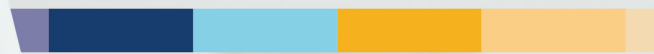




Young Physicians Guide to Disability Insurance

AMA  INSURANCE





DISABILITY SAFETY-NET FOR RESIDENTS



New Residents: Help Protect Your Biggest Investment

Congratulations! As a medical student approaching residency, you've worked harder than you ever have to gain the knowledge and skills it takes to be a great physician.

You chose a specialty, pursued experience with all the tools at your disposal, explored and applied to residency programs, attended interviews, and listed your preferences. If you are one of the nearly 49 percent of medical students who change specialties before graduating, it added even more time and decision-making to your process.¹

Match Day will reveal where the next chapter in this journey is taking you.

It's a truly exciting time! Graduation brings new responsibilities and priorities. You may be moving to a new city, and you may also start paying off student loans, which you will have to budget for along with all your everyday living expenses – rent, food, gas, family expenses, and anything else your lifestyle requires.

You've dedicated years of your life and have taken out substantial loans to fund your medical education and to attain your demanding goals. With all the responsibilities you manage daily, how would you make ends meet if an illness or injury prevented you from working?



According to the Social Security Administration, 25% of 20-year-olds will miss at least a year of work due to disability before they reach normal retirement age.² You can take steps to shield yourself from the financial fallout of an illness or injury that would prevent you from practicing in your field and earning the income that comes with your expertise.

¹The Association of American Medical Colleges. Report on Residents; 2021. <https://www.aamc.org/news-insights/america-s-medical-residents-numbers>.
²<https://www.ssa.gov/disabilityfacts/facts.html>. December, 2022.

The Basics: Disability Income Insurance

When you begin your residency, you may have the opportunity to participate in an employee benefits program that includes health, life, and even disability income insurance. Disability income insurance is designed to protect your income if you become disabled due to illness or injury and are unable to work.

While employer-provided disability income policies can provide base coverage, many provide monthly disability benefits that fall well below the level of protection you would need if you became disabled and unable to work.

These one-size-fits-all policies are not designed to address the specific needs of physicians. For one thing, most employer-provided policies terminate when your residency ends, because they're *not portable*. Also, benefits are often *taxable*, which would leave you with even less monthly income when you need it most.

Supplemental disability income insurance covers gaps in employer-provided disability insurance coverage while providing **tax-free benefits**.³ Furthermore, *supplemental insurance is portable*. When your residency is complete, you can take your coverage with you whether you get another job or set up your own private practice.

At this early stage in your career, protecting your income with coverage that grows with you is especially important.

Let's look at an example on how taxes may reduce benefits.

Dr. Jackson is a resident at a well-known hospital in the Southwest *earning \$55,000* per year. Her monthly expenses, including loan payment, total *\$2900*. When a hand injury compels Dr. Jackson to claim disability for 7 months, the benefits from her employer-provided disability policy are *\$2000 per month minus \$500 in tax deductions*, for a take-home of *\$1500*. **Creating a shortfall of \$1400 per month.**



³When premiums are paid with after-tax dollars. Consult your tax advisor.

Definition of Disability: Why it Matters

Every disability insurance policy has its own definition of disability that an insured must meet to qualify for benefits. The most common definitions are **own-occupation** and **any-occupation** (“own-occupation” is sometimes referred to as “own-specialty”). A definition of disability that is generic to occupation, like many found in employer provided coverage, might deny benefits if you are physically able to work in another area of medicine. Knowing the difference is vital.

- **Any-occupation policies** pay benefits ONLY if you are unable to work in any occupation for which you are qualified.
- **Modified Own-occupation coverage** is designed to pay benefits if you are unable to work in your own medical specialty and are not working in another occupation. Coverage often offers residual benefits if you return to work in another field of medicine and suffer a loss of income.
- **True own-occupation coverage** will pay full benefits if you are unable to work in your medical specialty. This definition of disability allows you to collect full benefits if you return to work in another occupation even if you have no loss of income.

Other features to consider when shopping for disability insurance includes benefits and riders that allow you to tailor your coverage to your needs. Here are some examples.

