



Supplemental Group Long Term Disability Insurance (LTD)



Supplemental Group Long Term Disability (LTD) Insurance allows employees to voluntarily purchase additional LTD Insurance at reduced group rates.

National Insurance Services Offers Two LTD Programs:

Buy-Up to 85% Benefit

This plan allows employees to increase their basic employer-paid coverage up to 85% of their pre-disability earnings*. The 85% benefit is limited to two years if the employee does not begin receiving Social Security Disability Income Benefit and the State Retirement Benefit during the initial two-year period. As long as the employee continues to receive income from both programs, the 85% is extended for the duration of the disability (subject to the maximum benefit period in the employer's core disability plan). All employees who apply for this coverage are subject to medical questions and insurance may be declined.

One-Year, 85% Accident-Only Benefit

For a very small cost (usually \$1 per month), employees can opt for the one-year accident benefit. This will increase the employee's benefit to 85% of pre-disability earnings** for one year if they become disabled due to an accident. Medical questions will not be asked on this plan. Any employee who fails to qualify for the Buy-Up to 85% Benefit

(above) will be automatically enrolled in this accident-only benefit.

Note: Only 10 participants are required to begin the coverage. If less than 10 participants enroll, the offer may be withdrawn.

Why Increase Long Term Disability Insurance?

Employer-Paid Disability Benefits are Taxed

A standard Long-Term Disability benefit is 662/3% of pre-disability earnings*. This means that if your employee became disabled and could not work, s/he would be eligible to receive 662/3%* of current income. However, since the benefit is employer-paid, that 662/3%* is subject to income tax, leaving the employee with less income than they may have anticipated.

Employee-Paid Disability Benefits are Not Taxed

Given the example above, if that same employee took advantage of this LTS Disability Insurance, they could increase their benefit from 662/3* to 85%*. This additional benefit is not taxable, because the

(over)

employee pays the insurance premium payment. (Please note: the premium payment must be paid with after-tax dollars in order for the benefit to be non-taxable.) Please see your tax adviser for advice.

Please note:

- This benefit is not available in all states.
- If you choose to offer this supplemental plan, the insurance carrier does not allow a “minimum benefit” under your standard employer-paid disability benefit. See your sales or service representative to explain.
- This policy has exclusions, limitations, reductions and terms under which the policy may be continued in force or discontinued. For costs and complete details of the coverage, call or write your insurance agent or the company.

**Subject to the Long Term Disability maximum monthly benefit and reduced by Deductible Income.*

***Subject to a maximum of the lesser of the Long Term Disability maximum monthly benefit or \$500, reduced by Deductible Income.*



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Policy Underwritten by:

