

Understanding the Role of Disability and Life Insurance for Advanced Practice Providers

For Advanced Practice Providers (APPs), your ability to earn income is your greatest financial asset. Years of clinical training and dedication result in a strong and rewarding career—but that career needs protection. Illness, injury, or unexpected tragedy can quickly interrupt your earning power and jeopardize your financial future.

That's why **disability insurance** and **life insurance** are essential components of any sound financial plan. They help ensure that if the unexpected happens, your life goals and your family's security remain protected.

Disability Insurance

Your income powers everything in your life. It pays your bills, funds your savings, helps you pay off debt, and builds toward future goals like retirement and home ownership. Without income, even temporarily, your financial plan can quickly unravel.

Own-Occupation Coverage

The most important feature of disability insurance for APPs is the definition of disability—specifically, **own-occupation coverage**.

Own-occupation coverage means:

You will receive benefits if you can no longer perform the specific duties of your current job, even if you can work in another occupation. For example, if you suffer an injury that prevents you from performing clinical duties but allows you to work in a teaching or administrative role, an own-occupation policy still pays benefits. Without this provision, you might only receive benefits if you are unable to work *any* job, which is a far more restrictive standard.

Partial Disability Benefits and Working While on Claim

Disability isn't always all or nothing. Many people are able to return to work in some capacity while still dealing with medical challenges.

Residual or partial disability benefits allow you to:

- ◆ Collect benefits if you are only partially disabled and your income drops due to limited ability to work.
- ◆ Supplement your reduced earnings to maintain financial stability.
- ◆ Transition back to full-time work without losing coverage immediately.

For APPs, whose roles often require physical and mental stamina, this feature can be incredibly valuable as it provides flexibility and financial support during recovery or work modifications.

Understanding Your Group Coverage (and When to Supplement)

Most APPs are offered **group disability insurance** through their employer. This coverage forms a great foundation, but it's important to understand its limitations:

- ◆ **Definition of Disability:** Some group plans do not offer strong own-occupation definitions or may have time limits on how long this definition applies.



- ◆ **Benefit Cap:** Group coverage often replaces only 50-60% of your salary up to a certain dollar amount that may not reflect your full income need.
- ◆ **Taxable Benefits:** If your employer pays the premiums, any benefits received are generally taxable, which means your actual income replacement could be significantly lower than expected.
- ◆ **Portability:** If you leave your employer, the coverage may not go with you.

Supplementing Group Coverage with Individual Coverage

Because of these gaps, many APPs supplement their group policies with **individual disability insurance**. This can help:

- ◆ Increase your total coverage to a more appropriate income replacement level (typically 60-70% after tax).
- ◆ Ensure strong own-occupation definitions are in place.
- ◆ Lock in coverage that stays with you even if you change jobs or employers.

Life Insurance

While disability insurance protects your income while living, life insurance protects your family and financial goals if the unexpected happens and you pass away.

Your life insurance plan should consider:

- ◆ Income replacement for your family or dependents
- ◆ Debt repayment (student loans, mortgages, personal loans)
- ◆ Children's education expenses
- ◆ Final expenses and estate costs
- ◆ Legacy or charitable giving goals

Types of Life Insurance (at a Glance)

- ◆ **Term Life Insurance**
 - Provides cost effective, straightforward coverage for a set period of time
 - **Best for:** Income protection during working years, covering large debts, and needs that are temporary in nature
- ◆ **Permanent Life Insurance** (Whole Life, Universal Life, Indexed Universal Life)
 - Lifetime coverage with potential for cash value accumulation
 - **Best for:** Legacy goals, lifetime protection, and tax-advantaged savings
- ◆ **Group Life Insurance**
 - Offered by many employers, often at low or no cost
 - **Best for:** Supplemental coverage but rarely enough to meet total needs on its own



Final Thoughts

For APPs, building financial security isn't just about growing wealth—it's about protecting what you have and ensuring your life and career are supported by a foundation of protection.

- ◆ **Disability insurance** replaces your income if you can't work due to illness or injury. Own-occupation definitions, partial benefits, and supplemental individual coverage are key considerations.
- ◆ **Life insurance** protects your loved ones and your legacy, ensuring that your income and impact continue even if you're no longer here.

At Aether Financial Group, we specialize in helping healthcare professionals create protection plans that align with their career stage and personal goals. Whether you're early in your career or reevaluating your needs, we're here to help you build clarity and confidence.



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