

Client conversations: Breaking down short-term disability, long-term disability, critical illness and long-term care



No one thinks it will happen to them, but 1 in 4 20-year-olds will become disabled before they reach retirement age.¹ Knowing the risk of becoming disabled and losing income while unable to work is one thing, but studies show that employees are also poorly informed about the benefits that could help cover their expenses if they're one of the 25% of employees who become disabled.

Disability insurance can help, and it's one of the most popular benefits out there. Disability sales outpaced industry growth in 2021, with a 20% increase in long-term disability sales and 14% increase in short-term disability sales.² But it's not the only type of coverage that can help people who become disabled. It's great that people have options, but those options can lead to confusion, when 53% of employees aren't confident they understand their insurance policies.³

We've broken down the differences between four commonly confused types of coverage: short-term disability, long-term disability, critical illness and long-term care. Share this resource during your client conversations and as a leave-behind for their reference.

What's the difference between coverage for short-term disability, long-term disability, critical illness and long-term care?

Short-term disability insurance

Short-term disability insurance pays benefits directly to the insured (unless otherwise assigned) if they are disabled because of an injury or serious illness and unable to work. Short-term disability insurance can help cover needs that result from a disabling incident in which the plan holder is able to return to work in a relatively short period. For conditions that last longer than a few months, short-term disability coverage can also help fill the waiting period before long-term disability benefits are paid, adding crucial financial protection after a serious health event.

Long-term disability insurance

Long-term disability insurance offers similar benefits but is usually defined as longer than a few months, and can pay out benefits for a number of years after a disabling incident, as stipulated in the plan. For this reason, many people choose both short-term and long-term disability to make sure they are protected whether they recover quickly or require extended support. Long-term disability benefits can help cover medical copays and deductibles, and can help replace lost income while the insured is unable to work. Most long-term disability plans include a waiting period, usually three to six months, before benefits are paid.

Critical illness insurance

While disability insurance pays benefits to insureds unable to work because of serious illnesses or injuries, critical illness insurance pays benefits when an insured is diagnosed with a covered critical illness such as a heart attack, stroke or cancer. These diagnoses often require extensive treatment and can result in especially high medical bills. The lump sum benefits paid on a critical illness plan can be used to help cover unexpected costs related to a critical illness, including medical bills, or even everyday expenses such as groceries. Like disability insurance, critical illness insurance pays benefits directly to the insured unless otherwise assigned.

Long-term care insurance

A severe illness or injury that leaves an employee unable to work might also require long-term care, such as physical therapy, rehabilitation, in-home care or moving into an assisted living facility — all of which come at a cost. Long-term care insurance helps to cover the expenses associated with that care. Many seniors require some form of long-term care as they age, and long-term care insurance can help relieve the financial burden on themselves and their family members when that time comes.

Because long-term care plans can be expensive or difficult to obtain, some insurers may offer optional riders on life insurance plans, such as accelerated death benefits and benefits restoration. These riders advance insureds a portion of the death benefit upon diagnosis of a terminal illness and can restore the death benefit when the insured passes away. While different than long-term care insurance, these creative life insurance options are typically more accessible at the worksite and can provide more affordable coverage and financial peace of mind for when an insured is faced with decisions regarding end-of-life care.

¹ Council for disability awareness. "Chances of disability. Me, disabled?". [Accessed 4.12.23](#)

² BenefitsPro. "Rising tide lifts all boats for surging voluntary benefits." July 19, 2022. [Accessed 4.12.23](#)

³ Aflac. "Aflac Workforces Report: Workplace Benefits Trends Executive Summary." Published Nov. 2023. [Accessed 4.12.23](#)

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