

Working Together

Disability Insurance *Offered by*

The Northwestern Mutual Life Insurance Company

Long Term Care Insurance *Offered by*

Northwestern Long Term Care Insurance Company

For most working individuals...

disability income insurance is a fundamental building block to an overall financial plan. While disability income insurance is designed to protect your ability to earn income, it does not necessarily protect your assets or provide the funds you might one day need for long-term care services.

What is disability income insurance?

Disability income insurance helps to protect earned income.

Individual disability income insurance pays benefits intended to replace a portion of your earned income lost due to total and partial disabilities. Disability income policies can help you protect yourself, your family and your business.

What is long-term care (LTC) insurance?

Long-term care insurance helps to pay for qualified LTC services.

Long-term care insurance provides coverage to individuals suffering from a chronic illness, disabling condition or cognitive impairment. This coverage is generally needed for an extended period of time and it focuses on individuals who need assistance with routine activities of daily living such as bathing, dressing and eating or supervision due to cognitive impairment. Such services may be provided in your home, community or in a facility.

How can disability income and long-term care insurance work together?

What most working individuals fail to consider is how disability income and long-term care insurance can work together in situations where a long-term disability results in the need for long-term care. Although routine living expenses of a disabled individual may remain relatively constant, additional expenses specifically related to an injury or illness are common and can really add up. Since there are different standards for benefit eligibility, not all disabilities which qualify for disability income benefits will qualify for benefits under a long-term care insurance policy.¹

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Let's take a look at an example of how disability income and long-term care insurance can work together:

Eric, age 38, owns a \$5,000 monthly disability income policy and a long-term care insurance policy with a \$150.00 daily benefit for both home health care and care in a facility.

¹ Generally, disability income benefits are provided for a loss due to disability which prevents the performance of occupational duties, while long-term care benefits are triggered by a need for assistance with activities of daily living, or a need for supervision due to a cognitive impairment. See disability income and long-term care insurance outlines of coverage for details on benefit eligibility.

A car accident leaves Eric unable to work and unable to care for himself. Eric's DI policy pays him \$5,000 per month due to his total disability, which helps to replace lost income and pay *ongoing expenses* such as his mortgage, groceries, car payments and ongoing bills.

Eric's disabling condition also results in *additional expenses* due to his need for ongoing care. Eric's LTC insurance policy could cover up to \$4,500 a month in expenses for a caregiver to come to his home and help with daily activities such as bathing, dressing and eating; services that are normally **not** covered by health insurance.²

Important Facts to Consider

- 42% of adult Americans receiving long-term care are between the ages of 18-64.³
- It is estimated that 73% of older persons do not have sufficient income and assets to be able to withstand a long-term care incident totaling \$150,000 over three years.⁴
- Disability income and long-term care insurance policies can be tailored to meet your specific needs and budget.

Many recognize the importance...

of owning disability income insurance during their working years because the possibility of losing income due to an injury or illness is perceived as an immediate, significant, and age appropriate risk.

However, since long-term care insurance is often considered to be only for older individuals, many delay planning for their long-term care needs until they approach retirement age.

A Northwestern Mutual Financial Network Representative* can give you the costs and complete details about disability insurance and long-term care insurance and help you design a plan that's right for you.

Long-term care insurance is offered through Northwestern Long Term Care Insurance Company, a subsidiary of The Northwestern Mutual Life Insurance Company, Milwaukee, WI.

Disability income insurance is offered through The Northwestern Mutual Life Insurance Company, Milwaukee, WI.

Northwestern Long Term Care Insurance Company is not financially responsible for products issued by The Northwestern Mutual Life Insurance Company. These policies include exclusions and limitations.

* Northwestern Mutual Financial Network is the marketing name for the sales and distribution arm of The Northwestern Mutual Life Insurance Company and its subsidiaries and affiliates, including Northwestern Long Term Care Insurance Company. A Northwestern Mutual Financial Network Representative is a licensed insurance agent.

Your state's insurance department may have additional information, including a buyer's guide, explaining long-term care insurance.

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LTC Policy Form: RS.LTC. (1101), or state equivalent.

DI Policy Form: RR.NCDI.(0101) and RR.GRDI.(0101), or state equivalent. Not all contracts are available in all states.

The Northwestern Mutual Life Insurance Company · Milwaukee, WI

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² \$4,500 monthly figure based on 8 hours of home health care services per day at a rate of \$18.75 per hour. The policy has a Maximum Daily Limit for home health care of \$150 x 30 days = \$4,500 for the month.

³ *Long-Term Care Insurance: Baby Boom Generation Increases Challenge of Financing Needed Services*, General Accounting Office, Mar. 2001, GAO 01-563T:1-3. Long-term care insurance may not pay for all expenses incurred. This statistic includes services or short durations that would not qualify for benefits from the LTC policy and services for which the LTC policy does not provide benefits.

⁴ *Beyond 50.03 – A report to the Nation on Independent Living and Disability*, AARP, 2003.

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