

Individual Disability Insurance

One Key To A Secure Financial Future



Standard Insurance Company
Individual Disability Insurance





Income Protection When You Need It Most

The home you live in, the car you drive, the funding for education and retirement, the food you eat, the clothes you wear — your lifestyle is likely made possible through the income you earn.

This brochure can help you decide how to protect your financial health if a disabling illness or accident prevents you from earning an income for an extended period of time. Inside, you'll find an overview of available options, suggested questions to ask your insurance representative or financial planner and some worksheets for calculating the level of income protection you would need in the event of a disability.

The Unexpected Can Happen

Chances are you already purchase home, auto and life insurance to protect yourself against the threat of loss. And you probably have health insurance to guard against costly medical bills. What steps have you taken to help shield yourself, your lifestyle and those who count on you from an unexpected loss of income? Would you be able to meet your financial obligations if you became disabled and unable to work?

The risk of disability is greater than most people realize. Consider these recent statistics:

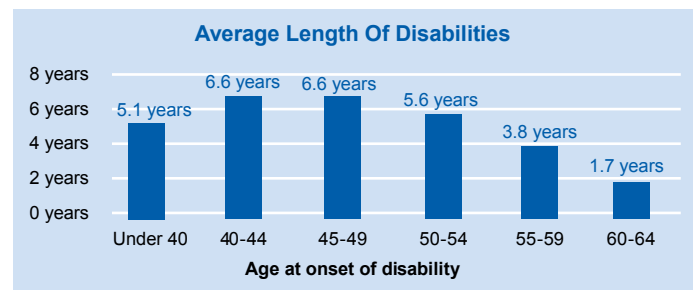
- Every 90 seconds someone files for bankruptcy in the wake of a serious illness¹
- Illnesses like cancer, heart attack or diabetes cause the majority of long-term disabilities. Back pain, injuries and arthritis are also significant causes.²
- Almost three in 10 of today's 20-year-olds will become disabled before reaching age 67³

In 2002, Social Security Disability Insurance (SSDI) participation rates were substantially higher than in 1980, especially for younger age groups. For example, from 1980 to 2002, the percentage of workers aged 25 - 39 who were on SSDI rolls increased by 46 percent.⁴ The participation rates for all ages combined increased by 31 percent over the same period.⁵



How Long Does The Average Disability Last?

This chart shows the average duration of disabilities lasting more than 90 days and ending before age 65, according to the insured individual's age when disability begins.



Individual Disability Experience Committee of The Society of Actuaries, 2005.

¹ The American Journal of Medicine, Vol 122, No 8, August 2009.
² Council for Disability Awareness, 2009.
³ Social Security Administration, Fact Sheet 2009.
⁴ Social Security Advisory Board, 2003, as reported by Cornell University Institute for Policy Research in Disability Risk and Income Security for Workers: A Stressed Support System in Need of Innovation. David C. Stapleton, Richard V. Burkhauser and Peiyon She, Cornell University. Robert Weathers, II, Mathematica Policy Research Inc. 2007.
⁵ Average Duration of Disability Lasting More Than 90 Days. Beginning Prior to Age 65 Duration of disability is measured from the start of disability to (at most) age 65.

What Financial Protection Is Available To Me If I Experience A Disabling Illness Or Accident?

State And Federal Assistance Programs

SSDI Benefits

Your salary and the number of years you have been covered under Social Security determine the amount of Social Security Disability Insurance (SSDI) benefits you can receive. The average monthly benefit from SSDI was just over \$1,000 in 2007. In addition, the waiting time for the Social Security Administration to approve an SSDI claim can delay benefits for months.⁸

Workers' Compensation

Workers' Compensation is state-mandated indemnity insurance which covers lost income and medical expenses when injuries or illnesses are work-related. Typically, these benefits are equal to two-thirds of predisability income.

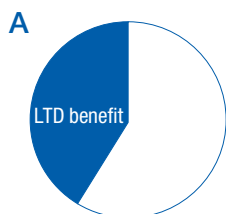
Private Insurance

Long Term Disability Insurance

Long Term Disability insurance (LTD), also known as group disability insurance, can be available at the workplace through your employer. The most popular LTD programs provide 60 percent coverage of your base salary. LTD does not typically cover incentive income like bonuses. It is tied to your employment and benefits are usually taxable. Benefits payable generally are reduced by any payments received under programs like SSDI and Workers' Compensation.

