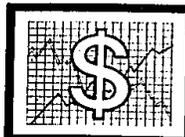


Business

Barry Jensen editor/591-2300



Thursday, March 28, 1985 O&E

(T, R) 10A, 8, F-6C(X)OJTC

You may want more disability insurance

Recently we had the following experience with three of our clients:

Dr. T. is a psychiatrist and owns her own practice. She does not have a disability insurance, but is not concerned because she makes good money.

Mr. X. works for Ford Motor Co. and believes that he has excellent disability coverage.

Ms. M., divorced, believes she would rather have a new car than buy disability insurance. She is in good health and doesn't believe she would ever become disabled.

All of these clients have one thing in common: they don't — or more correctly did not — understand the true meaning of adequate coverage through disability insurance.

You are not indestructible. It is dangerous to assume that you would never become disabled because you are in good health or you are a safe driver. Disability can strike anyone and you cannot be sheltered from that risk.

You can overcome even severe financial troubles if you can work. But if you can't work because of sickness or injury, you must have income from somewhere — preferably enough to replace most of your normal earnings as long as the need exists, which could be for life or to age 65.

Unless you have large financial resources, this "somewhere" will have to be disability insurance.

Upon disability your income can



finances and you

Sid Mitra

come from a combination of three sources discussed below.

Social Security. To receive benefits, you must have worked five of the past 10 years or, if young, at least 1/4 of the past three years. Your disability must have lasted or be expected to last a year. You must wait five months for payments, and they cease when you can do any kind of work, not necessarily your regular work. Average monthly payments for a family: \$893; for a single, \$473.

Group Coverage. Medical examinations are not required. Not only employers but also professionals can buy such insurance, most easily in groups of 10 or more, but possibly as few as 5 or 4.

Group coverage is usually "coordinated" with Social Security, so if you receive benefits from it, your group payments may be less. An insurer can raise premiums or cancel a policy if many employees do not resume work when able — it's termed "excessive malingering."

It is important to know what your monthly income would be if you were totally or partially disabled. Frequently the income expected from Social Security and group insurance falls far short of the disability income needs. If that is the case, consider buying your own supplementary policy.

Individuals Insurance. Shop for the best coverage available. There is no uniformity among policies. Consult your financial planner for the policy best suited for you.

Here are some tips on how to buy an individual disability insurance policy:

- Choose a non-cancellable policy that is guaranteed renewable at the same premium.

- "Your OC," meaning your occupation coverage for professionals and white-collar workers, will pay as long as you can't do your own job.

- have residual benefits. Then if

you lose over half, but less than 85 percent of your normal income, you get partial benefits from your policy.

- Make sure the elimination period — the time between the disability and first payment — suits your situation. A rule of thumb is to buy the policy with a waiting period of 60 days.

- Consider extras such as guaranteed future insurability with higher coverage with no medical exam and automatic cost-of-living rises.

Disability income is not taxable unless your employer paid premiums as a business expense. Premiums paid by an individual are not tax-deductible.

The moral should be clear: Don't be without adequate disability coverage.

EDUCATIONAL SEMINAR: The Observer & Eccentric Newspapers and the Coordinated Financial Planning staff will conduct a seminar 7-10 p.m. Tuesday, April 16, at the Kingsley Inn, 1475 N. Woodward Ave., Bloomfield Hills. This seminar will cover: Strategic planning; Comprehensive and retirement planning; Tactical planning; Insurance, taxes education, wills. Product planning; mutual funds, stocks and bonds, and real estate.

The seminar is free, but registration is required. To register and for more details, call 643-8888.

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