

Savings and Disability

Disability income (DI) insurance may be last on your list of insurance products to buy, but if you become too sick or hurt to work and you do not own a DI insurance policy everything that relies upon your income (mortgage, family expenses, retirement etc.) will come out of pocket – **your pocket**.

Option A – Savings

Assumptions:

- Male
- Age 30
- Salary: \$75,000
- **Savings:** 5% per year (\$3,750)
- **Monthly Expenses:** \$4,000



One year of expenses due to a disability

\$48,000
($\$4,000 \times 12 = \$48,000$)

Wipes out nearly
13 Years of savings

($\$3,750 \times 13 = \$48,750$)



Years Disabled	Total Expenses	Approximate Years of Savings Needed
1	\$48,000	13 years
2	\$96,000	26 years
3	\$144,000	38 years
4	\$192,000	51 years

Option B – Purchase DI Insurance

Assumptions:

- Male
- Age 30
- Salary: \$75,000
- Radius Choice
- 4A occ class
- 90-day elimination period
- Benefit period to age 65
- \$4,050 monthly benefit

Annual Benefit

\$48,600

\$965

Annual premium



One year of benefits =
50 years of premiums

The sample rate shown is for a male.

DI insurance costs for a woman using the same parameters is **\$1,521**.

For a female, 1 year of benefits would equal 32 years of premiums.

Years of Premiums	Total Premiums Paid	Duration of Benefits Received to Break Even
1	\$965	7 days
5	\$4,825	1 month, 6 days
10	\$9,650	2 months, 12 days
15	\$14,475	3 months, 18 days
20	\$19,300	4 months, 23 days

Hypothetical example. Actual numbers may be higher or lower depending on several factors including gender and occupational class.

The sample shown is for a male. For a female using the same parameters would be as follows:

1 year of premium equals \$1,521 with a break-even point of 11 days.

5 years of premiums equals \$7,605 with a break-even point of 1 month, 27 days.

10 years of premiums equals \$15,210 with a break-even point of 3 months, 23 days.

15 years of premiums equals \$22,815 with a break-even point of 5 months, 20 days.

20 years of premiums equals \$30,420 with a break-even point of 7 months, 16 days.

Renewability, Cancellability, and Termination: This policy is Non-Cancellable until the Policy Anniversary on or next following the Insured's 65th birthday. During that time, we cannot change the premiums or cancel the Policy unless requested by you, and, as long as premiums are paid on time, we will continue coverage. Thereafter, the policy is Conditionally Renewable until the policy anniversary on or next following the Insured's 75th birthday as long as the Insured is Actively at Work and is not Disabled. We can change the premiums while this policy is Conditionally Renewable. The Policy also sets forth certain limits.

Elimination Period: The Policy does contain an Elimination Period. This is the period immediately following the start of Disability during which benefits do not accrue.

Medical Examination: A medical examination is required to apply for the Policy.

Exceptions, Reductions and Limits of the Policy: The Maximum Benefit Period is 24 months for each period of Disability caused or contributed to by a Mental Disorder. This 24 month limitation will not apply if the Maximum Benefit Period Endorsement is part of your policy.

This Policy does not provide any benefit for any Disability:

- during a period of legal incarceration in a penal or correctional institution of more than 7 days or during a period of legal detention of more than 7 days. Also, this time does not apply for completion of the Elimination Period.
- sustained during declared war or undeclared war or act of war.
- sustained during participation in a riot or insurrection.
- caused by any intentionally, self-inflicted injury.
- sustained during the Insured's commission of, or attempt to commit, a felony under local, state or federal law, or while engaged in an illegal occupation.
- that results from, or is contributed to, by a disease, disorder or physical condition that was excluded as a result of the underwriting process by name or specific description.

The Policy does contain a provision which may not cover a Disability which is traceable to a condition existing prior to the effective date of the Policy.

There may be other exclusions or limitations associated with riders or endorsements if any are attached to your policy.

Disability income insurance replaces a portion of your income with a monthly benefit should you become too sick or hurt to work.

Radius Choice (policy form #XLIS-RC-16) is issued by Massachusetts Mutual Life Insurance Company, Springfield, MA 01111-0001. Policies contain exclusions and limitations. For cost and complete details of coverage, please call your MassMutual® representative or MassMutual at 1-800-272-2216 (press 3) to be referred to a representative in your area.

