

# Disability income insurance

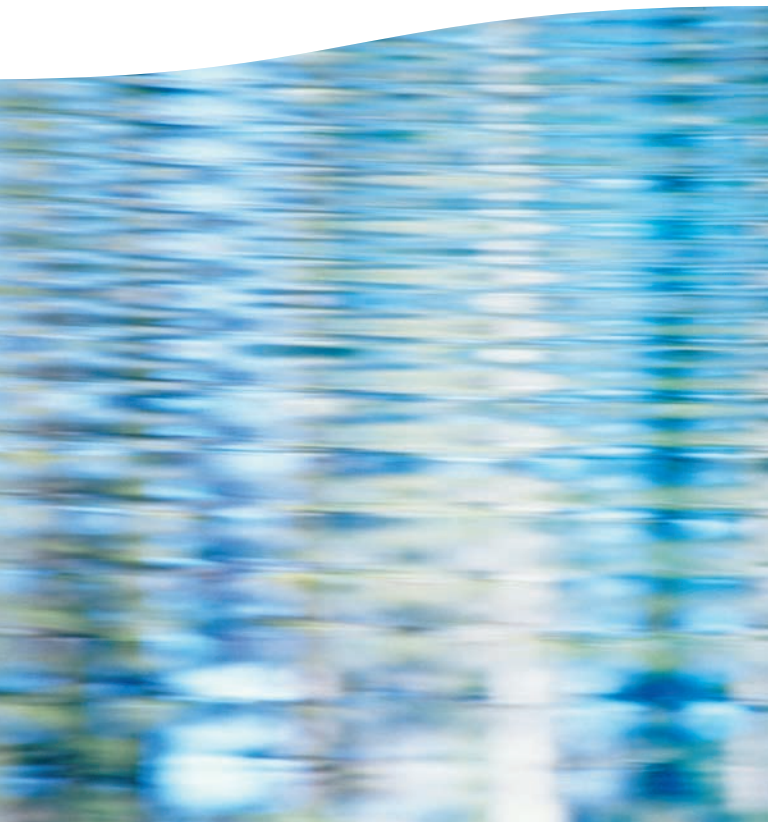
Fair questions and important answers



# 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 and dreams — such as funding your children’s education and living a comfortable retirement — 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. Consult your financial advisor for guidance on disability income insurance options and help protect your dreams for the future.



## 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 they retire.<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.

- 68% of initial Social Security Disability insurance (SSDI) claim applications were denied in 2016.<sup>2</sup>
- Can your family live on \$1,292 a month? That's the average monthly benefit paid by SSDI in December 2016.<sup>2</sup>

<sup>1</sup> Social Security Facts, Jan. 25, 2017

<sup>2</sup> Social Security Administration, Disabled Worker Beneficiary Data, December 2016

## 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.

A financial advisor can help determine if allocating a small percentage of your current income for disability income insurance can help protect your bigger financial picture.

# 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.

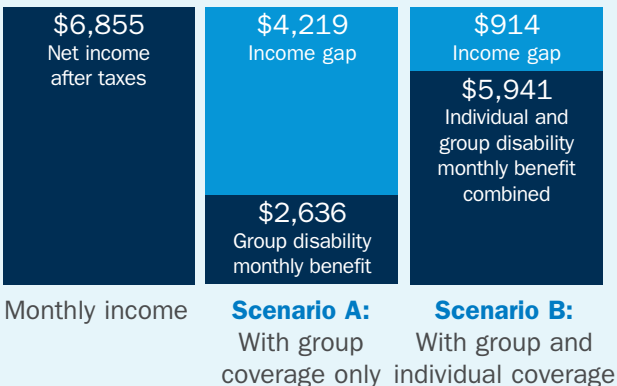
## Case study:

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:



For illustrative purposes only. Not actual client data.

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

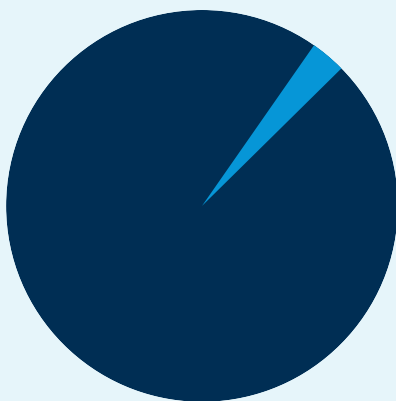
A: Generally for as little as 2% to 3% of your salary, you can cover up to 80% of your after-tax income during a disability.

- 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.

### 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.



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

## Protect what matters most

We can help you close the protection gap with a *RiverSource*® disability income insurance policy you can count on. It offers a variety of features and options, along with the ability to customize coverage. We're there for you today and tomorrow.

Ask your financial advisor today how you can help safeguard your future goals and dreams with a policy that's right for you.



# The RiverSource Story

Life has many twists and turns and we understand the importance of balancing the need to protect what is important to you while you invest toward your financial goals. RiverSource creates innovative products designed with you and your life in mind. Through a balance of asset and risk management and built on a heritage of more than 120 years, we work with you and your financial advisor to help grow your assets, manage your income and protect what matters most — today and tomorrow.

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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