- **Future increase options** allow you to increase benefits with no health questions or medical exams as your income increases.
- **Student loan payoff provisions** can put fixed amounts, up to \$200,000, toward the reduction or complete payment of medical school debt in addition to the monthly benefits specified in the policy should you become totally and permanently disabled before age 45. You must become insured before age 40 to be eligible for this benefit.
- **Cost-of-living adjustments*** (COLA) can increase monthly benefits over time to account for inflation.
- **Catastrophic disability riders*** can provide funds beyond regular disability benefits when a qualifying, disabling injury or illness prevents the ability to independently carry out some of the activities of daily living. This benefit may not exceed 30% of your Monthly Benefit in force.

The average duration of a long-term disability claim is nearly three years – 34.6 months.⁴



*Available for an additional premium.

⁴The Council for Disability Awareness, “Overview”

<https://disabilitycanhappen.org/overview/> Viewed 01/20/2023.

Young and Healthy? Secure a Lower Rate Now

Quite simply, supplementing your residency's employer-provided disability insurance with your own coverage will help ensure that you're protecting all that you've worked for – and the income you are projected to receive – by securing the lowest rates that will ever be available to you under this policy.

As people age, the risk and cost to insure only goes up. Now is the best time for you to help secure your future against unexpected illness or injury that leaves you unable to practice in your field and earn the income you would with your specialty's expertise.

Get the Career Protection You Need and Deserve

Through the Young Physicians Program, you will have a one-time opportunity, from April 1 through June 30, to secure AMA-sponsored Physician Disability Insurance underwritten by New York Life Insurance Company. Your coverage is guaranteed, there are no health questions to answer or medical exams to take. You will receive a \$1,000 monthly benefit to start with and the option to increase your coverage during residency—guaranteed.



Protection That Grows With Your Career.

With this offer, you will have valuable opportunities to increase coverage up to a \$2,000 monthly benefit without underwriting during residency. Once residency is completed, you will have the opportunity to increase your monthly benefit up to \$5,000 on a guaranteed issue basis. Then you will have the opportunity to increase your monthly benefit to \$17,000 in the first four years of practice on a simplified issue basis. Help protect your income throughout your medical career.

Take Advantage of this One-Time Opportunity— It Won't Come Around Again!

Convert Now

You get more for less
for your entire career.



- **A one-time opportunity to convert**
- **Limited time offer**
- **Future increases up to \$5,000 monthly benefit—without medical underwriting**
- **You get additional premium credits** that are only offered through this program (AMA members receive a 15% total premium credit for at least the first year of coverage)**
- **You get higher future monthly benefit amount options** (\$17,000 Maximum)

VS

Apply Later

You get the standard
benefits at standard rates.



- Your application for coverage will be **subject to full underwriting**
- **Your health status may change** and affect your ability to secure coverage
- **You may pay a higher premium**



This offer is only available April 1 – June 30, 2024.

Purchasing before June 30, 2024 helps you plan for a more secure financial future. AMA-sponsored Disability Income Insurance can help protect your income against the unexpected financial setbacks of a disabling illness or injury.

Quick Facts: Enhanced Protection

- **\$1,000 monthly benefit** during first year of residency
- **Guaranteed coverage** up to \$2,000 monthly benefit during residency
- Opportunity to **increase coverage up to \$17,000 monthly** benefit after residency
- Benefits are paid monthly – **tax free***
- **Portable** coverage that can go where your career goes
- Ability to choose **True Own-Specialty** definition of disability as a finishing resident, for an additional premium
- **Premium credits available****
- Choose **level rated premiums** at a later time
- **Access to additional riders like Catastrophic Disability and Cost of Living Adjustment** later with **no health questions or medical exams**



Safeguard Your Biggest Asset: Your Income.

Why AMA Insurance?

Your work is unique; your insurance coverage should reflect that. We tap into the power of over one million physicians to offer you specially negotiated rates and benefits from top insurance companies.

[LEARN MORE →](#)

Call Today!
888.627.5902

8am – 5pm (M–F, CT)

or email team@amainsure.com
or use our online [Contact Form](#).

Schedule time to talk with an Insurance Specialists about your unique financial goals to help protect yourself and your family.

[SCHEDULE A CALL TODAY →](#)

Visit www.amainsure.com/aboutyoungphysicians

* When premiums are paid with after tax dollars. Consult your tax advisor. **Rates include a 10% rate reduction which is not guaranteed but for which all AMA members qualify, for at least the first year. Rates include an additional 5% conversion premium credit. Visit AMAinsurance.com/youngphysicians for important information including features, costs, eligibility, renewability, exclusions, limitations and how costs increase as you age.
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