

Mythbusters By Charles J. Spencer CLU

A TV show I enjoy watching is called Mythbusters and it is on the Discovery Channel. They explore a myth each week to find if there is any truth to it. Well, let's do a little myth busting ourselves.

One of your most valuable assets is your earning ability. You drive an insured car, live in an insured house and you insure your life against death with life insurance. Do you insure one of your largest assets – **YOUR INCOME POTENTIAL???** You may be surprised at your income potential. If your income is \$75,000 and you are age 35, your income potential from today to age 65 assuming only a 5% annual increase in income is **\$4,983,000!**

ACT NOW! GIVE US A CALL TODAY AT 215-885-2200

Let's get started. . .

Myth # 1 **Social Security benefits will be paid to me when I am disabled**

- Maybe??? 58% of all applicants for Social Security disability benefits are initially denied by Social Security. In addition, you are eligible for benefits only after you have been disabled for five months and if the disability is expected to last a year. For some of you the answer is yes, for most of you the answer is NO. **DON'T DEPEND ON SOCIAL SECURITY ALONE FOR YOUR FUTURE EARNINGS!**

Myth # 2 **I am covered by Workman's Compensation if I am disabled**

- Maybe??? If you are injured on the job you are probably eligible for workmen's compensation. But what if you are disabled in an auto accident or an accident at home. What if you get sick?? The answer for some of you is yes, but for most of you the answer is NO. **DON'T DEPEND ON WORKMEN'S COMPESATION ALONE FOR YOUR FUTURE EARNINGS!**

Myth # 3 **I have savings set aside if I become disabled**

- **Great!!** But do the math; if you save 10% of your income each year for 10 years your savings would be depleted after only 1 year of a disability. **DON'T DEPEND ON YOUR SAVINGS ALONE FOR YOUR FUTURE EARNINGS!**

Myth # 4 **I am covered under a group disability program at my job**

- Great!!! I suggest you elect as much as you can get from your employer because it is cheap!! **But be careful.** Is the group plan only short term such as 26 weeks? If so, what happens after the 26 weeks are gone???
- **The Group Long Term Disability Trap! *When is 60% < 60%???*** Here is an actual case I worked on this past month. An executive told me that he had a group long term disability plan that replaced 60% of his income. His annual income was \$300,000 or \$25000 per month. Upon closer review we found out that the plan provided a benefit of 60% of income with a cap of \$5000 per month. In reality he had only \$5000 per month of disability insurance or 20% replacement of income. Plus to add insult to injury that \$5000 monthly benefit is **taxed!!!** This trap is most damaging to those with higher incomes. **Solution:** Supplement your group long term disability with an individual disability policy. I was able to provide an **additional \$8000 per month** of benefit to this executive increasing his income replacement to 52% of his income. A far cry from the 20% he had with his group long term disability plan. **And** These additional benefits **are not taxable!!** . **DON'T DEPEND ON GROUP LONG TERM DISABILITY ALONE FOR YOUR FUTURE EARNINGS!**

The good news is that people are living longer. . . the **BAD NEWS** is that medical conditions that once caused death are now leaving people disabled. The result? The potential loss of earnings due to disability can be staggering!

ACT NOW!

Be a smart consumer . . . but don't try to be your "own agent." Protection for you and your family requires constant vigilance . . . and a partnership between you and your professional agent. For more information on protecting your earnings potential **call Spencer Insurance Agency today at 215-885-2200.** Your "Protection and Peace of Mind" is our only business!