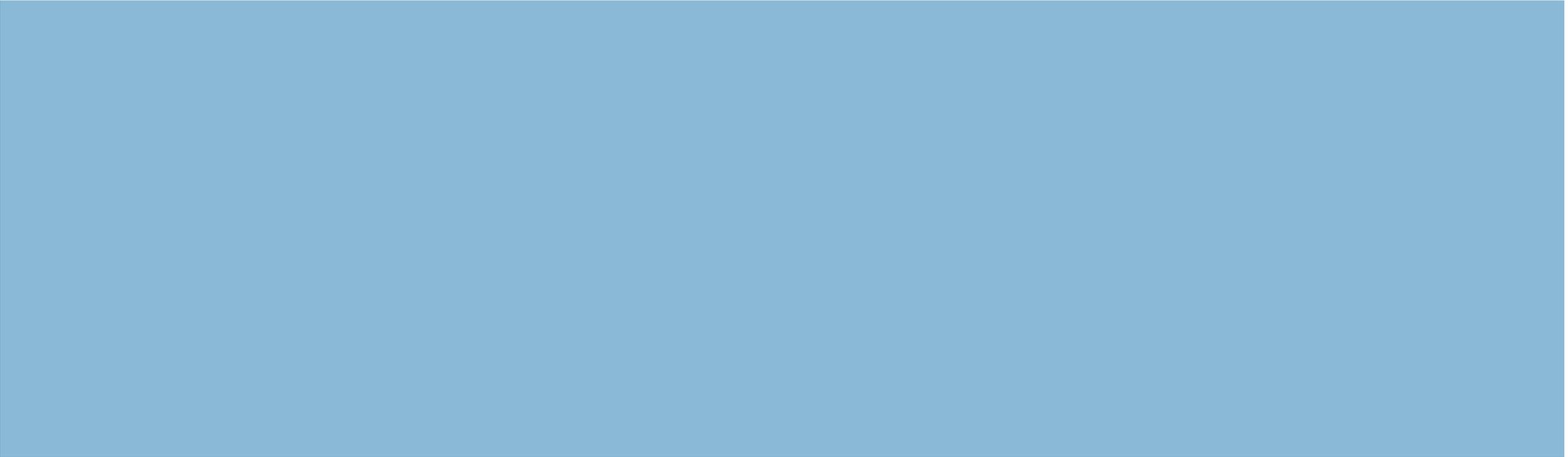




DISABILITY INSURANCE

FOR THE DENTAL HYGIENIST



IMPORTANT – BY JEAN ROCKWELL, RDH

- The disabling definition is the most important, central part of the disability insurance policy. Most desirable is the Own-Occupation definition (sometimes referred to as True Own-Occ).
- **Own-Occupation definition** — “You are unable to perform the substantial and material duties of your regular occupation, and you are under the regular care of a physician appropriate for your injury or sickness.”
- What does this mean? The insurance company will consider your occupation to be the occupation you are engaged in at the time you become disabled. It will pay benefits even if you return to work in another profession. Also, any money you might be eligible to receive from workers’ compensation, SDI or Social Security disability income, etc. will not be deducted from your monthly DI benefit.
- • **Example:** If surgeon Dr. Jones develops a tremor that prevents him from practicing as a surgeon, he can collect disability benefits even if he returns to work as a family practice physician. As a surgeon, he earned \$300,000 per year. He had a disability insurance benefit of \$180,000 per year. While collecting benefits of \$180,000 per year, he can earn an income of \$150,000 per year (or any other amount) as a family physician, and his disability benefits will not be affected.
- The second most desirable definition is called Modified Own Occupation.
- **Modified Own-Occupation definition** — “You are unable to perform the substantial and material duties of your regular occupation; and you are not engaged in any other gainful occupation; and you are under the regular care of a physician appropriate for your injury or sickness.”
- In other words, this means after you become disabled, if you choose to work in another profession, you will be able to get a percentage of your benefit through a partial disability provision that will be based on the percentage of income loss from what you were earning before becoming disabled.
- • **Example:** Once Dr. Jones returns to work as a family practice physician, he can no longer collect full disability benefits. His disability benefit will be based on a percentage of lost income. In this case, his annual benefits of \$180,000 would be reduced to \$90,000 due to having a 50% loss of income. Remember, his income is now \$150,000 instead of his predisability income of \$300,000.

