



## Six Times More Likely

The specter of serious health problems causes as much or more anxiety among investors as the possibility of losing money on their investments, not saving enough to retire, and even losing a spouse through death or divorce, according to a 2007 survey.<sup>1</sup>

This fear of serious health problems is not without basis. Americans between the ages of 35 and 64 are six times more likely to become disabled than to die. Despite this fact,

Americans are more than twice as likely to own life insurance as they are to have disability income insurance.<sup>2</sup>

### Vicious Cycle

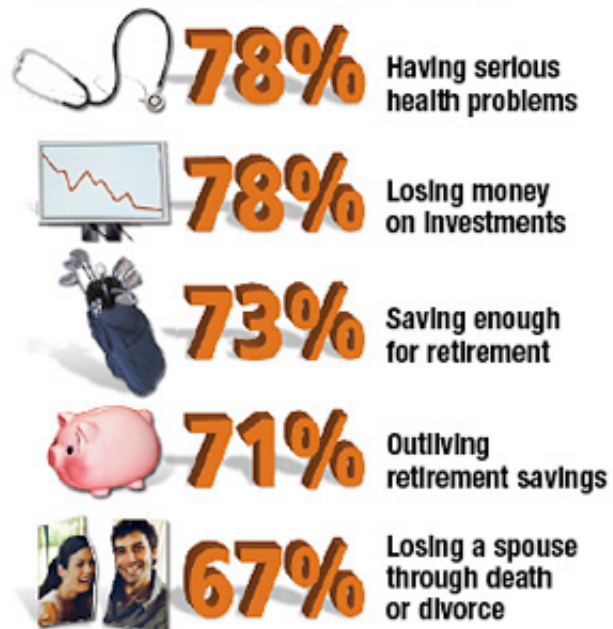
An individual disability income insurance policy pays a benefit if you suffer an illness or injury that prevents you from working. You can use the benefit to help pay your normal living expenses and any medical bills associated with your disability. Benefits can last for a set number of years or until you reach retirement age. If you own the policy and pay the premiums yourself, the benefits are usually not taxable.

To understand the value of this type of insurance, consider what life would be like if you were to become disabled without disability coverage:

- You could find yourself in a vicious cycle in which your income declines precisely when medical bills begin to accumulate. In order to make ends meet, you could be forced to dip into your retirement savings or go into debt, or both. Each outcome could have serious long-term consequences.
- If you have to borrow money to make ends meet, it could take years to repay the debt. You may need to reduce the amount of your retirement contributions in order to help make the payments.
- If you dip into your retirement savings, it could delay your progress toward retirement goals. You could be forced to work past your planned retirement age, accept a lower standard of living in retirement, or both.

### High Anxiety

Using a list of life events and challenges, investors were asked to rate whether each one made them "very," "somewhat," or "not at all" anxious. Here are the top five events that made investors at least "somewhat" anxious.



Source: FINRA Investor Education Survey, 2007

It may be uncomfortable to consider the possibility that you could become disabled. However, preparing for the possibility now could help you avoid some more serious discomfort later.

1) Financial Industry Regulatory Authority (FINRA), 2007

2) The Wall Street Journal, June 24, 2007

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