

# Graded versus Level Premiums for Disability Insurance

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I had a question from a reader:

*Wanted to ask you about going with a graded vs. level premium for my DI. Again, I am 33, just starting my practice, and expect to have a significant retirement account in the future. Currently no debt and approx \$200k in my portfolio.*

*What would you do in this situation? I read on your blog how you would consider dropping the DI in your early 50s. If that is the case. makes sense to just keep the graded premium as the benefits of going with level do not arrive until around age 53.*

First off, this reader is obviously doing something right- \$200K portfolio and no debt at 33, not to mention he reads my blog. But I have to confess, I hadn't even looked into this aspect of disability insurance. When I got my policy a few years ago I wasn't offered a graded premium option (i.e. premiums are lower to start with, then get more expensive as you get older). I expect to buy some more disability in the next year or so and I'm definitely going to ask about a graded premium and compare.. If the total cost of the premiums is less for a graded premium option between the time of purchase and the most likely time of cancellation, then it's just about a no-brainer to take it. Obviously, something could happen- your earnings go down, you get divorced, your portfolio underperforms your expectations, your spending goes up- that would delay your financial independence, but it seems a pretty good bet to make to me.

