

# INCOME PROTECTION FOR PHARMACY PROFESSIONALS

## Meet Sarah, Pharmacist

Sarah completed her six-year Doctorate of Pharmacy program four years ago. Upon graduation, she began working for a large national drug chain, currently earning \$122,000, plus a bonus of \$9,000.

### WHAT SORT OF INCOME PROTECTION DOES SHE HAVE?

When Sarah joined her firm, she learned that the company provides Group Long Term Disability (LTD) insurance to employees at no cost. Like many young professionals, she assumed that the Group LTD was all she needed. It was only a few years later, when she met with an insurance professional, that she discovered a gap.

### INCOME REPLACEMENT GAP

Sarah's company-paid Group LTD plan provides for income replacement benefits of 60% of pre-disability base salary. The plan has a monthly benefits cap of \$5,000 and, like most Group LTD plans, does not cover commission, incentive or bonus compensation.

Sarah earns \$10,166 a month (excluding bonus). She was surprised to learn that, even though 60% of her salary would be \$6,100, the plan's benefits cap would result in her receiving a maximum of \$5,000 per month. Plus, her \$9,000 bonus would not be covered at all. So instead of income replacement of 60% of her salary, her actual pre-tax replacement percentage is about 46%.



**Sarah**

**Age:** 29

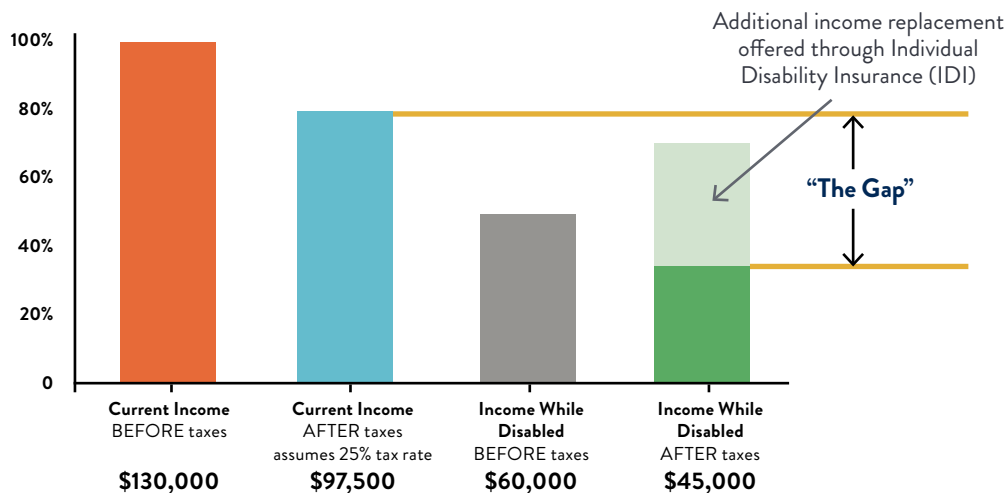
**Occupation:** Pharmacist

**Employer:** National drug store chain

**Salary:** \$122,000 plus \$9,000 bonus

**Student Loan Debt:** \$97,000

(\$1,116/month)<sup>1</sup>



Assumes Group LTD Plan is 60% income replacement benefit.

You can see that while Sarah's Group LTD plan provides an excellent foundation of coverage, there is a significant gap between what she was used to living on and what her Group LTD plan would provide her if disabled.



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## SARAH'S SMART CHOICES TO FILL THE GAP

Interested in protecting as much of her income as she can, Sarah opts for a ProVider Plus individual disability insurance (IDI) policy with features and options that include:

- Coverage for:
  - That portion of her salary that Group LTD didn't cover
  - Her \$9,000 bonus
- Protection in her *own occupation*
- Option to increase coverage as her income grows<sup>2</sup>
- Adjustments to keep pace with inflation
- Benefits in the event of a partial disability and during recovery
- Protection of her ability to repay student loans of \$1,116 per month

## WHAT ABOUT TAXES?

Benefits received from a Group LTD plan for which the employer pays are taxable. However, those from a plan *for which the individual pays are not*. Thus, while Sarah's Group LTD benefits would be subject to taxes, her *individual DI benefits would be tax-free* if she pays the premiums with after-tax dollars.

## STUDENT LOAN PROTECTION

Sarah had to borrow money to finance her education — \$97,000 total in student loans, about average for today's pharmacy graduates. Working in the medical field, she's well aware of the wide range of potentially disabling illnesses and injuries. She understands that, while many of them could render her unable to work, a significant portion of those disabilities would not meet the stringent federal requirements for student loan discharge. Thus, if she were disabled and did not have DI student loan protection on her policy, she'd still be responsible for making those loan payments.

## WHAT HAPPENS IF SARAH CHANGES JOBS?

While Sarah enjoys her current position, it's highly likely she'll change employers multiple times during her career. If she were to leave her current position, she wouldn't be able to take her Group LTD with her. Individual disability insurance, however, is portable, thus she can take it with her each time she changes employers.

## Protect Your Growing Income Now.

<sup>1</sup> Assumes ten-year level repayment plan, interest rate of 6.8% on all loans.

<sup>2</sup> Conditions and limitations apply. The amount of additional coverage available will take into consideration financial information as well as all disability insurance in force, for which you've applied, or are eligible to receive. Medical information is not required.



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