AMW GROUP

EDUCATIONAL GUIDE · DISABILITY INSURANCE

Disability Income Insurance
Is It Right for You?

How disability income insurance works, what sets it apart, and the client profile it serves best, so you can decide with confidence.

AT A GLANCE

Disability Income in Plain Terms

Disability income insurance replaces part of your paycheck if an illness or injury keeps you from working. It works best for anyone whose household depends on their earnings, especially professionals, business owners and the self-employed.

You choose a monthly benefit, a waiting period before benefits start (the elimination period) and how long benefits can last (the benefit period). If you become disabled as your policy defines it, benefits are paid each month after the waiting period, until you recover or the benefit period ends. Life insurance protects your family if you die; disability insurance protects them if you live but can't work.

PROTECT

A monthly benefit that replaces part of your income if illness or injury keeps you from working.

POSITION

Benefits are generally not taxed when you pay premiums with after-tax dollars, so they go further.

GROW

Your savings and retirement plans stay on track instead of being drained to pay the bills.

HOW IT WORKS

Key Characteristics

Benefit limits, definitions, waiting periods and premiums vary by carrier, product, occupation and state.

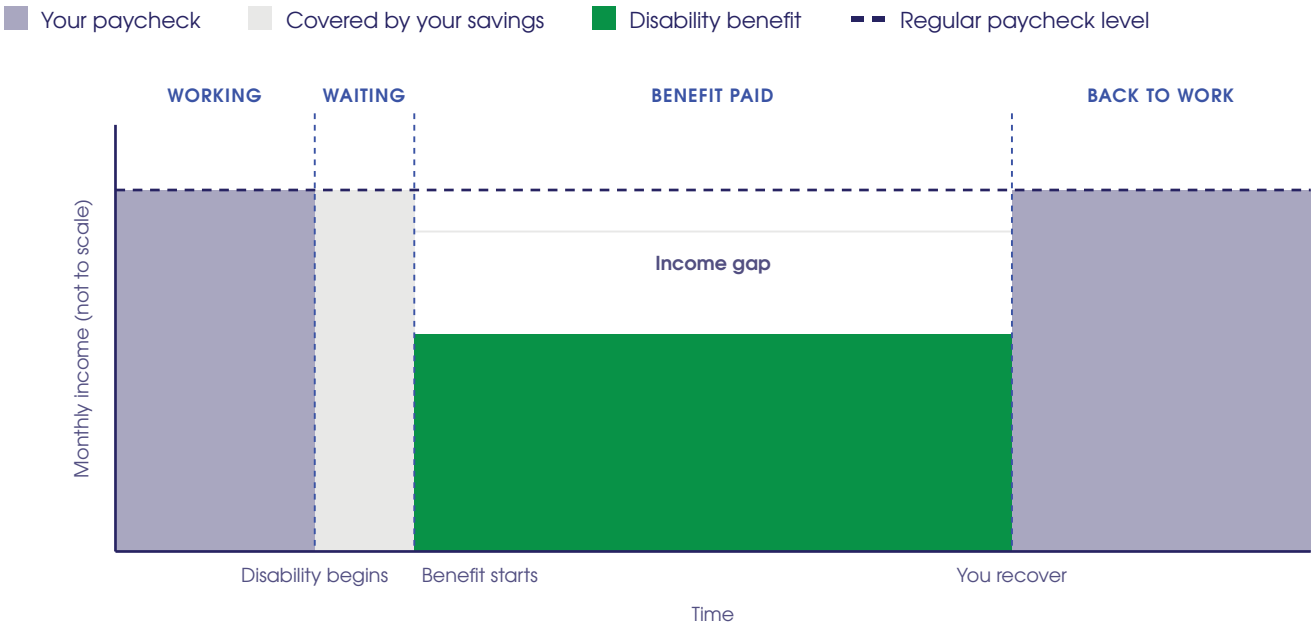
FEATURE	HOW IT WORKS	WHY IT MATTERS TO YOU
Monthly benefit	A set amount, up to the share of your income the insurer allows.	Replaces part of your paycheck, not all of it.
Elimination period	The waiting period before benefits start, such as 90 days.	A longer wait lowers the premium; savings cover the gap.
Benefit period	How long benefits can last: a set number of years or to an age such as 65 or 67.	Longer periods protect against career-ending disabilities.
Definition of disability	Own-occupation: you can't do your own job. Any-occupation: you can't do any job suited to your training.	Own-occupation is stronger, especially for specialists.
Partial benefits	Pay part of the benefit if you can work but earn less because of a disability.	Supports a gradual return to work.

FEATURE	HOW IT WORKS	WHY IT MATTERS TO YOU
Premium guarantee	Noncancelable: premiums are locked while you pay on time. Guaranteed renewable: premiums can rise for a whole group.	Noncancelable costs more but gives more certainty.
Riders	Optional add-ons, such as a cost-of-living rider for long claims or the option to buy more coverage as your income grows.	Keep your benefit in step with inflation and your career.
Tax treatment	Benefits are generally not taxed if you pay premiums with after-tax dollars; employer-paid benefits are usually taxable.	Affects how much of your income is truly replaced.
Portability	An individual policy stays with you if you change jobs.	Group coverage often ends when you leave.
Exclusions and limits	Pre-existing conditions may be excluded; mental health and substance-use claims often have shorter limits.	Read the definitions before you buy.

HYPOTHETICAL EXAMPLE

How a Benefit Fills the Gap

When a disability stops your paycheck, the waiting period comes first, and your savings carry you through it. Then the monthly benefit starts and replaces part of your income until you recover and return to work, or until the benefit period ends.



For illustration only; not a projection. Values are not to scale. Your benefit amount, waiting period and benefit period depend on the policy you choose.

