2026 · WHAT ISSUES SHOULD I CONSIDER WHEN PURCHASING DISABILITY INSURANCE?

WISDOM WEALTH STRATEGIES

THRESHOLD ISSUES	YES	NO
Do you need to assess your risk of becoming disabled prior to retirement? If so, review the statistical likelihood of incurring a disability and the average duration, and factor in your personal circumstances. Consider the different types of disabilities (mental and physical) that could limit your ability to perform work.	☐	☐
Do you need to review how Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs operate and might interact with private insurance? If so, consider the following: ■ SSDI provides benefits to insured individuals (i.e., those who have adequate credits) who qualify as disabled. ■ SSI provides benefits to disabled individuals with limited resources and income. ■ These programs have strict eligibility requirements, and claims are frequently denied compared to individual policies. ■ See the "Do I Qualify For Social Security Disability Benefits?" flowchart.	☐	☐
Do you need to understand how benefits are triggered under disability policies? If so, consider how the definition of disability varies under different policies, with some imposing more restrictive terms.	☐	☐
Do you need to distinguish between a short-term disability and a long-term disability?	☐	☐
Do you have any pre-existing conditions that could affect your eligibility or the cost of coverage?	☐	☐

CASH FLOW ISSUES	YES	NO
Do you need to make a plan to cover costs in the event of a short-term disability? If so, consider the following: ■ Your employer may offer short-term disability coverage (review the eligibility requirements under your plan) and/or you may obtain coverage individually. ■ Short-term policies provide benefits for a limited term, generally ranging from three to six months. (continue on next column)	☐	☐

CASH FLOW ISSUES (CONTINUED)	YES	NO
Do you need to determine how much income to replace in the event of a long-term disability? If so, consider the following: ■ Calculate your current after-tax income, and estimate your lifestyle funding needs. ■ Long-term disability policies can provide benefits, typically percentage-based per your income, for a term of years or until a stated age (e.g., 65 or 67). ■ If your employer offers long-term coverage, review any caps, and determine whether the policy is portable and whether a supplemental individual policy is needed.	☐	☐
Do you need to determine how much you can afford to spend on disability insurance premiums and/or adjust your budget?	☐	☐
Do you need to compare annual and monthly premium options?	☐	☐
Do you have an adequate emergency fund to cover any elimination period? If so, consider the financial impact of different elimination periods.	☐	☐

TAX PLANNING ISSUES	YES	NO
Does (or will) your employer pay disability premiums on your behalf, in whole or in part? If so, any benefit payments attributable to employer-paid premiums will be subject to income taxation.	☐	☐
Can you pay premiums through payroll deduction? If so, you likely have the option whether to pay with pre-tax or after-tax dollars. Note that paying premiums with pre-tax dollars subjects benefits to income taxation.	☐	☐
Do you need to determine whether SSDI will be subject to federal income tax? If so, consider the following: ■ If your provisional income (MAGI plus one half of SSDI benefits) is less than the base amount for your filing status, your benefits will not be taxable. ■ The base amount is $25,000 for single filers, and $32,000 for MFJ. (continue on next page)	☐	☐

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TAX PLANNING ISSUES (CONTINUED)	YES	NO
Are you a business owner with employees? If so, consider the following: ■ Offering group coverage to your employees could be an important perk. ■ Any premiums paid by the business are income tax-deductible.	☐	☐

COVERAGE ISSUES	YES	NO
Do you need to compare different disability plan options (e.g., amount and duration of benefits) and compare how they coordinate with your financial plan? If so, consider how a potential disability could impact your ability to save for retirement and achieve other financial goals.	☐	☐
Does your employer offer a disability benefits program? If so, consider the following: ■ Review the income replacement and portability of the policy, as well as any job protection offered by your employer. ■ Supplement any employer coverage with an individual policy.	☐	☐
Are you self-employed (e.g., sole proprietor, independent contractor)? If so, consider seeking group coverage through a professional association or other syndicate.	☐	☐
Do you want coverage for partial disability (i.e., no fully disabled requirement)?	☐	☐
Do you want coverage that protects you when you are unable to perform your current job, specifically? If so, be sure to select a policy with an "own occupation" definition, instead of "any occupation" (which would be more restrictive).	☐	☐
Do you need to understand the elimination period?	☐	☐
Does the coverage you are considering offset other forms of income (e.g., Social Security, workers comp, state disability benefit programs, etc.)? If so, consider the total net benefit that you can reasonably expect from all sources.	☐	☐

POLICY FEATURES	YES	NO
Do you need to compare exclusions and disqualifying factors?	☐	☐
Do you need to review whether different waiting periods are associated with certain injuries or illnesses?	☐	☐
If you are comparing percentage-based benefit options, are caps imposed on monthly payments? If so, be sure to understand the specified maximum payment.	☐	☐
Do you need to review basic riders that are typically included or offered at a low cost? If so, consider how riders such as guaranteed renewable, automatic increase, and waiver of premium might suit your needs.	☐	☐
Are you interested in more specialized riders to customize your coverage? If so, consider how COLA, return of premium, and survivor/death benefit riders could enhance your coverage.	☐	☐
Do you have student loans? If so, consider coverage that would pay your loan balances during a disability (if they aren't discharged).	☐	☐
Do you need to review the financial stability, rating, and service reviews of different insurance companies?	☐	☐
Does the policy have a return-to-work provision?	☐	☐
Do you need to review the policy to see if it is noncancellable and guaranteed renewable?	☐	☐

MISCELLANEOUS ISSUES	YES	NO
Do you need to assess the non-financial effects of a potential disability? If so, consider the impact on your family, home, and general lifestyle.	☐	☐
Do you need to consider adding a disability rider to your life insurance policy?	☐	☐
Do you have worker's compensation insurance? If so, understand when this coverage would apply in lieu of disability insurance.	☐	☐
Does your employer offer any job protection (e.g., per FMLA or beyond)?	☐	☐
Are there any state-specific issues to consider?	☐	☐

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We recognize the sacrifice, commitment, time, effort, and love you have put into your family's financial future. We recognize the importance of the guidance we provide and what it means to you. We know you're looking for someone you can trust to provide unbiased, factual, reliable answers that are always in your best interest.

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