

## CASE STUDY

### Evaluating Disability Insurance Coverage in a Practicing PA

#### Presenting Concern

A 36-year-old Physician Associate (PA) is evaluating their disability coverage, specifically questioning whether existing group coverage is sufficient.

#### Financial Context

The PA is employed full-time in a clinical setting, earning a total gross annual income of approximately \$170,000, including extra shifts and call pay. Employer-sponsored group disability coverage was in place.

#### Initial Review

The employer plan offered the following structure:

- ◆ **Coverage:** 60% of base salary
- ◆ **Monthly Benefit Cap:** \$7,500
- ◆ **Tax Treatment:** Benefits received would be taxable
- ◆ **Net Benefit Estimate:** ~\$5,700/month after tax
- ◆ **Effective Replacement Rate:** ~67% of actual income

While the plan provides a baseline coverage, it left a notable income gap. The definition of disability relied on how the PA's occupation is performed in the *national economy*, not specifically in their role — a less robust form of “own-occupation” protection.

#### Additional Findings

- ◆ The client was already at the group benefit cap, meaning no future income increases would be covered.
- ◆ Group benefits were not portable and would not move with the PA if they changed jobs.
- ◆ No residual disability protection or ability to increase coverage without future medical underwriting.

#### Assessment

The current employer-sponsored coverage may be insufficient to maintain lifestyle, meet savings goals, and support debt repayment in the event of a disability. Additionally, the plan is not portable — meaning if the client were to leave their current employer for a group with less favorable coverage, their ability to secure private insurance at that point could be limited by their age or health status.



## Implemented Solution

A supplemental private disability insurance policy was implemented, which:

- ◆ Stacked on top of group coverage
- ◆ Provided **true own-occupation** coverage
- ◆ Delivered **tax-free** benefits
- ◆ Included a **Future Increase Option** to grow with income
- ◆ Locked in current health status and premium rates

## Outcome

The client's income protection strategy was strengthened, providing confidence and security. The new plan closed the income gap, reduced reliance on employer benefits, and aligned with long-term financial planning goals.

## Discussion

For many PAs and advanced practice providers, group disability insurance provides a helpful foundation — but often falls short of full protection. As income rises and financial responsibilities increase, a comprehensive review of coverage is essential.

## Do You Know What Your Policy Actually Covers?

We specialize in helping PAs understand and optimize their income protection. If you'd like a no-pressure review of your current disability coverage, we're happy to help.

📱 **Let's ensure your income — and your future — are truly protected.**



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