

Mid-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. 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 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.

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.

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.

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 maintain your ABA membership, 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 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.