

WORKER'S NEARING RETIREMENT NEED DISABILITY POLICY CUSHION



Many people work beyond their normal retirement age, because their savings are rather sparse and not adequate to effectively cushion them for the rest of their lives. However, the best laid plans could go awry and job loss or sicknesses can wreck those plans. Donald Payne, 68, was clearing some brush, working at his five-acre plot in Magnolia, Texas when he slipped and landed straight in the path of the blade of the weeding machine. His right hand got severed from a little below his elbow. Surgeons reattached his detached arm, but sans feeling in it. Medicos are assuring that with further surgeries the feelings will return, meanwhile Payne cannot work anymore. Luckily, Payne was luckier than most others, as he was covered by a group long-term disability insurance policy through his job and was also entitled to an 18-month benefit that replaces 60 percent of his former pay, when he worked as a driver who delivered pickup trucks for nine years. "I had planned to work until (age) 70 because I loved what I was doing. Now I'm just so thankful I had insurance," he said. With more and more workers nearing traditional retirement ages, they are of lesser work-value to their employers, who are shifting more premium costs to the workers. Some workplace policies show an increase in the price of premiums for those on the verge of retirement. If everything was hunky dory, workers on nearing their retirement years could increase their coverage and pay for the extra premiums from their own pockets that could provide an emergency cushion if they find their careers cut short. Sun Life Financial, in a yet-to-be released study stated that 51 percent of age 50-plus workers have long-term disability insurance, compared with 62 percent of workers age 18 to 49. Only one third of the 50-plus employees bought extra coverage offered by the employers compared with just under half of younger workers. Deciding how much coverage you need and should you plan for an emergency are all individual specific and is for the worker to decide. Moreover, all insurance products are diverse and complicated contracts, so worker would be well advised to do his homework and read the fine print before choosing a policy. Mike Fish, vice president of voluntary benefits at The Hartford said, "Employers are shifting not only the costs but the decision-making." John Nichols, President of Disability Resource Group said, "So you'll need to decide if you're better off taking the group benefit at work or going to the individual market. Older workers typically pay higher rates for private coverage, but the cost can be mitigated by covering only, say, five years' worth of benefits." The cost of the coverage is also going to be a great factor in helping to make up the workers mind in deciding which policy to opt for. Council President Barry Lundquist said that prices normally vary owing to gender, age and occupation. On an average it comes to about 0.5 percent of pay. Voluntary workplace plans which employees have to bear are inclined to cost about 0.75 percent of pay and older workers have to pay a higher rate of premium.