**disability insurance.** A program that pays a worker a percentage of their income if they become ill or are injured and unable to work.

**short-term disability.** Disability coverage that pays a portion of a person's income for up to three months.

**long-term disability.** The disability coverage that begins after short-term disability expires, typically replacing 40% to 60% of pre-disability income.

**workers' compensation insurance.** An insurance policy that covers about two-thirds of a worker's income if he or she suffers a disabling illness or injury on the job.

**renewability.** The requirements to renew a policy if it lapses.

**cost of living adjustments.** A change in benefit payments corresponding to the change in the cost of living.

**future purchase option.** A feature of an insurance policy that gives the policyholder an opportunity periodically to increase his or her policy's benefit amount without having to take a medical exam.

**Social Security Disability Insurance (SSDI).** A social insurance program that pays benefits to disabled persons who cannot work for a year or more. Funding for the program comes from payroll taxes.

**long-term care.** Intensive and on-going care needed because of health challenges.

**long-term care insurance.** Financial protection that pays the costs of care for long-term, chronic conditions, such as Alzheimer's or Parkinson's disease.

**Medicare.** A public health insurance program run by the federal government that provides health insurance for Americans age 65 and older.

**Medicaid.** A public health care program that functions as a social safety net and covers low-income Americans.

**indemnity policy.** A fixed benefits amount that is paid regardless of actual costs incurred.

**expense-incurred policy.** A policy in which a maximum benefit amount is selected upfront. This plan will only pay up to the cost of treatment, and the participant will not retain the difference for services that do not reach the maximum benefit amount.

**pooled benefit policy.** A policy that pays the actual cost of care up to the maximum daily benefit stated in a policy. If the maximum daily benefit is more than what is needed to pay for care, the remaining money goes toward extending your benefit.

**partnership long-term care policy.** A way to qualify for Medicaid without first expending all assets. For every dollar a policy pays in benefits, this policy will protect a dollar of assets.

**life insurance.** Pays a benefit to beneficiaries when the insured dies.

**proof of insurability.** A part of acquiring an insurance policy that requires a medical exam as well as information provided on the insurance company's application. This information determines the rate of the insurance policy.

**insurable interest.** Having or receiving a benefit from the person, such as financial support, makes that person a source of insurable interest.

**term life insurance.** A life insurance policy that covers a person over a set period of years, usually from zero to 30.

**permanent life insurance.** A policy that lasts for life, also known as whole life insurance, which pays a death benefit to beneficiaries and contains a savings component.

**cash value component.** The savings account portion of a permanent life policy.

**surrender value.** The cash value, minus certain expenses, a policyholder receives as a payout after cancelling a qualified insurance policy.

**rate of return.** The amount of money an investment makes.

**dividend.** A voluntary periodic payout from company profits to policyholders with qualifying life insurance policies.

**guaranteed minimum interest rate.** Money in an account will earn at least the specified rate of return.