WEALTHCARE FINANCIALS

"I Already Have Group Coverage" — Why That May Not Be Enough

Group Disability Coverage Is a Starting Point, Not a Complete Strategy

When the topic of disability insurance comes up, many physicians and dentists reach the same conclusion quickly: I'm covered through work. It's a reasonable assumption. Most hospital systems and large practices do offer group long-term disability (LTD) as part of their benefits package. But a closer look often reveals gaps that matter significantly when your income is both your largest asset and the foundation of everything else you're building financially.

What Group Coverage Typically Does Well

Group LTD is genuinely valuable. It usually requires no medical exam to enroll during open enrollment periods, premiums are often subsidized by your employer, and it provides at least some income replacement if you're unable to work. For early-career physicians especially, having any coverage in place while you're getting started is far better than none.

Where Group-Only Coverage Can Fall Short

The limitations of relying solely on group coverage become clearer when you look at how policies are structured:

- Benefit caps. Group LTD plans frequently cap monthly benefits at a flat dollar amount — often well below what a physician or dentist actually earns. If your income has grown significantly since you enrolled, your covered amount may not reflect your current financial obligations.
- Employer-paid premiums and taxation. If your employer pays your LTD premiums, the benefits you receive are generally taxable as ordinary income. That means the effective replacement rate is lower than the policy's stated percentage.
- Definition of disability. Group policies vary widely in how they define disability. Many shift from an own-occupation definition to an any-occupation standard after an initial benefit period — meaning you may be expected to work in a different field even if you can no longer practice medicine or dentistry.
- Portability. Group coverage is typically tied to your employment. If you change employers, negotiate a different arrangement, or move into private practice, that coverage may not follow you.
- Group policy changes. An employer can modify or discontinue a group plan. The terms you enroll under today are not necessarily the terms you'll have five or ten years from now.

The Broader Context: Most Working Americans Aren't Fully Covered

According to the 14th Annual Guardian Workplace Benefits Study (2025), only 43% of working Americans owned disability insurance that year. And the Social Security Administration has estimated

How Individual Disability Insurance Can Fill the Gap

Individual disability insurance is designed to complement — not replace — group coverage. A few characteristics are worth understanding:

- Portability. An individual policy belongs to you, not your employer. It moves with you regardless of where you practice.
- Policy stability. Certain individual policies are structured so that the insurer cannot cancel coverage or change the terms as long as premiums are paid — offering a degree of stability that group plans typically don't provide.
- Own-occupation definitions. Some individual policies — particularly those designed for medical professionals — use an enhanced own-occupation definition that addresses the specialized nature of clinical work. This means a surgeon who can no longer perform surgery may qualify for benefits even if they could theoretically work in another capacity.
- Benefit coordination. Individual coverage can be structured to layer on top of any group benefits you already have, helping to close the gap between what group coverage pays and what you actually need to maintain your financial obligations.

A Useful Next Step

If you haven't reviewed your group LTD policy documents recently, that's a reasonable place to start. Look at the monthly benefit cap, the definition of disability after the initial benefit period, and what happens to coverage if your employment changes. Those details will tell you quickly whether your current coverage aligns with where your income and career actually are today.

If you'd like a straightforward review of how your existing coverage stacks up — and whether there's a meaningful gap worth addressing — Wealthcare Financials is available to walk through that with you. There's no obligation involved; the goal is simply to make sure you have the information you need to make a confident decision.

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