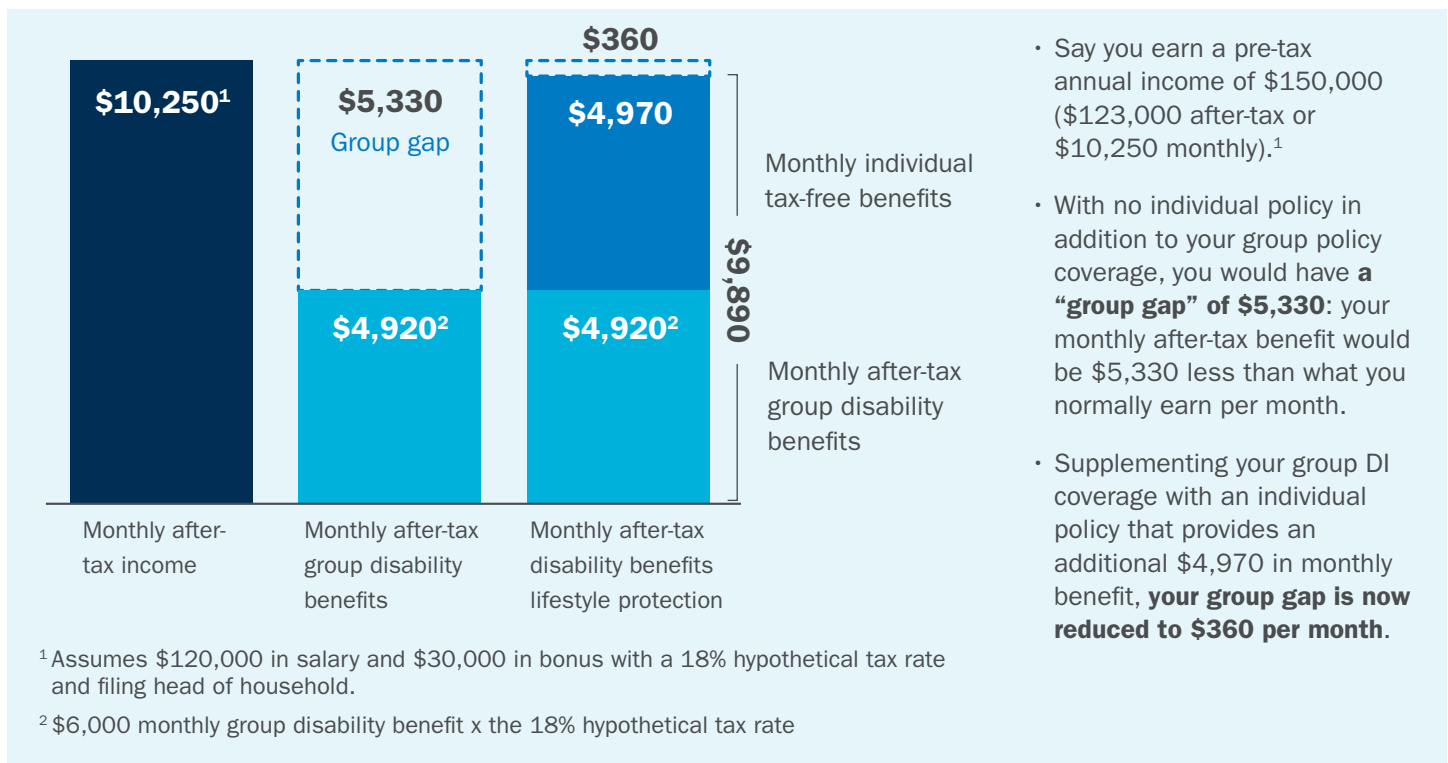


# Avoiding potential “group gaps”

To assume your employer-sponsored (“group”) disability income insurance will be enough to meet your financial needs if you are injured or suffer a long-term illness could prove unfortunate. Not also owning an individual policy may lead to a significant difference between your normal monthly income and the monthly group disability benefits, creating a “group gap”. The hypothetical scenario below shows how supplementing group coverage with an individual policy may help lessen that gap.



Supplementing group coverage with an individual DI policy can help you not only cover household expenses, but also protect discretionary spending, savings, and the ability to make charitable donations.

