

Group Disability is NOT Enough

Whether you are insured by a Group Long Term Disability policy through your firm or have purchased Association Group coverage from a national association such as the ABA or ATLA, your **Group coverage may have restrictions that can reduce or eliminate benefits at the time of claim.**

The purpose of this article is to **help educate State Bar of Montana members** on the limitations of Group Disability products and to describe the supplemental Individual Disability products now available to State Bar of Montana members at **discounted rates and on a Simplified Issue basis** (meaning, in most cases, no medical exams).

Association Group Disability

Association Group products vary substantially from one association to the next. Therefore, it's difficult to make general statements about how they work. They typically do **NOT** have all the weaknesses of Group Long Term Disability (LTD). They also do **NOT** have the same comprehensive definitions of disability as Individual policies. If you have purchased an Association Group policy, it is our recommendation that you **review your coverage with one of our advisors**. It's better to find out now what, if any, limitations exist in these policies than to find out at the time of claim.

Group LTD

Group LTD is the type of coverage purchased by firms with at least ten employees and insures everyone in the firm. Below are some of the limitations typically seen in Group LTD programs.

1. Many Group LTD plans **cap their benefits and most limit benefits to 60% of income**. As a result, the high income earners in the firm have less than 60% of their income insured.

Example: If the maximum benefit you can collect under your Group LTD plan is \$6,000 per month, then any attorneys earning over

\$10,000 per month **have less than 60% of their income insured**. An attorney earning \$20,000 per month is only insured for only **30%** of income ($\$6,000/\$20,000 = 30\%$).

2. Most Group LTD Benefits are reduced by Social Security and Workers Compensation.
3. The definitions of disability contained in Group LTD policies are typically **more restrictive than those in Individual Disability Policies**. This means that they can pay less benefit under the same claims scenario than an Individual Disability Income policy.
4. Group LTD is **NOT portable**. If you leave your firm you lose your coverage.
5. Group LTD benefits will be inadequate to continue retirement savings during periods of total disability. So, when you reach age 65 and your Disability Income Benefits stop, your retirement accounts could be inadequate to support you and your spouse.

Does this mean you should cancel your Group LTD policy?

Absolutely NOT!

Group LTD is an inexpensive way to provide benefits for attorneys and staff. However, because of the limitations discussed above you should **supplement your Group coverage** with the more comprehensive Individual Disability products.

In an effort to help its membership, the State Bar of Montana has facilitated the development of Individual Disability Income, Overhead Expense, and DI Retirement Security (insures retirement savings) policies that State Bar of Montana members can purchase at **discounted rates** and, in most cases, **without taking the medical exams** normally required to obtain this type of coverage.

The State Bar of Montana Disability Program can be used to **supplement** your Group LTD, as follows:

- The **Disability Income Policy** will allow you to insure up to 100% of your income and provides the most comprehensive definitions of disability.
- The **DI Retirement Security Policy** ensures that retirement savings continue during periods of total disability. This coverage is available in addition to the maximum Disability Income coverage you qualify for.
- The **Overhead Expense Policy** pays the fixed overhead of your office if you are disabled. If you are a sole proprietor or in small firm, if you are disabled, not only do you need money to pay your personal expenses and to continue saving for retirement, you also have to pay the fixed overhead of your office or your share of the overhead if you are in a small firm. Rent, staff salaries, loan payments for equipment, etc. don't go away simply because you are disabled.

Disability Specialists, Inc. (DSI) is the plan administrator. You can reach DSI at **(888) 279-8348 (8:00 a.m. to 4:00 p.m. Mountain Time)**. Just identify yourself as a State Bar of Montana member when you call and you will be given information on the products you are interested in.

If you would prefer to correspond by email, contact Scott Fletcher at: SFletcher@gotodsi.com. He will assign your account to a DSI representative and you will be emailed the requested information within 24 hours.