

Understanding group disability insurance



If you can't perform the same job you used to because of your MS, you may be eligible for benefits through your employer.

by Dick Bell, CLU, ChFC, CFP®

People with multiple sclerosis may need to leave the work force early due to disability. As you plan your financial future, it is critical to learn about any disability insurance policy your employer provides and how the plan works. Begin by asking your human resources representative whether your company offers disability coverage; if so, ask for your group disability insurance booklet or a copy of the Summary Plan Description. Learn about your employer's plan by looking for key terminology and wording such as: Definition of disability. You are disabled when (insurance company) determines that:

- you are limited in performing the material and substantial duties of your regular occupation due to sickness or injury; and
- you have a loss of 20 percent or more in your monthly earnings due to the same sickness or injury.

Meeting such requirements is the first step in qualifying for disability benefits.

The least you need to know

"Material and substantial duties" are those activities that you are paid to do during a standard business day. If you work reduced hours or are reassigned to a less strenuous position—perhaps due to symptoms such as fatigue—and receive lower pay as a result, you

may be entitled to disability benefits. You need a reduction of either time or duties resulting in a loss of at least 20 percent of income to qualify. In most contracts, the definition of disability becomes more stringent after 24 months of payments. Imagine a heart surgeon with MS whose hands got too shaky to operate but could still make a good living by lecturing in a medical school or by consulting. In this case, she would likely receive her full benefit for the first 24 months of disability because she cannot perform the duties of a heart surgeon. After that, she might qualify for benefits if she cannot perform the duties of a job for which she is reasonably fitted by education, training or experience. Again, she would need an income loss of at least 20 percent. In comparison, Social Security Disability Insurance (SSDI) only considers a person to be disabled when he is unable to perform the duties of any gainful occupation. Furthermore, the person must be expected to remain disabled for at least 12 months. Keeping a journal of your MS symptoms now, including dates and how they affected you, will help you qualify for benefits later.

Disability insurance terms and rules to know

Short-term vs. long-term disability

- Short-term disability (STD) provides benefits for anywhere from a week to six months of disability, such as that caused by an MS exacerbation. STD benefits are typically paid on a weekly basis.
- Long-term disability (LTD) benefits usually start after you have been disabled for six months. Benefits are payable monthly and may last until you are eligible to receive Social Security benefits at your normal retirement age.

Elimination period

This is the waiting period before STD or LTD benefits are payable. For example, a 30-day elimination period means you would receive no benefits during the first 30 days of a disability.

Pre-existing conditions

If you have MS and start a new job with an employer who has a group disability policy (or your current employer adds a new group disability benefit), will you be insured? In most cases, yes—at least under your STD plan. However, LTD plans typically won't cover MS until you have been insured under the plan for 12 to 24 months. At the end of that time period, all pre-existing conditions limitations in the policy will be waived. Consult your policy for details. While the Affordable Care Act will bring profound changes to health insurance with regard to pre-existing conditions, the legislation has no bearing on disability insurance.

Additional Resources

Get more information on [insurance](#). Find more information on [financial planning with MS](#). Download a Society brochure (PDF) on [Private Disability Insurance](#). Get an overview of financial planning and [insurance matters](#).

Benefit amount Your STD and LTD benefits will typically be 50 to 60 percent of your earned income. However, there is usually a maximum benefit cap regardless of your income.

Deductible sources of income If you receive other sources of income as a result of your disability, the benefit you get through your employer's plan may be reduced.

- **Social Security Disability Insurance (SSDI)**. A person is eligible for SSDI benefits following five months of total disability. However, the benefits you receive from your employer's group LTD plan will usually be reduced by any amount you or your family members receive from SSDI. Download this PDF on SSDI for People with MS for more information.
- **State-run programs**. Five states (California, Hawaii, New Jersey, New York and Rhode Island) offer separate disability insurance programs. If you live in one of those states, the benefits that you receive through your employer's group STD or LTD plan will be reduced by the amount of those benefits.

Reach out If you have difficulty understanding your employer's plan, your human resources representative may be able to help. For further information on applying for disability insurance or SSDI, including tips on documenting your disability, download the Society's publication on [Private Disability Insurance](#). You can also call an MS Navigator at 1-800-344-4867.

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For help with understanding group disability insurance or other financial matters affected by MS, call the National MS Society at 1-800-344-4867.