



How Much Disability Insurance Do You Need?

Have you ever wondered what would happen to you (or your family) if you were seriously injured and unable to continue working? It's not a pleasant thought, but it's something we all need to consider. You probably need some disability insurance.

Many employers offer disability insurance to their employees. But is it enough? More often than not, the short-term benefits are more generous than the long-term ones. And some small employers don't offer any insurance at all.

Here's an easy way to figure out how much disability insurance you should have -- regardless of whether your employer supplies you with coverage or not. We'll also help you evaluate to what extent you would be willing to depend on your own money to support yourself after your short-term benefits run out. That will tell you just how long you could get by without purchasing additional insurance.

Worksheet

How much will you need each month?

Must-pay expenses*		\$
Investment Income*	Minus -	\$
Spouse's take-home pay*	Minus -	\$
Monthly long-term disability benefits provided by your employer*	Minus -	\$
Amount of additional coverage you need	Total: E	\$

How many months could you get by without more insurance?

Amount of savings you'd be comfortable spending (lump sum)*	A:	\$
Monthly short-term benefits provide by your employer*	B:	\$
Number of months those short-term benefits would last	C:	
	(B * C) :	D \$
	(A + D) / E :	
Number of months you could get by without additional insurance	Total:	

*	Must-pay expenses: Would include such essentials as housing, car loans, food, utilities, and child care.
	Investment Income: All after-tax income from your investments.
	Spouse's take-home pay: If you are single or your spouse has no income enter zero (0).
	Monthly long-term disability benefits from employer: \$ you get from employer after taxes.
	Amount of savings you'd be comfortable spending (lump sum): This is a personal decision. Be conservative. You will need those savings.
	Monthly short-term benefits provide by your employer: \$ you get from employer after taxes.

