



# **7** COSTLY MISTAKES TO AVOID WHEN PURCHASING DISABILITY INSURANCE

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As a veterinarian, you probably know that purchasing a disability insurance policy is critical. It protects your income if you are unable to do your job due to sickness or injury. It also ensures that the hard work you've put into your education is protected.

However, navigating the options to find the right policy for you can be overwhelming and paralyzing. Unfortunately, many veterinarians make common mistakes in selecting a plan which can be costly. It's important to be educated and understand what mistakes to avoid before starting the process.

The following are 7 costly mistakes to avoid when purchasing disability insurance. These are some of the pitfalls I help you avoid in working with you to protect you and your financial future.

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# Mistake #1

**Misunderstanding what triggers  
a disability insurance policy payment.**



**D**isability insurance policies help replace lost income if you are “disabled.” Most people assume that if they are sick or injured and can’t do their job, they would be “disabled” and their policy would pay. However not all policies define disability this way. Understanding the definition of “disability” can mean the difference between buying a policy that pays a benefit or wasting money on a policy that pays no benefit.<sup>1</sup>

3 Common definitions of “disability”:

You are disabled if you are sick or injured and...

**1) Can’t perform the *duties of your job*.**<sup>2</sup>

A policy with this definition of disability is very simple. If you can’t do the specific duties of your job, a benefit is paid, even if you choose to work in another job.

**2) Can’t perform the duties of your occupation and *are not working*.**<sup>3</sup>

This definition of disability is more restrictive than the first example. A policy with this definition may pay little or no benefit if the doctor can’t perform their job, but works in another job, even if there is a significant drop in pay.

**3) Can’t perform the duties of *any job*.**<sup>4</sup>

This definition of disability is the most restrictive and would only pay if you cannot perform any job in the entire economy. Caution: Many employer provided group disability insurance plans have this definition of disability.

<sup>1</sup> An individual's eligibility for benefits is determined on a case-by-case basis, taking into consideration the factual circumstances presented as well as the terms and conditions of his/her policy(ies)

<sup>2</sup> Example policy language: “solely due to Injury or Sickness, You are not able to perform the material and substantial duties of Your Occupation.”

<sup>3</sup> Example policy language: “solely due to injury or sickness, you are unable to perform the material and substantial duties of your occupation and you are not working.”

<sup>4</sup> Example policy language: “as a result of Injury or Sickness the Covered Person is unable to perform the Material and Substantial Duties of Any Occupation for which you are or become reasonably suited by your education, training or experience.”



# Mistake #2

**Ignoring policy limitations  
about your mind.**

If you were cognitively impaired or had memory loss could you practice medicine?

Many policies limit payments for any disability related to someone's mind, commonly referred to as a mental or nervous disorder limitation.

The extent of this limitation is often misunderstood. This limitation may apply if a mental disorder causes a disability, contributes to a disability, or the disability is a result of a mental disorder. The typical definition of mental disorders is broad and includes disorders listed in the DSM-V<sup>5</sup>, which references everything from stress and depression to related cognitive impairments and memory loss.

Some policies treat a mental or nervous disorder related claim the same as any other claim.

<sup>5</sup> Diagnostic and Statistical Manual of Mental Disorders (5th ed.; DSM-5; American Psychiatric Association, 2013)

# Mistake #3

**Not buying a policy that  
grows with your income.**



**G**ood news! Experienced veterinarians often make twice as much as new graduates. If you are just getting started in your career, it is important to get a policy that allows you to easily increase the benefit without medical underwriting. I've witnessed the unfortunate situation of a veterinarian making over \$100,000 per year go through a disability and her policy benefit was only \$26,400. It wasn't fun. It's no surprise 62% of bankruptcies are medical related according to some studies.<sup>6</sup>

**"Options"** and **"Updates"** make it easy to increase disability benefits.

**"Options"** provide optional annual increases to the benefit.

**"Updates"** are not optional and require you to "update" your policy by purchasing a larger benefit every 3 years. If you decline to update your policy, you typically lose all future increases.

