



# What Is Disability Income Insurance And Why Do I Need It?

If you become ill or seriously injured and are unable to work due to an impairment, properly structured disability insurance can help replace a portion of your lost income with tax-free monthly payments to help cover your expenses.

Not all disabilities are apparent. For example, chronic pain or a mental health issue may qualify as a disability in certain situations. In addition, a disability may be short-term or may permanently affect a person's capacity to work, whether that's full-time, partial, or part-time.

## Why Do You Need Disability Insurance?

- Up to 40% of Canadians become disabled for 90 days or longer before age 65.
- Can replace much of your current income - potentially receive up to 60-85% of your take-home pay.
- Protect your retirement savings - disability insurance can help you meet your financial obligations, so you may be able to avoid dipping into your retirement savings sooner than planned.

## Do You Need Disability Insurance If You Have It Through Your Employer?

Employer-provided group insurance is a good starting point, but it usually provides only basic coverage for a fixed period. A personally-owned disability policy can enhance your group insurance coverage to better protect you, and your family's cash flow needs if you become impaired.

## Let's Compare Group Coverage To Individual Coverage

|                                      | Group Coverage  | Individual Coverage   |
|--------------------------------------|---|---|
| How much coverage do I get?          | Coverage amounts are often limited  | You choose your coverage amount   |
| How flexible is it?                  | Your employer often picks the coverage options                                    | You choose your coverage amount and how long you need it                    |
| Can I change my coverage?            | Typically, you can make changes once per year or if there's a life-changing event | Yes, you can adjust your coverage   |
| What happens if I leave my employer? | Your coverage ends unless there's an option to convert to individual coverage     | Your coverage stays the same because it's not tied to a job or a membership |
| How much does it cost?               | Typically, it's low cost  | Typically, it's a higher cost than group coverage                           |
| Will the cost ever change?           | Costs can change every year   | Costs stay the same for the duration of the coverage                        |

Consult your accountant, financial planner, or insurance specialist to determine which type of disability insurance is right for you.

**Have  
Questions?**

Contact Lucja (Lucy) Davson at 780-463-8101 or email [wealth@kbh.ca](mailto:wealth@kbh.ca).



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