

What Is Disability Income Insurance And Why Do I Need It?

If you become ill or seriously injured and are unable to work due to an impairment, properly structured disability insurance can help replace a portion of your lost income with tax-free monthly payments to help cover your expenses.

Not all disabilities are apparent. For example, chronic pain or a mental health issue may qualify as a disability in certain situations. In addition, a disability may be short-term or may permanently affect a person's capacity to work, whether that's full-time, partial, or part-time.

Why Do You Need Disability Insurance?

- Up to 40% of Canadians become disabled for 90 days or longer before age 65.
- Can replace much of your current income - potentially receive up to 60-85% of your take-home pay.
- Protect your retirement savings - disability insurance can help you meet your financial obligations, so you may be able to avoid dipping into your retirement savings sooner than planned.

Do You Need Disability Insurance If You Have It Through Your Employer?

Employer-provided group insurance is a good starting point, but it usually provides only basic coverage for a fixed period. A personally-owned disability policy can enhance your group insurance coverage to better protect you, and your family's cash flow needs if you become impaired.

Let's Compare Group Coverage To Individual Coverage

	Group Coverage	Individual Coverage
How much coverage do I get?	Coverage amounts are often limited	You choose your coverage amount
How flexible is it?	Your employer often picks the coverage options	You choose your coverage amount and how long you need it
Can I change my coverage?	Typically, you can make changes once per year or if there's a life-changing event	Yes, you can adjust your coverage
What happens if I leave my employer?	Your coverage ends unless there's an option to convert to individual coverage	Your coverage stays the same because it's not tied to a job or a membership
How much does it cost?	Typically, it's low cost	Typically, it's a higher cost than group coverage
Will the cost ever change?	Costs can change every year	Costs stay the same for the duration of the coverage

Consult your accountant, financial planner, or insurance specialist to determine which type of disability insurance is right for you.

Questions?

Contact a Tonin Wealth Management representative at 519-822-5307 or email general@tonin.ca.