Illustration A shows what percentage of after-tax income is typically covered with an LTD policy.⁹

The complete circle represents your total predisability income.

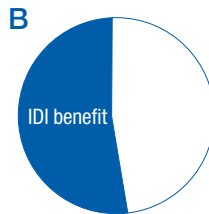


⁸ An Employer's Guide to Disability Income Insurance. America's Health Insurance Plans, 2009.

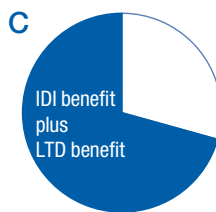
⁹ The example is a hypothetical illustration and is not intended as an offer of coverage. The actual benefit amount under Protector PlatinumSM individual disability income insurance from The Standard is subject to underwriting issue and participation limits. Net income and benefit figures are less taxes, using a 25% tax bracket and assume employee-paid IDI, employer-paid LTD, and the most commonly purchased LTD policy that pays up to 60% of predisability annual gross salary.

Individual Disability Income Insurance

Individual Disability Income insurance (IDI) also offers financial protection in the event of a long-term disability. IDI differs from LTD in that you own your policy, coverage is not tied to your employment, benefits are generally tax-free and incentive income, like bonuses, is covered. The amount of coverage available varies depending on your occupation and income. Below, illustration B shows how much IDI coverage might be available to someone with the same predisability income as in illustration A.



IDI can be your primary source of disability income insurance or it can be combined with LTD insurance for increased protection. Illustration C shows how much of your after tax income might be covered if existing LTD were combined with IDI.



Guarantee Issue Individual Disability Income Insurance

IDI can also be available to groups at the workplace where it is offered as Guarantee Issue Insurance. Guarantee Issue Insurance has the same advantages of regular IDI plus two more:

- The premiums for guarantee issue IDI are discounted at rates you cannot obtain otherwise
- Guarantee issue is offered without regard to your medical history¹⁰, so if you are a participating employee or partner, you could obtain coverage for which you might not otherwise qualify

Business Owner Disability Insurance

Small business owners have special risks to consider should a disabling illness or accident prevent them from working to capacity or working at all.

¹⁰ Pre-existing conditions may be excluded from coverage for up to one year following the policy effective date.

Protect Your Income And Your Lifestyle

Taking the time now to plan your income protection could mean the difference between a secure future for you and those who depend on you, and a devastating financial burden should you find yourself coping with a long-term disability. At a time when you are dealing with a disability, the last thing you need is financial worries. With adequate disability income insurance you can focus your attention on recuperating, rather than on how to keep your home, or if your children need to leave school or put off their education.

How Much Disability Income Insurance Do I Need?

To calculate how much insurance you might need to protect your financial security, start by jotting down your current monthly expenses and the extra expenses you might have during a disability. Then calculate your anticipated sources of income. The difference between your anticipated income and expenses will help you determine how much disability income insurance might be a wise choice for you.

My Current Monthly Expenses

Mortgage/Rent	\$
Groceries	\$
Clothing	\$
Utilities	\$
Medical Expenses	\$
Medical Insurance	\$
Credit Card Payments	\$
Auto Insurance	\$
Auto Maintenance & Fuel	\$
Home Maintenance	\$
Property Taxes	\$
Property Insurance	\$
Education	\$
Loans	\$
401K/IRA/Retirement Funding	\$
Savings	\$
Other	\$
Total Current Monthly Expenses	\$

As you think about how much income you might need at time of disability, consider how long disabilities are tending to last (pg.3) and that disability often brings additional expenses you may not currently have, such as those for COBRA medical premiums, housekeepers or aides.

My Estimated Additional Monthly Expenses At Time Of Disability

Nanny/Housekeeper	\$
Aide	\$
COBRA	\$
Medical Expenses Not Covered By Insurance	\$
Total Extra Monthly Expenses	\$

Total estimated monthly expenses at disability

$$1 + 2 = \$$$

Next, add up all the monthly benefits you anticipate you might receive from public and private insurance, as well as income you might obtain from personal sources.

My Anticipated Monthly Income At Time Of Disability

SSDI, Workers' Compensation	\$
Benefits From My Employer's Sick Pay Or LTD Insurance	\$
Family And Friends	\$
Withdrawals From Savings, Retirement And Education Accounts	\$
Withdrawals From Investments	\$
Other	\$
Total Expected Monthly Income	\$

Subtract 3 (your estimated expenses at disability) from 4 (your estimated income at disability) to determine your total estimated monthly deficit. This will give you an idea of how much disability income insurance you might need.

