



Terms You Should Know

Amount of Benefits: The amount of benefits you receive will be based on earned income. The maximum benefit a person can purchase is generally from 40 percent to 60 percent of his/her gross salary, and will vary according to the amount of earned income. Benefits are often reduced for a partial loss of income.

Benefit Period: The amount of time benefits will be provided. This may be between one and five years, to age 65 or in some cases for life.

Cost of Living Adjustment: This is an adjustment to your benefits, made by the insurance company, to keep your benefits in line with the change in the cost of living.

Elimination Period: This is the period of time before benefits begin after the onset of a disability. This period will be at least 30 days and is frequently 90 days or longer. The longer a person waits for benefits to be paid, the lower that person's premiums will be.

Guaranteed Purchase Option: This is an option available to you to increase your coverage at specified future dates without showing medical evidence of insurability.

Guaranteed Renewable: A type of policy that guarantees that you will continue to receive coverage as long as your premiums are paid. However, premiums can be increased within a given class of policies.

Non-Cancelable: A type of policy that not only guarantees that you will always receive coverage as long as your premiums are paid, but also guarantees that the premiums will not change from what is stated in the policy.

Return of Premium Option: This option allows you to receive your premiums back at the termination of the policy, minus any benefits paid.

