Why Workplace Group LTD May Not Be Enough to Protect Income

Many employees assume that the long-term disability (LTD) coverage provided by their employer is sufficient protection. While group LTD is certainly helpful, it often falls short when it comes to fully safeguarding your financial well-being. **Here's why:**

1. Coverage Limits Can Be Restrictive
Group LTD policies typically replace only a portion of your salary—often 50-60%. While this may cover basic expenses, it might not be enough to maintain your lifestyle, support your family, or meet other financial obligations. Benefits are typically taxable, since their employer is using the premium as a write-off. While someone thinks they are receiving 60%, after taxes it is closer to 40% of their income, which can create a giant gap in protection.

Group LTD benefits rarely cover bonus or commissionable income. If this makes up a good portion of a client's income, they could be greatly effected by the group LTD only paying on base income.

2. **Lack of Portability**
Employer-provided coverage is tied to your job. If you change roles, take a leave, or leave the company, you may lose that protection entirely—just when you might need it most. Benefits are typically taxable, since the employer is using the premium as a write-off.

3. **Benefit Duration May Be Limited**
Some group LTD plans provide benefits only up to a certain age or for a limited number of years, which could leave gaps if you are unable to return to work for an extended period.

4. **Customization is Minimal**
Group plans are designed for the average employee and rarely take into account your personal financial goals, debt obligations, or lifestyle needs.

Why an Individual Income Protection Policy Matters-An individual income protection policy can fill these gaps by providing:

- Higher coverage levels tailored to your income and expenses
- Portability, so your coverage goes with you regardless of your job
- Flexible benefit periods that match your long-term needs
- Optional riders for residual disability, cost-of-living adjustments, and more

In short, while Group LTD offers a safety net, it may leave your client exposed to financial risk. Complementing it with an individual income protection policy ensures a comprehensive plan to maintain their lifestyle, protect their family, and stay on track with financial goals.

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