facts alone don't tell the whole story.* A disabling injury or illness may have a very personal impact on you and your family. Suddenly, the future seems unpredictable, the calendar changes and immediate concerns are the focus. Recovery becomes the "new normal." At a time like this, when life feels off track, it can make all the difference to know the bills can be paid; that you have a way to *keep it going*.



*keep it going!*

*People look forward to payday!*

<sup>3, 4</sup> CDA Consumer Disability Awareness Survey, Long-Term Disability Claims Review, Council for Disability Awareness (2010); most recent available  
<sup>5</sup> Social Security Administration, Applications for Disability Benefits & Benefit Awards Table (1965-2010); most recent available

# Are You Prepared?

*Take this self-test and decide for yourself*

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*Your most important asset is not your home, car or other possessions. It's your income earning ability.*

Asking the right questions can help you uncover information to help create a plan should you be out of work because of an illness or injury. Take this self test to see how prepared you would be.

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**1)** What monthly living expenses and financial obligations would I be responsible for if my income stopped?

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**2)** Do I have enough in savings to pay for my monthly expenses? What about my potential out-of-pocket medical expenses like deductibles and copays?

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**3)** Does my employer have a sick pay plan or long-term disability program? Do I know what my benefits are (i.e., when it would start, how much it would pay and for how long)?

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**4)** Are there other sources of income I can count on that may help me meet my monthly living expenses and financial obligations? List any you can count on.

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**5)** If I were out of work because of an illness or injury, what would my family have to give up?

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# Are You Prepared?

## Monthly Expense Worksheet for Income Protection

The risk that matters most is yours, so it's important to gain perspective on what's at stake when your income isn't protected. That means looking at your current situation and considering what you would need today if you were to become unable to work. Use this expense worksheet to help you do that.

### Monthly Living Expenses

#### Mortgage/Rent

Include insurance and taxes  
(if not part of mortgage payment)

\$

#### Transportation

Car payments, fuel, insurance,  
licensing, repairs, mass transit

\$

#### Debt

Credit cards, school loans,  
equity loans, bank loans

\$

#### Child-related expenses

Day care, tuition, lunches,  
activity fees, medicine

\$

#### Household expenses

Utilities (electric, gas, water),  
internet, cable, phones

\$

#### Entertainment

Restaurants, movies, hobbies, activities

\$

#### Additional expenses

Groceries, clothing, health care, other  
insurance, home and lawn maintenance,  
membership fees, subscriptions, pet care

\$

#### Total monthly living expenses

\$

### Other Monthly Income and Benefits\*

Spouse income (after taxes)

\$

Rental income

\$

Investment income

\$

Group disability benefits (after taxes)

\$

Additional income

\$

#### Total other monthly income

\$

### Subtract your expenses from your monthly income:

Total Income

\$

minus

Total Expenses

\$

Total

\$

If your income cannot cover your monthly living expenses, this "shortfall" represents the disability insurance monthly benefit needed to help protect your lifestyle during a disability.

List the actions you can take to help balance your income and expenses during a period of disability:

- 1 \_\_\_\_\_
- 2 \_\_\_\_\_
- 3 \_\_\_\_\_
- 4 \_\_\_\_\_
- 5 \_\_\_\_\_

*This worksheet is only a guide to assist you in estimating your disability insurance needs. Be sure to work with a licensed insurance agent/producer who can explain our disability insurance policies and help you select the protection that's right for you.*

\* Although you may qualify for Social Security Disability Benefits and/or Workers' Compensation, these income sources may or may not be granted depending on the nature of your accident or sickness and the corresponding disability. Therefore, it may be best to exclude this income in your planning.





*keep it going!*



Disability income insurance underwritten by:

**MUTUAL OF OMAHA INSURANCE COMPANY**

Mutual of Omaha Plaza

Omaha, NE 68175

[mutualofomaha.com](http://mutualofomaha.com)

800-775-6000



The disability income benefits provided will be individual coverage, not group coverage. Disability income policy form numbers D81, D82, D83 or state equivalent. (In FL, D81-21283, D82-21284, D83-21285; in ID, OR and Texas, D81-20896, D82-20898, D83-20900; in NC, D81-21008, D82-21010, D83-21012; in OK, D81-21014, D82-21016, D83-21018; in PA, D81-21080, D82-21082, D83-21084; in WA, D81-21038, D82-21040, D83-21042.

In New York, these policies provide disability income insurance only. They do not provide basic hospital, basic medical or major medical insurance as defined by the New York State Department of Financial Services. The expected benefit ratio for policy form numbers D81-21098, D82-21100 and D83-21102 is 55 percent. The ratios are the portion of future premiums, which the company expects to return as benefits when averaged over all people with these policies.

These policies have exclusions and limitations. Products may not be available in all states. For costs and complete details of coverage, contact your licensed insurance agent/producer. Mutual of Omaha Insurance Company is licensed nationwide.

This is a solicitation of insurance. By responding, you are requesting to have a licensed agent/producer contact you to provide additional information.