Long-Term Disability Insurance

Should I still consider this insurance if I have disability insurance from my employer?

Yes, for three reasons:

First, monthly benefits paid through employer-sponsored disability insurance are likely to be taxable, reducing the true amount of protection the coverage provides. In contrast, the IRS has stated that the benefits of this Plan are free from income tax when you pay the premiums with your own after-tax dollars. For more information, consult your tax advisor.

Second, over time your income has probably increased, and the level of protection you now carry may no longer be enough to help cover the living expenses that would continue should you become disabled. Using this Plan to increase your total coverage can help you avoid having to deplete savings and investments intended for other purposes, including retirement.

Third, unlike many employer-provided plans, this coverage is yours to keep without interruption, even if you change jobs or become self-employed, provided premiums are paid when due and you remain actively at work. This Plan can add an extra layer of protection that will move with you throughout your career.

What is the difference between the Mid-Term and Long-Term Disability Plans?

The major difference is the period of time for which benefits are paid. The Mid-Term Plan's maximum benefit period is two years for a sickness and five years for an accident (except for total disability due to mental illness). The Long-Term Plan benefits are payable to age 65 for total disabilities beginning prior to age 63 (except for total disabilities due to mental illness). If the disability begins on or after your 63rd birthday, but before your 70th, benefits are payable for up to two years if the disability continues for that period. If the disability begins on or after your 70th but before your 75th birthday, benefits will be payable for up to 12 months if the disability continues for that period.

What does "Specialty of Law" mean?

Some disability plans limit their definition of total disability to the inability to work in any occupation. This means you might not be eligible for benefits if you are sick or injured but still able to work in another profession.

Other plans may include an "own occupation" definition of disability, meaning that you might not be eligible for benefits if you were able to perform any occupation in the legal field, even though you were no longer able to carry out the duties and responsibilities of your specialty of law.

This Plan contains a preferred definition of disability, called "specialty of law", that is critical for attorneys. It means you are eligible to receive benefits if you're unable to perform the duties of your own legal specialty – not just any occupation in the legal profession or any other profession.

How does this plan define total covered disability?

Covered total disability means disability due to injury, sickness or organ donation that renders you completely unable to perform the material duties of your regular occupation (including your particular specialty of law).

Total disability is presumed, and the waiting period waived, if you experience loss of speech, total loss of hearing in both ears, total sight in both eyes, use of both hands, both feet, or one hand and one foot.

Are your disability insurance rates competitive?

The rates for ABE-sponsored insurance plans are based on a long history of favorable claims experience with ABE members, which results in affordable premiums for you. The current plan rates are competitive particularly when you take into account that dividends from 15% to 43% of premium have been paid each year over the past ten years. (Neither future dividends nor their amounts are guaranteed.) If you deduct the dividends (when available) from the premium to determine the cost of the insurance, you'll find the plan to be competitive in the marketplace.

What is the Law School Loan Payment benefit option?

This add-on benefit (available to members under age 40 who are practicing in at least one state) will pay up to $200,000 to a qualified Financial Lending Institution on your behalf for an eligible loan incurred to pay for your law school education, if you become totally disabled prior to age 45. The benefit will cease when you are no longer totally and permanently disabled or when you no longer receive a monthly benefit.

What is the Cost of Living Adjustment (COLA) option?

If you become totally disabled, the COLA benefit will help your benefits keep pace with inflation by increasing your chosen monthly benefit by 3% per year for up to five years (e.g., with a $3,000 monthly benefit, $90 would be added each year to your monthly benefit for a total benefit of $3,450 after the fifth increase). The first 3% increase would occur at the end of your first full, continuous year receiving total disability benefits, and then annually for up to four years thereafter. The COLA benefit will cease when you are no longer totally disabled, or you reach age 70, whichever comes first.

Is the monthly benefit sent to my medical provider?

No. This insurance is designed to help replace your income while you're unable to work. The money is sent directly to you, and you may use it any way you wish. Under current federal tax laws, these benefits are typically tax-free as long as you pay your premiums personally. Consult your tax adviser for more information.

How long will my benefits last?

That depends on your age at the time a covered disability begins. If you are totally disabled before age 63, benefits under this Plan are payable up to age 65. For disabilities occurring from age 63 to 69, benefits are payable for two years. From age 70 to 75, benefits are payable up to 12 months.

What if my health declines, will my rates go up?

You can never be singled out for a rate increase or have your coverage cancelled due to your health. Rate increases occur as you move from one age bracket to the next. Additionally, New York Life can only change premium rates for the group as a whole, not you as an individual.

When can I renew my coverage?

Your coverage is renewable as long as you stay employed full-time, are under age 75, the group policy stays in effect, you maintain your ABA membership, and premiums are paid when due. Because this is a Group Policy, your coverage cannot be canceled on an individual basis.

What happens to any available dividends?

If an ABE-sponsored plan produces a dividend at the end of the plan year, insureds may contribute that dividend to ABE. That donation is tax-deductible to the fullest extent permitted by law. ABE uses the donated dividends to make annual grants to support public service, educational, and research projects and programs of importance to the public and to the profession. Dividends are not guaranteed.