CONTINUED

- **The least desirable disabling definition is called the Any-Occupation (often referred to as Any Gainful Occupation).**
- **Any-Occupation definition** — “Because of injury or sickness you are unable to perform the material and substantial duties of Your Occupation, or Any Occupation for which you are deemed reasonably qualified by education, training, or experience.”
- • Example: The insurance company determines what type of work is suitable for Dr. Jones. If Dr. Jones were deemed suitable for other work due to his prior education, training, or experience, he would not be eligible for any disability benefits. Would the insurance company expect him to flip burgers? Probably not. But, why take the chance?
- Partial or residual benefits is the next feature that is extremely important for the dental hygienist to have included in his/her disability insurance policy.
- This rider (or in some cases, it is included free in the policy) is essential because in many cases, disabled individuals can work part time, but not full time. The partial/residual benefits rider pays a percentage of monthly earnings if the insured suffers a loss of income of usually 20 percent or more. This benefit can pay you continuously to age 67. This eliminates the “all or nothing” benefit structure. Be careful to read the definition of this rider before you purchase a policy. As a dental hygienist, you want the definition to read that you can be eligible for partial benefits to age 67, prior to going out on full disability.
- • Example: In my case, when I was diagnosed with a disability, my physician recommended that I cut my hours. We had hoped that this would help alleviate my pain and give me the ability to continue to work part time. At the time, I was working four days a week. I cut my hours by one day a week, which gave me a 25% loss of income. Because my partial disability rider was written that I could use this feature if I was partially disabled prior to full disability, I was able to collect a partial benefit (25%) after my wait or elimination period.
- **I was on partial disability for about 12 months before the pain was too much and I had to go on full disability and retire completely from clinical dental hygiene. This scenario is most common among dental hygienists that are diagnosed with a disability.**

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- **Another definition of partial/residual disability is when the insured becomes disabled and is attempting to return to work on a part-time basis.** This definition can help facilitate a friendlier, more gradual return-to-work experience. An example of this scenario would be, if I was working full time making \$50,000 annually, was disabled, and then returned to work part time earning \$25,000 a year, I would have a 50% loss of earnings and I would continue to receive a 50% disability benefit.
- **Future Purchase Option/Future Increase Option** — Another option to consider when searching for a comprehensive disability insurance policy. This option (otherwise known as guaranteed insurability) allows policy holders through age 51 to purchase additional coverage — regardless of health — without the need for a medical exam or blood tests.
- **Automatic Increase Rider (AIR)** — Another rider which is a good option to have when available. This rider increases the monthly benefit for the first five years to keep pace with inflation. The AIR is free to have and can increase the benefit while not on claim.
- **Cost of Living Rider (COLA)** — This applies to those who are disabled for more than one year. It automatically increases the benefit while on claim each year to the end of the benefit period so the benefit keeps up with inflation. Some policies increase by a fixed amount each year while others are indexed to inflation. COLA is of particular value to purchase at ages under 40. For example, a COLA is much more important to someone who was permanently disabled at age 26 than it is to someone who was disabled at age 56.

RENEWAL PROVISIONS

- **There are four types of “renewal” provisions to consider when purchasing a disability insurance policy:**
 - • **Non-cancelable (most desirable)** — This provision guarantees that after a policy is in effect, there will be no changes to the premium or to the policy benefits through age 65 — regardless of the insured’s working status, health or income level.
 - • **Guaranteed renewable (second most desirable)** — The insurance carrier cannot change the premium or the benefit for an individual, but it can make a change to the premium for an entire group of policyholders, categorized by state, underwriting class, or policy year. The change would need to be approved by insurance regulators before going into effect.
 - • **Conditionally renewable (less desirable)** — This provision is found in group and association plans. It states that the policy is renewable only if the insured continues to meet certain conditions outlined in the policy. The most common condition for renewal is maintaining full-time employment (group) or membership (association). The carrier may increase the premium at the anniversary date or at prescribed age bands, such as five-year increments.
 - • **Optionally renewable and/or cancelable (least desirable)** — These provisions allow the insurance carrier to change the terms or cancel the policy at an individual level. This type of policy should be used only if nothing else is available. It provides immediate protection — but no guarantees.

