

Long-Term Supplemental Disability Insurance

Long-Term Supplemental (LTS) Insurance allows employees to voluntarily purchase additional Disability Income Replacement Insurance at reduced group rates.

National Insurance Services Offers Two LTS Programs:

Buy-Up to 85% Plan

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 qualify for and does not receive both Social Security Disability Income and the State Disability Benefit. 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 benefit duration 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 Plan

For a very small cost (usually \$1 per month), employees can opt for the one-year accident plan. This plan 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% Plan (above) will be automatically enrolled in this accident-only plan.

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 If less than 10 participants enroll, the offer may be withdrawn.

(over)



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 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.*
- *Benefits are subject to the conditions, exclusions, and limitations of the certificate.*

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