## A closer look at group DI coverage

A closer look at employer-sponsored group disability benefit details reveals that typically this type of disability insurance:

- Doesn't cover bonuses or incentive compensation
- Only covers 60% of your base income and often has a monthly benefit cap
- Adopts an “any occupation” definition coverage after two years
- Is taxable
- Offsets for Social Security Disability Insurance, state disability insurance, and certain types of income

### DISABILITY INCOME INSURANCE

NOT A DEPOSIT • NOT FDIC INSURED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • NOT BANK, CREDIT UNION OR SAVINGS & LOAN GUARANTEED

## How disability definition changes can increase your “group gap”

To qualify for benefits from your group disability insurance policy, the disability must meet one of two<sup>3</sup> definitions of “total disability”:

- **“Own occupation”** means due to illness or injury you are unable to perform the duties of your regular (your “own”) occupation
- **“Any occupation”** means due to illness or injury you cannot perform duties of any occupation for which you are suited by education, training, or experience (e.g., you are a pharmacist who can no longer stand for long periods, but can work in a general office role)

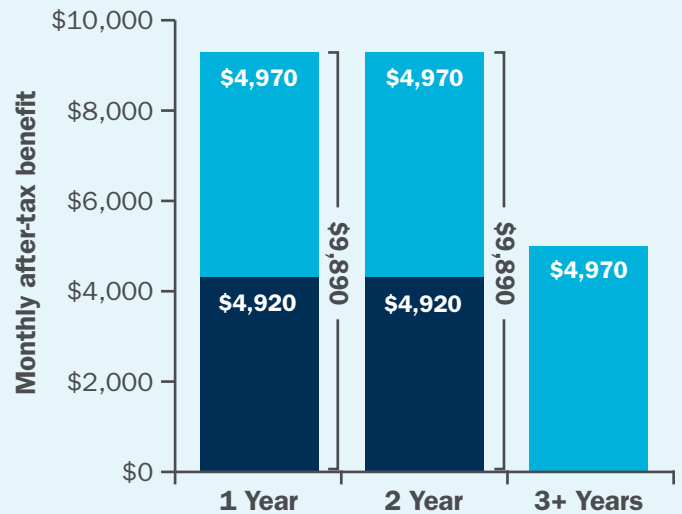
Generally, **employer-sponsored group DI** policies use an **own occupation** definition for two years. After two years, they redefine it as **“any” occupation**, and **your benefits may end**. With an individual “own occupation” DI policy, the definition doesn’t change and you’d receive benefits for up to the entire benefit period.

To illustrate, recall the hypothetical scenario from page 1. The chart, right, shows the impact of the group disability benefit ending after two years—with and without individual disability insurance.

### The impact of an “own” to “any” occupation definition change in Years 3+

The average RiverSource Insurance disability income claim is 7+ years.

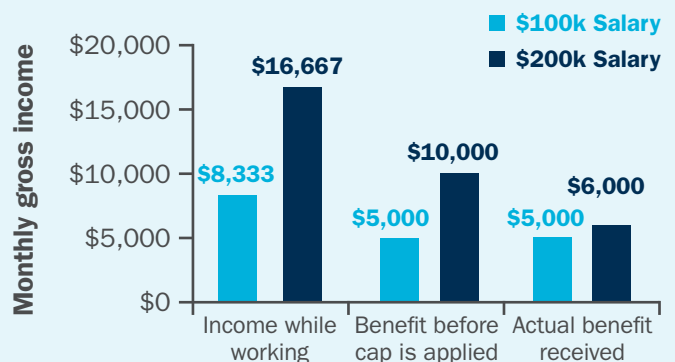
- Monthly income from group DI
- Monthly income from individual DI



## How monthly benefit caps can increase your “group gap”

Knowing the percentage of your base income covered by your group DI policy is only half of the story. Your benefits may be further limited by a monthly cap that could dramatically impact the amount of benefit you would receive. Assume you have 60% group disability coverage with a \$6,000 monthly cap.<sup>4</sup> If your base annual income is \$100,000, you would receive a \$5,000 monthly benefit<sup>5</sup>; but if your base annual income is \$200,000, the 60% benefit of \$10,000 is reduced to \$6,000<sup>6</sup> because of a cap.

### The impact of a monthly group disability cap



<sup>3</sup> These are the highest-level definitions for the sake of explanation; group disability policy definitions will vary and may include variations, such as, “modified own occupation”, “short-term own occupation”, etc.

<sup>4</sup> Because each employer chooses the cap amount for the group disability policy they offer, cap amounts will vary, they could be significantly higher than or lower than \$6,000.

<sup>5</sup>  $60\% * \$100,000 = \$60,000 / 12 = \$5,000$

<sup>6</sup>  $60\% * \$200,000 = \$120,000 / 12 = \$10,000$

Before you purchase, be sure to ask your financial advisor about the insurance policy’s features, benefits and fees, and whether the insurance is appropriate for you, based upon your financial situation and objectives.

RiverSource disability income insurance has exclusions, limitations, reduction of benefits and terms under which the policy may be continued in force or discontinued. For costs and complete details of the coverage, ask your financial advisor.

Applies to policy numbers 30200C-CA, 30203C-CA, 30205C-CA, 30207C-CA, 30208D-CA, and ICC21 116605 with endorsement ICC21 116628, and state variations thereof. And in New York, to 39100D, and 116606 with endorsement 116629.

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