

## What is the need for guaranteed issue disability insurance



Sound financial planning begins and ends with income planning. Proper income planning is impossible without adequate amounts of disability insurance.

Because there are a great deal of highly compensated employees who have been denied the ability to secure adequate and reasonable amounts of income replacement in the event they become disabled, we have designed the Guaranteed Issue Excess Disability Plan. This plan is designed to supplement and provide additional benefits where traditional markets have fallen short.

A business firm may indeed have a Group LTD plan in place for the employees of an entire firm. However, a typical LTD plan has limitations as to the maximum monthly benefit it will pay out. This cap on the monthly benefit is often too low to replace the proper amount of income for the well compensated employees of the firm. Additional pitfalls of LTD plans are that they do not always cover compensation other than W-2 income. Bonus income, commission income and K-1 income are times left uninsured via a group LTD plan.

### A tiered approach to adequate income protection

Proper income protection often requires the use of more than a single disability insurance policy. This supplemental disability insurance plan fills in the deficiencies of not only group LTD coverage, but individual, standalone policies as well. Coverage will often take the following format:

- 1. Tier One** - Group LTD Coverage (60% to a maximum of \$10,000-\$20,000 per month)
- 2. Tier Two** - Individual Non-Cancelable, guaranteed to age 65
- 3. Tier Three** - Multi-Life Guaranteed Issue to provide the insured up to 65%-80% of total income

## What are the plan options

- Coverage is offered on a guaranteed issue basis.
- Eligible for individuals under age 71 and actively at work.
- Issue limits up to \$250,000 per month, per person.
- Elimination periods of 30, 60, 90, 180, or 365 days.
- Benefit periods 12, 24, 36, 48, 60, and 84 months.
- An optional lump sum benefit up to a maximum of 5 times annual income can be added to follow the last monthly benefit.
- Term of insurance up to 5 years, based upon the size of the group.
- “Own Occupation” definition including specialty.
- 3/12 pre-existing condition exclusion. Anything that occurred or was treated within the three months immediately preceding the effective date will not be covered until the policy has been in force for 12 months.

## Additional features

- Optional Residual Benefit Rider
- Optional COLA Rider
- Presumptive Disability
- Survivor Benefit
- Transplant Benefit
- Recurrent Disability
- Automatic Benefit Increases
- Waiver of Premium
- Rehabilitation Benefit

## Style of plans

**Mandatory:** Coverage is offered to a select group of individuals such as the board of directors, a specific department or anyone who makes over a certain income.

**Voluntary:** Benefits are offered to a specific eligible group and requires minimum participation based on the size of the eligible group. Individual enrollment forms are one page and simply require a check-box and a signature to apply for coverage.

**Hybrid:** Mandatory Base plan with a Voluntary policy on top of it. The mandatory base plan provides a minimum amount of insurance and allows individuals to acquire additional coverage without worrying about the group meeting a certain minimum participation percentage.