An interruption in income due to illness or injury can be devastating – even for your retirement. See how disability income insurance can help protect your retirement income.

The chart below shows the impact having—or not having—disability income insurance has on projected retirement assets and income. It assumes a 65-year old male who at age 40:
- Earns $85,000 annual income
- Has $150,000 in qualified plan assets
- Has $15,000 in cash reserves
- Becomes ill at age 45 and is unable to work for two years

The disability income insurance difference on retirement income

No loss of work:
$1,198,584 = $59,929 annual income

Loss of work with disability income insurance:
$1,007,173 = $50,359 annual income

Loss of work without disability income insurance, taking withdrawals from existing assets while disabled:
$629,364 = $31,468 annual income

This is a hypothetical example for illustrative purposes only. Age 40 scenario assumes $7,000 in annual contributions to qualified plan assets (except during the two year disability); a 7% growth rate on qualified plan assets; a 3% growth rate on cash reserves; and he resumed his job after two years at the same salary.
Before you purchase disability insurance, be sure to ask your advisor about the policy's features, benefits and fees, and whether it is appropriate for you, based upon your financial situation and objectives.


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