Understanding Short-Term and Long-Term Disability Insurance

Companion Resource — Understanding Disability Benefits and Planning for the Future

Why This Matters

Many employers offer disability insurance that pays a percentage of your income if you become unable to work. These benefits can make a real difference — but every insurance policy is different, so it's important not to assume yours works a certain way.

Use this guide as a quick reference, and confirm the details of your own policy with Human Resources or your insurance company.

What You Need to Know

Short-Term Disability Insurance	Long-Term Disability Insurance
Replaces income during a temporary inability to work.	Replaces income for an extended, or possibly permanent, inability to work.
Waiting period usually 7 to 30 days.	Waiting period usually 90 to 120 days, often coordinated with the end of short-term benefits.
Benefits typically last 13 to 26 weeks.	Benefits may last 2 years, until age 65, your Social Security Normal Retirement Age, or another policy limit.
Generally pays 40 to 70 percent of pre-disability earnings, often with a weekly cap.	Pays a percentage of earnings, often with a weekly or monthly cap.

"Own Occupation" vs. "Any Occupation"

This is one of the most misunderstood parts of a long-term disability policy.

- Own occupation: Benefits may be paid if you can no longer perform your specific job, even if you could technically work in a different role.
- Any occupation: Benefits may be denied if the insurer believes you could work in some other type of job, even if you cannot return to your previous one.

Ask your Human Resources department or insurance company which standard applies to your policy.

An Overlooked Benefit: Waived Life Insurance Premiums

Some employer-provided life insurance policies allow coverage to continue — with the premium waived — while you receive long-term disability benefits. This does not happen automatically. You generally must apply within a narrow window after your disability begins.

Take Action

- Ask Human Resources for a copy of your actual disability insurance policy — not just a summary.
- Find out your waiting period, benefit percentage, cap, and how long benefits last.
- Ask whether your long-term policy uses an "own occupation" or "any occupation" standard.

- If you apply for long-term disability, ask right away about a waived life insurance premium and its deadline.
- Confirm how short-term and long-term disability benefits coordinate, so there is no gap in coverage.

Questions to Ask

- Do I have short-term disability insurance, long-term disability insurance, or both?
- What is the waiting period for each, and how long do benefits last?
- What percentage of my income is replaced, and is there a cap?
- Does my long-term policy use an “own occupation” or “any occupation” standard?
- Is a waived life insurance premium available, and what is the deadline to apply?
- How do I begin the application process, and what documentation will I need?

Helpful Tips

- Don’t assume your policy works like a friend’s or a previous employer’s policy — read your own.
- Ask for answers in writing whenever possible.
- Bring a trusted family member or friend to meetings with Human Resources or your insurer.
- Apply for long-term disability before short-term benefits end, so there is no gap in coverage.

Helpful Resources

- Your employer’s Human Resources department.
- Your disability insurance company’s claims department.
- Benefits Checklist Before Leaving Work.

Things to Consider

- Every policy is different.
- You may want to discuss your policy with your family, care partner, or a trusted advisor.
- There may be financial implications to how and when you apply for these benefits.
- Consider seeking advice from a qualified professional if your situation is complicated.

Quick Reference

- Short-term = temporary; waiting period 7–30 days; lasts 13–26 weeks.
- Long-term = extended or permanent; waiting period 90–120 days; lasts 2 years to retirement age, depending on the policy.
- Know whether your policy is “own occupation” or “any occupation.”
- Ask about waived life insurance premiums early — the window to apply is narrow.

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