REAL-WORLD USES

Where Disability Income Shines

Protecting household income

If your family relies on your paycheck, a monthly benefit helps cover the mortgage, groceries and bills while you recover.

Business owners and the self-employed

With no employer plan to fall back on, an individual policy protects your income. Separate business overhead expense and disability buy-out policies can keep the doors open or fund a partner's buyout.

Specialists and professionals

Own-occupation coverage pays if you can't do your specific job, even if you could work in another field.

Filling group coverage gaps

An individual policy can add to employer coverage that caps benefits, is taxable or ends when you change jobs.

IDEAL CLIENT PROFILE

Who Disability Income Fits Best

The strongest candidates match most of these traits, not just one.

TRAIT	IDEAL PROFILE	WHY IT MATTERS
Income	Steady earnings that your household depends on.	A disability can stop the paycheck while the bills keep coming.
Savings	Enough to cover a few months, but not a long disability.	Coverage keeps your savings from being drained.
Employment	Self-employed, a business owner, or an employee with limited group coverage.	You may have little or no other protection.
Occupation	A skilled or specialized career you want to protect.	Own-occupation coverage matters; some jobs cost more or face limits.
Age and health	Working age and in good health.	Coverage is easier to get and costs less when you're healthy.
Time horizon	Many working years still ahead.	The more future income at stake, the more coverage is worth.
Priorities	You see your earning power as an asset worth insuring.	Your future income is often your largest financial asset.

CONSIDER ALTERNATIVES

When Disability Income Isn't the Fit

- You don't rely on earned income, such as in retirement or when living on investments.
- Your employer coverage already replaces enough of your income and goes with you.
- You have enough savings to cover a long disability on your own.
- You're near the end of your career, with few earning years left to protect.
- Your health history would lead to major exclusions or make coverage hard to get.
- The premium would strain your budget; a smaller benefit or longer waiting period may be a better start.

KNOW BEFORE YOU COMMIT

Risks We Help You Manage

Every disability policy has fine print that matters. Here is how we help you stay ahead of each risk.

THE RISK	HOW WE HELP
A narrow definition of disability. Some policies pay only if you can't do any job.	We compare definitions and explain the trade-off between own- and any-occupation coverage.
Too little coverage. Group plans may cap benefits; Social Security is strict and modest; workers' compensation covers only on-the-job injuries.	We size your need from after-tax income and fill gaps with individual coverage.
A long waiting period. Your savings must cover the months before benefits start.	We match the waiting period to your emergency fund.
A short benefit period. Benefits may end before you can return to work.	We weigh benefit periods against your age and career.
Rising premiums. Guaranteed renewable policies can raise rates for a whole group.	We explain the difference and favor noncancelable coverage where it fits.
Inflation. A fixed benefit buys less during a long claim.	We review cost-of-living and future increase options with you.
Exclusions and limits. Pre-existing conditions may be excluded, and mental health or substance-use claims often have shorter limits.	We review the policy terms with you before you buy.

WEIGH THE ALTERNATIVES

Compare Your Options

	SAVINGS ALONE	EMPLOYER GROUP COVERAGE	SOCIAL SECURITY DISABILITY (SSDI)	INDIVIDUAL DISABILITY INCOME
How long it lasts	Until your savings run out	Varies by plan; often ends when you leave the job	After a five-month wait and approval; until recovery or retirement age	Up to your benefit period, such as to age 65 or 67
What it pays	Whatever you've saved	A share of salary, often capped	A modest benefit based on your work history	A monthly benefit you choose, within the insurer's limits
Taxes on benefits	None	Usually taxable if your employer pays the premium	May be partly taxable, depending on your total income	Generally not taxed if you pay premiums with after-tax dollars
Definition of disability	No conditions; you decide how to use it	Often shifts to any-occupation after a set period	Strict: unable to do any substantial work for a year or more	Can include own-occupation coverage
Portability	Fully yours	Usually ends when you leave	Based on your work record, not your job	Stays with you
Best for	Short absences and the waiting period	A baseline of protection at low or no cost	A basic safety net for severe, long-lasting disabilities	Long-term income protection you control

COME PREPARED

Before You Buy

Questions to ask

1. How does my policy define disability, and does that change over time?
2. How much of my income would my benefit replace after taxes?
3. How long is my waiting period, and how long would my benefits last?
4. Will my benefit be reduced by Social Security or employer benefits?
5. Can my premium go up, or can my policy be canceled?
6. What's excluded or limited, including any pre-existing conditions?

HOW WE HELP

Let's Connect— We're Here to Help!

We help you weigh individual coverage against your employer plan, Social Security and savings, and we size your benefit from your after-tax income so you see the full picture.

Needs assessment

We review your income, expenses, savings and employer benefits to find any gap.

Product recommendation

We compare insurers, definitions and riders and design coverage for your priorities.

Policy management

We review your coverage as your income and career change.

SUITABILITY CHECKLIST

- ☐ Income your household relies on
- ☐ Employer coverage reviewed
- ☐ Benefit sized to after-tax income
- ☐ Waiting period matches your savings
- ☐ Own-occupation definition considered
- ☐ Noncancelable vs. renewable compared
- ☐ Social Security and offsets understood
- ☐ Reviewed with your tax or legal advisor

YOUR NEXT STEP

Schedule your disability income insurance needs assessment with AMW Group.

513.394.7430
info@amwgroup.net
www.amwgroup.net

AMW GROUP

PROTECT. POSITION. GROW.

This guide is general educational information, not individual financial, tax or legal advice. Benefit amounts, definitions of disability, waiting periods, benefit periods and exclusions vary by carrier, product, occupation and state. Tax treatment depends on how premiums are paid. Policy guarantees depend on the claims-paying ability of the issuing insurer. Review any specific policy with a licensed professional before you buy.

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