Total estimated monthly deficit at disability

$$4 - 3 = \$$$

Next Steps

If your calculations on the previous page show you are a good candidate for disability income insurance, The Standard has excellent disability income choices for you.

Individual Disability Income Insurance

Protector PlatinumSM

With Protector Platinum from The Standard, you can count on comprehensive coverage. Our innovative plan design includes many valuable built in benefits – features some insurance companies offer only as riders, or not at all. It also includes unique benefits available only from The Standard, such as the Compassionate CareSM Benefit.

Compassionate CareSM Benefit Takes Care Of Your Income, While You Take Care Of Your Family

This industry-leading benefit means we'll pay disability benefits if you have a loss of income while caring for a family member with a serious health condition.

The Way We Define Disability Benefits You

How your insurance carrier defines disability may be your policy's most crucial feature. With Protector Platinum, you'll receive monthly benefits if, due to disability, you are unable to perform the substantial and material duties of your occupation, even if you earn money doing something else.

10 Benefits Built Into Protector Platinum¹¹

- Own Occupation definition of disability
- Partial Disability Benefit with full benefits for six months and proportionate benefits after that
- Compassionate CareSM Benefit
- Recovery Benefit
- Rehabilitation Benefit
- Unlimited Mental Disorder and/or Substance Abuse coverage
- Automatic Increase Benefit
- Guaranteed Renewable policy
- Survivor Benefit
- Cosmetic or Transplant Surgery Benefit

Optional Riders Can Enhance Your Protection¹²

- Noncancelable Policy Rider
- Future Purchase Option Rider
- Indexed Cost of Living Rider
- Catastrophic Benefit Rider

Is Disability Income Insurance A Good Choice For Me?

Contact your insurance representative or financial advisor and ask if he or she is well versed in disability insurance. If not, ask for a referral to an expert advisor (or call The Standard at 800.247.6888).

Here are a few questions you might consider together:

- If I am not generating a paycheck as a result of a disability, how would I pay insurance premiums?
- If I recover from a disability but can't work as effectively as before, and if that results in lower earnings, can IDI insurance help offset the difference in income?
- Can the insurance company cancel my policy?
- If yes, under what conditions?

¹¹ Not all provisions or benefits are available in all states.

¹² Not all riders are available in all states. The addition of policy riders may increase premiums.

Options For Small Business Owners

If you are a business owner, The Standard recognizes that you have special disability insurance needs. You may want access to additional individual disability insurance coverage. Our Business Owner Rewards program gives qualified business owners access to increased individual disability insurance coverage while at the same time enhancing benefits — and often reducing premiums.

Business ProtectorSM

Business Protector business overhead insurance is designed for small business owners. It provides reimbursement for business overhead expenses such as mortgage interest or lease payments, employee wages, utilities and business insurance premiums. Even the salary of someone hired to perform your duties while you are disabled may be covered by this policy.

Business Equity ProtectorSM

If you share ownership in your business with business partners, Business Equity Protector provides funds for the purchase of your ownership interest in the event you are totally disabled. This is important because even with a buy/sell agreement in place, a disability buy-out obligation can hit a business hard if the necessary funds are not available. This is especially true when the obligation comes at a time when the disabled partner is no longer able to contribute time or energy to the success of the business.

This product helps ensure you are paid what you are entitled to under your business buy/sell agreement, while allowing other owners to carry on with the business of doing business.

Learn More

Contact your insurance representative or financial advisor today to learn more about how The Standard can help you protect your income or your business in the event of a disability.





Count On The Standard

The Standard ranks among the leading individual disability insurance carriers in the nation. You can be confident that we're financially strong, our disability products are high in quality and we can pay what we promise – now and in the future. In the event you become disabled and need to make a disability claim, you'll discover our exceptional service. Our goal is to give you the kind of expert, friendly service we wish for ourselves and our families.

These policies have exclusions and limitations and terms under which the policies may be continued in force or discontinued. Some policy provisions and available riders may vary by state. Optional riders are subject to underwriting and reinsurance availability, and may increase premiums. A medical exam may be required upon application. For complete cost and coverage details, please contact your insurance representative, or The Standard at 800.247.6888.

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B123, B128, B170, B170GI

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