

# Know the difference between four types of disability insurance benefits



It can be difficult to keep all the different types of disability insurance straight. What's the difference between short- and long-term disability insurance? What about employer-paid or supplemental disability insurance versus Social Security disability benefits versus workers' compensation?

It's important for benefits administrators to know the ins and outs of disability insurance — both as you're selecting benefit plans for your workforce, and for the time when an employee needs to file a claim. Use this cheat sheet to get up to speed.

## Short-term disability insurance

Short-term disability insurance typically helps cover employees experiencing a temporary covered illness or injury that keeps them out of work for a period of around three to six months, though the length depends on the specific policy. A short-term disability policy typically pays employees a greater portion of their income than a long-term disability policy. Also, the "elimination period" — the amount of time that employees must wait to begin collecting benefits — for short-term disability insurance is usually only about two weeks or less. However, short-term disability policies only allow employees to collect benefits for a span of months, rather than years. Common triggers for short-term disability claims include accidental injuries, cancer and pregnancy, which is technically considered a "disability" for purposes of leave and other employee benefits in some states.

## Long-term disability insurance

A long-term disability policy pays employees a smaller share of their income than short-term disability insurance, but does so over a longer period of time. Benefit periods can extend for a certain number of years, or until employees reach retirement age, depending on the plan. Because the potential lifetime benefit of a long-term disability policy is much greater than that of a short-term plan, premiums for long-term disability coverage are typically higher. The elimination period for long-term coverage may extend up to six months or more. Common sources of long-term disability insurance claims can include musculoskeletal disorders, cancer and mental health issues.

### Short-term disability insurance vs. long-term disability insurance: Should my employees have both?

It is common for people to carry both short- and long-term disability coverage, with the short-term policy providing benefits during the elimination period before the long-term policy kicks in.



## Social Security Disability Insurance

Often referred to as SSDI, Social Security Disability Insurance pays benefits to any person who sustains a qualifying disability, so long as the person has worked long enough (and recently enough) and paid Social Security taxes on his or her earnings. For instance, a 50-year-old typically needs seven years of work credits to qualify for SSDI.<sup>1</sup>

Unlike many private disability insurance policies, SSDI only helps cover employees who are completely unable to work due to a severe, long-term, total disability. This means that the disability must prevent an employee not only from carrying out his or her current job, but also prevent the person from working in any other capacity. (There are some conditions that allow a person to work part time and still receive SSDI, but there is a strict income cap.) SSDI has a five month waiting period. The majority of claims are initially denied, and the appeals process can be lengthy due to being a multistep process.<sup>2</sup>

## Workers' compensation

Workers' compensation insurance (often called "workers' comp" or "workman's comp") only helps cover disabilities that stem from workplace-sustained injuries or illnesses. Most states require companies with employees to carry workers' compensation insurance, and requirements vary from one state to another.

Generally, workers' compensation works when employees become injured or sick due to a work-related cause, and they have a certain period of time to report their condition to their employer. Then, the company can file a claim on behalf of the employee with a state Workers' Compensation Board or other agency responsible for processing claims. Employers are also required to quickly report incidents to the Occupational Safety and Health Administration.

Workers' compensation insurance helps cover disabilities such as carpal tunnel, back injuries from repetitive movement, lung damage from inhaling toxic substances, workplace falls and injuries sustained in work-related automobile accidents. However, workers' compensation does not cover injuries that occur off the job.

## Short- and long-term disability insurance vs. Social Security Disability Insurance and workers' compensation

Unlike workers' compensation insurance, both short-and long-term disability policies can help cover employees regardless of whether their disabilities stem from workplace injuries. And unlike Social Security Disability Insurance, both short-and long-term disability insurance require employees or their employer to buy a policy to obtain coverage.

Get started on helping to protect your workforce with disability coverage from Aflac. Contact your Aflac benefits advisor today, or complete the "Request Info" form at [Aflac.com/business](https://www.aflac.com/business).

<sup>1</sup> Social Security Administration. "Social Security Credits." [Accessed 2.11.25](#).

<sup>2</sup> Social Security Administration. "Understanding Supplemental Security Income Appeals Process - 2024 Edition." [Accessed 2.11.25](#).

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