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PERSONAL HEALTH

AGES & STAGES: DISABILITY INSURANCE

Few forms of insurance are as unappreciated by consumers as disability insurance. Most people don't believe disability will strike—until it does. Terri Cullen looks at protecting yourself through the years.

20s THROUGH 30s: Relying on employer coverage is probably a decent bet at this stage. But what if you find yourself between jobs, or your employer doesn't offer disability insurance as a benefit?

Buying your own coverage may not be one of your financial priorities—particularly because private insurance can mean sharply higher premiums than your employer would pay through a group plan. And, hey, you're indestructible at this age, right? Wrong. As low as the odds are right now, you should not ignore the very real possibility that an accident or injury could prevent you from working for the rest of your life. There are risks to being a total financial tightwad, no matter how tempting it might seem.

If you can't swing disability insurance, double your efforts at building personal savings. If you're looking for work, consider taking on a lower-paying part-time job. If you're employed full time and not carrying some form of disability insurance, sock away at least six months' salary to help in case injury strikes.

40s THROUGH 50s: During your prime earning years, it's imperative to ensure you and your partner together

have enough disability insurance to cover you should you no longer be able to work. You may very well be covered by your employer, but perhaps not covered enough. Ask your employer for specifics about your disability benefits, including what percentage of income is provided and for how long.

Use a good calculator to figure out how much disability insurance you need. It will also help evaluate the extent to which you'd be able to depend on your own money to support yourself after short-term benefits run out. That figure will tell you just how long you could get by without additional insurance.

When shopping for private disability coverage, ask the amount and duration of payments, whether a cap exists and whether the benefits are coordinated with Social Security in the event of permanent disability.

60s+: If you've saved diligently through your lifetime and accumulated wealth, it's likely you no longer need to carry disability insurance. But if you're one of the thousands of seniors forced to continue working in your 60s and beyond, disability insurance should be a priority now—when the risk of debilitating illness or injury is greatest. The question is, have you saved enough to cover you if you had to stop working? If you decide that you have sufficient savings, drop your disability policy and add the money you've been spending on it to your retirement savings.

—By Terri Cullen



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