

Understanding Disability Issues



Disability can drain your family's savings and jeopardize your financial security. When you're disabled, you may not only lose your ability to earn a living, you could also lose your savings, your retirement funds and even your home.



Disability Facts

Almost 3 in 10 workers entering the work force today will become disabled before retiring.

Social Security Administration, Fact Sheet, January 31, 2007

Disability causes nearly 50% of all mortgage foreclosures.

Health Affairs, The Policy Journal of the Health Sphere, February 2, 2005

Unexpected illness or injury, that is, a disability, caused at least 17 percent of personal bankruptcies in 2001 - and some say the rate is even higher.

Social Security Administration, Fact Sheet, January 31, 2007

About 1 in 7 people can expect to be disabled for five years or more before retirement.

"Commissioners Disability Table, 1998," Health Insurance Association of America, *The New York Times*, February 2000

A *Parade Magazine* (April 24, 2006) study found that most Americans are living paycheck to paycheck and have little or no money left after paying their everyday living expenses. A total disability can have a devastating impact on an employee's pre-retirement income and post-retirement lifestyle. Most group long-term disability (LTD) programs pay only 60% of an employee's salary, and also fail to protect retirement plan contributions that would have occurred over the employee's working life. Disability plans can be restructured to offer employees coverage that addresses non-salary compensation and concerns about retirement.

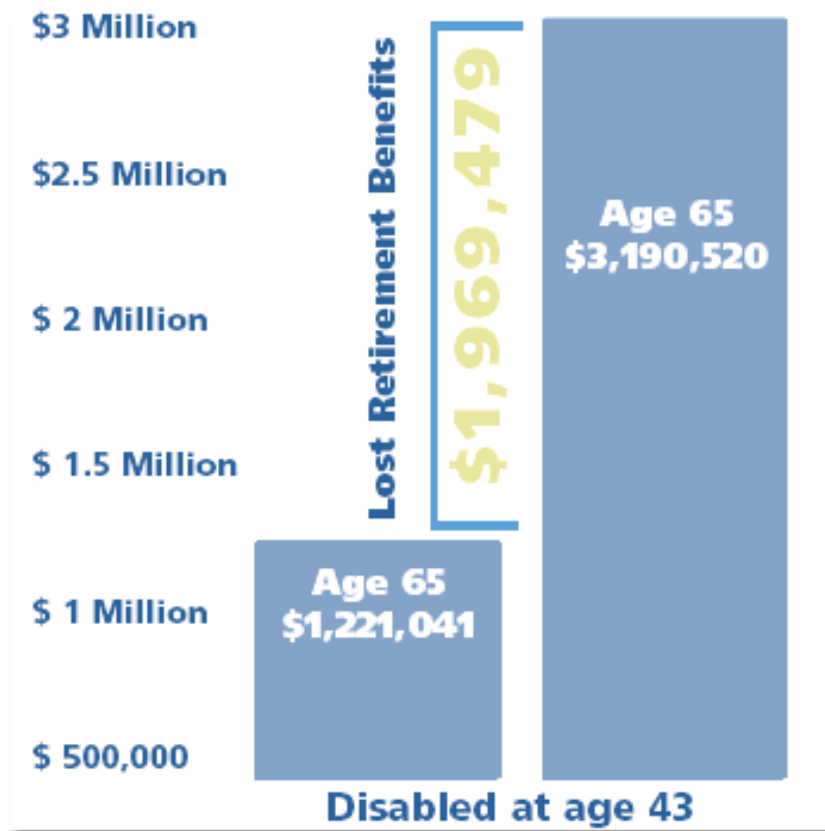
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Impact on Retirement Planning

With a typical corporate long-term disability plan, for example, the employee illustrated will have a considerable reduction in income, and at age 65 will receive 61% less in retirement benefits from the individual's 401(k) plan.

Supplemental disability insurance covers bonus, retirement contributions and other forms of compensation. It stabilizes or even reduces disability premiums and liability risk—and provides your valued employees with portable and permanent policies.

Balser Companies is one of the country's largest writers and administrators of non experience rated disability coverage in the corporate marketplace..



Example: Employee disabled at 43 years old. Pre-tax compensation: \$200,000. After tax: \$120,000. 401(k) balance at age 43: \$150,000 with max-out contribution of \$16,500 per year. Includes company match (.50 up to 6%) at an estimated 10% return on investment. Qualified plan limits increased yearly for inflation.