COMMON TERMS TO KNOW

- Here are some common terms to know when researching a disability insurance policy.
- ✓ **Elimination period** — Also known as the “waiting period,” this is the period of disability that must elapse before benefits commence. Typical EPs are 60, 90, or 180 days.
- ✓ **Benefit period** — This is the length of time that benefits will continue from the date they begin. Typical BPs are two years, five years, or to age 67. The most desirable BP is to age 67.
- ✓ **Benefit amount** — The benefit amount is typically 60% of gross pay, up to a limit of \$15,000 per month.
- As you can see, there is a lot of information to consider when looking for a good disability insurance policy. Most of these policies can be customized to fit your needs and budget. Just remember that some coverage is much better than having no coverage at all!

CAREER

- Career mobility is the final consideration for determining the best disability insurance for dental hygienists. Many hygienists begin with one practice, and may move on to other practices to accommodate family moves and other changes. A portable policy is sometimes ideal, but comes at a price.
- **Group Disability Insurance** - many dental offices may offer group disability insurance to employees. The primary advantage of these plans is premium cost, while the disadvantage is portability. Group policies often offer lower premiums, as they insured a larger number of lives. The dental practice owns the policy, rather than the individual employees. The policy is an employee retention tool. If the employee leaves the practice, the coverage may end.
- **Individual Policies** - have portability as the primary advantage. A portable policy works best for hygienists who think career mobility is important. A portable policy allows her to keep the policy in force throughout her career, no matter where she works.
- Many voluntary employee benefit policies are individually owned and portable, although they purchase them at work. Get a disability insurance quote online to compare rates, and get a sense for what fits your budget. **Decide if a group or individual plan fits your needs best.**
- ***I have insurance through work, but it wasn't enough so I now also have my OWN disability insurance**

ANDREW GOMEZ

- **Andrea says:**
- I personally started disability insurance a year or so after I graduated. I wanted to pay off my loans first and get a good head start. It is the best thing I have done! Although I have not been injured yet (knock on wood) I see hygienists leave work often because of injury. A simple 'wrist soreness' can lead to weeks or more off.
- At least I know if anything happens I am covered. The happiness in knowing that is huge! I pay yearly (I get a month free if I pay per year). Every policy is different so the yearly fee depends on what you want and need
- You can also pay per month if you prefer
- The best part? I am paying a little more for my insurance so that IF I do not use my insurance I get a portion of it back by age 65 😊
- I deal with Andrew Gomez – he is excellent and can be reached by email at ajgomez@pinfinancialplanning.com or you can call him at: **905.616.9690**



QUESTIONS TO ASK

- The best thing you can do is speak to an advisor. What Andrew does for example – is our first phone call he asked me many questions about what I want, my budget and what I was looking to get out of disability insurance
- I told him I was aware the sooner I sign up, the less money it will be per year.
 - I mentioned I wanted to be able to work in other occupations if I couldn't be a hygienist anymore (so even if I am off on disability getting paid, I could also work elsewhere if I wanted)
- He does his research and chooses three companies that offer disability insurance based on the information you give him (he does the hard work!)
- He will give you all the information and costs for all three companies, and if you are happy you choose one
- He then contacts the company and gives them your information on your behalf
- You will likely have a blood test and urine sample by a nurse that comes to your home. That's it! It's so easy
- If you have questions feel free to ask me or Andrew.

IN CONCLUSION

- I feel EVERYONE should have disability insurance. Trust me, I have seen what happens when people ‘only have insurance through work’
- They come back to work injured and in pain, but “cant afford” to take time off
- It’s the best decision I have made 😊.