<sup>6</sup> <https://www.ncbi.nlm.nih.gov/pubmed/19501347>

# Mistake #4

**Buying only short-term  
disability insurance.**



# Mistake #5

**A**ll disabilities are financially difficult, but most people will recover from a short-term disability. On the other hand, long-term disabilities lasting multiple years are financially devastating. Remember the bankruptcy statistic I just mentioned?

Short-term disability insurance policies generally start paying benefits after 1-4 weeks but only pay for 3-6 months. Long-term disability insurance policies generally start paying after 3-6 months, but pay for many years, usually until age 65 or 67.

I always recommend that doctors purchase long-term disability insurance first before they consider short-term disability insurance.

**Not buying a policy as soon as possible after graduation.**





# Mistake #6

**S**ome people might think they will save money by waiting to purchase disability insurance. Think again.

The premium is based on age, so policies are more expensive each year. Since many doctors keep their policy for many years until they retire, a doctor who waits to buy a disability insurance policy could end up paying more AND not being protected until they purchase a policy.

Here is simple example:

When purchased:	Age	Annual premium	
At graduation	age 28	\$1297/year	
1 year later	age 29	\$1504/year	\$207 more per year

Waiting one year, the doctor avoided paying \$1424 now, but will pay \$207 more per year for as long as they maintain their policy. If they keep their policy until retirement age 67 or 38 years later, they will spend \$7,866 more for the same policy!

When purchased:	Age	Annual premium	
5 years later	age 33	\$1768/year	\$471 more per year
10 years later	age 38	\$2118/year	\$821 more per year
15 years later	age 43	\$2523/year	\$1226 more per year <sup>7</sup>

The longer this person waits, the higher the overall cost and the longer she isn't protected.

<sup>7</sup> Female, Small Animal Veterinarian, \$3000/mo benefit, 90 day elimination period, age 67 benefit period, partial benefit rider, cost of living adjustment rider, level premium. New grad discount applied to the age 28 premium. This describes certain features of a standard policy, which may vary by state. If a policy is issued, its provisions and pricing may differ from what is shown here.

**Not buying a policy at graduation if  
you have a health condition.**

I've had too many conversations with doctors wanting to get a disability policy to protect their income, but can't because of a pre-existing health condition. They feel like the industry failed them because they didn't know they could have solved this problem by getting a policy when they graduated. Don't let this happen to you. If you have a health condition, figure out if it is going to keep you from getting disability insurance. Don't miss this opportunity.

Some companies WAIVE ALL HEALTH QUESTIONS for new graduates. For most of you, that isn't a big deal. But some of you may have health conditions that will keep you from qualifying for a disability policy without pre-existing condition limitations. If so, this might be your best opportunity to get a policy to protect your income.



# Mistake #7

**Relying on your employer for  
disability insurance.**



**H**ealth insurance does NOT replace lost income if you can't work due to a disability. This is a common misconception. Most veterinary employers do not provide disability insurance.

Employers that do provide group disability insurance usually buy the least expensive type of disability policy that only pays if someone is disabled and can't work in ANY job (see Mistake #1). This isn't what most doctors want. The simple solution is purchase your own policy that has features you want to supplement what is provided by your employer.

Working as a veterinarian is rewarding. It's important to protect your income with the right policy. Working with an independent professional who specializes in helping veterinarians can eliminate mistakes that can come back to haunt you when you least expect it.

I work with you one-on-one and guide you through the entire process so you are never confused. Together, we make sure you get the policy you need to protect you and your financial future.

Get started quickly and easily below.

1

**Custom Policy Assessment**

Fill out a quick 2-minute assessment to determine the policy features you want. I will send you a customized overview based on your answers.

2

**Receive Personalized Advice**

I continue to work with you one-on-one to find the specific policies that match the features you want. No random insurance quotes.

3

**Get the Right Policy for You**

Together we select the right policy for you from a wide selection of insurance companies. You can focus on your veterinary practice with financial confidence.

**FIND YOUR POLICY**



As an independent financial professional, I specialize in working with veterinarians in all stages of their careers around the country.

**You don't have to be the specialist, that's my job.**

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