

## Disability insurance – can you afford to wait?

When you are young and healthy you may not feel there's a need to consider purchasing disability insurance. In reality, however, this is exactly the time you should consider protecting your most valuable asset – your ability to earn an income.

Consider Mark, 25, non-smoker, a professional engineer. If Mark purchased a professional plan, occupational class 4A, standard risk, with a \$3,000 tax-free monthly income benefit, 91 day start, to age 65 benefit period his monthly premium would be guaranteed at approximately \$51.73 to age 65. If he became disabled tomorrow, he could, potentially receive a total of \$1,431,000 in total benefits (paid out from now until age 65).

If you wait to purchase disability insurance when you think you need it the most, you may no longer be eligible. Waiting increases the risk of becoming uninsurable, or requiring an extra rating or an exclusion rider due to medical history. As an example, we know the risk of developing back problems, heart disease or diabetes increases with age. By purchasing coverage early, you are protecting yourself against all these risks.

Waiting also means you'll likely pay a higher premium for the same coverage. If Mark waited until age 50, he would pay a monthly premium of approximately \$149.66 for the same benefits. In the absence of a disability, Mark would pay a total of \$26,939 in premium by age 65. By purchasing coverage at age 25, he would pay a total of \$24,830 in premium by age 65. The bottom line is it's less expensive and more beneficial to buy a disability insurance plan early in life. You are covering yourself for many more years, for fewer total dollars with a greater possible benefit. So you no longer need to worry who will pay your student loan, your car loan, your rent or mortgage in the event of a disability.

Which job do you think Mark would rather have, and which job would you choose?

### Job A

\$60,000 gross income while you are working

\$0 if you are unable to work

### Job B

\$59,098 gross income while you are working

\$36,000 net (tax-free) if you are disabled

What if you are fortunate enough to not suffer a disability? If you purchased a Return of Premium rider (ROP) you'd have the opportunity to receive a portion of the premiums you've paid. This provides you with the protection you may need with the possibility of a lump-sum return of premium at a later date.

The above example is for illustrative purposes only. Is current as of July 30, 2010. Disability Insurance is provided by Great-West Life. Situations may vary according to specific circumstances.

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