

# Mid-Term Disability Insurance

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## 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 ABE-sponsored Mid-Term Disability Insurance are free from income tax when you pay the premiums with your own after-tax dollars. Consult your tax advisor for more information.

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 ABE-sponsored Mid-Term Disability Insurance 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 disability insurance, 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 subject to eligibility requirements (such as age). ABE-sponsored Mid-Term Disability Insurance 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 Insurance?

The major difference is the period of time for which benefits are paid. The Mid-Term Disability Insurance 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 Disability Insurance 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.

## Are your disability insurance rates exclusively priced?

The rates for ABE-sponsored insurance are based on a long history of favorable claims experience with ABE lawyer members. The current members only rates are exclusively priced to reflect that experience.

## How does this coverage 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.

## What are added hospital benefits?

If you are hospitalized for disability, you collect an additional 50% of your monthly benefit for up to 3 full months for each covered accident or sickness, excluding the following: facilities which primarily provide custodial, educational or rehabilitative care.

## 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?

Full benefits are payable up to five years if you are completely unable to perform the material duties of your regular occupation including your particular specialty of law, if applicable, due to a disabling accident or injury. (Specialty of law provision is not applicable to spouse/DP coverage.) If total disability is the result of a covered sickness, benefits are payable for up to two full years (except total disabilities due to mental disorder which limits benefits to one year). Benefits for a disability occurring after your 70th birthday will be payable for one year.

## 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 for you as an individual.

## 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 are a Bar Association Member<sup>1</sup>, and premiums are paid when due. Because this is a group policy, your coverage cannot be cancelled on an individual basis.

## What happens to any available dividends?

If an ABE-sponsored insurance program produces a dividend at the end of the program 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.

<sup>1</sup>The terms "Bar Association Member" and "Member" when used herein mean a practicing lawyer who is a member of the American Bar Association (ABA) or any entity that is represented in the ABA's House of Delegates, including state and many local and specialty bar associations. A list of all such entities is available at <https://abendowment.org/resources>.