



# Snapshots™

## LEAVING A JOB: GROUP INSURANCE PLANS

### MANY COMPANIES OFFER GROUP INSURANCE PLANS THAT COVER LIFE, DISABILITY AND HEALTH INSURANCE.

The amount of coverage you receive depends on your company. Here is some information on the types of coverage you may have to consider replacing now that you are leaving your job.

#### Life Insurance

Many companies offer one to three times your annual salary as life insurance. If your company pays the premiums, this coverage is a taxable benefit from your company and increases your taxable income for the year. When you leave your company most insurance companies will offer you the option of converting the group coverage into individual coverage. This option must be exercised within 31 days of the date of your departure from the company. The amount of coverage provided will not be in excess of what you enjoyed as an employee. A potential benefit of this option is that the coverage is not subject to medical underwriting, so if you have health or other underwriting issues you should still receive individual coverage. The premiums charged for coverage will be determined by your age, class of risk and amount of coverage.

#### Disability Insurance

Depending on the group insurance plan, the opportunity to convert group disability insurance to individual coverage may also be provided. Statistics show that it is very likely that you will need disability insurance coverage at least once in your life. It is very important to ensure that you replace this coverage when you leave your group plan.

#### Health Insurance

Health insurance coverage stops when you leave your job, so health expenses (typically drugs and dental) will be your responsibility. Some termination packages continue health benefits for a set period of time. If your spouse is a member of a group plan through her/his company, you and other family members should continue to have coverage under that plan. If you join a new company that offers group health insurance there could be a waiting period of three months before group membership begins. Therefore, if there is some flexibility in incurring expenses (dental check-ups for example) it would be sensible to defer those expenses until coverage under the new plan begins.

For more information about your group insurance coverage, please contact your company's Human Resources department or the insurance company directly. I can also help you determine what type of insurance coverage you should have and how to replace coverage lost when you leave your job.

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