

RiverSource



Insurance

Disability income insurance

# Fair questions and important answers



Issued by RiverSource Life Insurance Company and  
RiverSource Life Insurance Co. of New York

116238

E (4/23)

# Help protect your dreams by safeguarding your income

For most of us, our ability to earn an income is the most important financial asset we have. By protecting your income, you help ensure your ability to pay your current bills and reach important financial goals if you become disabled. With so much at stake, it's easy to understand the importance of helping to protect your income now.

This brochure can help you get started. It answers important questions about disability income insurance protection. Your financial advisor can help you with options, features and benefits of a disability income insurance policy.

**DISABILITY INCOME INSURANCE**

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

**Q: What are the chances that a disability will happen to me?**

**A:** Unfortunately, the truth is that there is a good chance that disability may affect you. Consider this:

- Just over 1 in 4 of today's 20 year-olds will become disabled before retirement age.<sup>1</sup>

**Q: Won't Social Security benefits replace my income if I am disabled?**

**A:** For many, the answer is no. And for those who do qualify, the disability benefits provided by the Social Security Administration are often limited.

- Can your family live on \$1,483 a month? That's the average monthly benefit paid by SSDI in December 2022.<sup>2</sup>

<sup>1</sup> Social Security Facts, August 2022

<sup>2</sup> Social Security Administration, Social Security Administration (ssa.gov), Fact Sheet on the Old-Age, Survivors, and Disability Insurance (OASDI) Program, December 2022

## **Q. Is the amount of disability income insurance I get at work enough?**

**A:** Employer-sponsored coverage can be a great start but it may fall short of covering all it could:

- Group coverage typically replaces just 60% of lost base salary.
- Bonuses, commissions, employer retirement plan contributions and other incentive compensation beyond base salary are not usually covered.
- Group benefits are often taxable when the premium is employer-paid — further reducing your disability benefit amount — and group coverage goes away if you leave your job.
- With individual disability income insurance, you own your coverage. It doesn't go away if your job changes, and periods of unemployment won't interrupt your income protection.

## **Q: Is using my savings an option to pay expenses if I am unable to work?**

**A:** Even a substantial emergency fund may not be enough, because:

- No one knows how long a disability might last and a savings account could be drained long before you are able to return to work. In addition, drawing from your savings or investments jeopardizes other financial goals.
- If you are on disability, you can't make contributions to your employer's retirement plan. In addition, you miss out on retirement plan contributions made by your employer — setting your retirement goal back even further.

# Reduce the income protection gap

Protecting your income is an important step to help ensure you have a dependable income source if you become disabled. When combining employer-sponsored disability income insurance with individual disability income insurance, you can help protect your income.

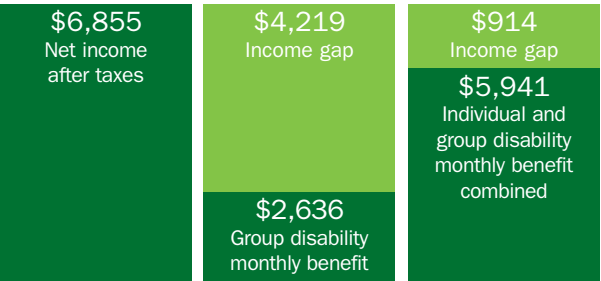
## Case study:

Mary earns an annual base salary of \$60,000 and a \$40,000 annual bonus. Her net monthly income after taxes is \$6,855. Mary filed single with standard deductions and one personal exemption.

In **scenario A**, Mary has 60% of her annual base salary covered with her employer-sponsored disability income insurance group plan. This leaves her with a monthly income protection gap of **\$4,219** in the event of a disability.

In **scenario B**, Mary’s monthly individual disability income insurance coverage of **\$3,305** in addition to her group disability coverage of **\$2,636** can reduce her income gap.

## Monthly income protection gap:



Monthly income

**Scenario A:** With group coverage only      **Scenario B:** With group and individual coverage

## **Q: How much does it cost to buy disability income insurance?**

**A:** Generally for as little as 2% to 3% of your salary, you can cover up to 80% of your after-tax income during a disability.

- You'll save on taxes. When you buy your own disability income insurance with after-tax dollars, 100% of the benefits are income tax free.
- You can help protect more of your actual earnings, because individual disability income insurance covers bonus and/or commission income.

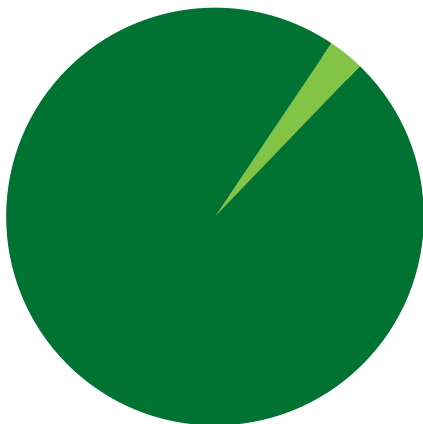
Percentages based on illustrated premiums compared to insurable income coverage levels per RiverSource disability income insurance issue, participation limits and replacement ratios.

## **Cost to protect your income**

**It can cost little to help protect your most important financial asset — your income.**

Just 2% to 3% of gross income can protect up to 80% of net after-tax income.

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- 2% to 3% cost to protect your income
- Your gross income

# Protect what matters

Talk to your Ameriprise financial advisor about a *RiverSource*® disability income insurance policy offering customizable coverage that's right for you.

## The company you choose matters

When you choose RiverSource Life Insurance Company (RiverSource Life) or RiverSource Life Insurance Co. of New York (RiverSource Life of New York), you want to be confident we'll be here for you today — and tomorrow. RiverSource Life was founded in 1957 and RiverSource Life of New York was founded in 1972 as a subsidiary of RiverSource Life, and we trace our roots to 1894. For decades, we've been honoring our commitments to help clients grow their assets, manage their income and protect what matters most.

# Live confidently every day.

As a company with a long history of strength, stability and expertise, we're committed to serving your needs and interests. We offer a range of products and services that give you the flexibility you need and the stability you desire as you live for today, make plans for retirement and prepare for your personal legacy.

To view our current ratings, visit [strengthandsoundness.com](https://strengthandsoundness.com).

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.

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

Neither RiverSource Life Insurance Company nor RiverSource Life Insurance Co. of New York can guarantee future financial results.

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