



PROTECTING INCOME:

3 OUT OF EVERY 10 WORKERS BETWEEN THE AGES OF 25 AND 65 WILL EXPERIENCE AN ACCIDENT OR ILLNESS THAT KEEPS THEM OUT OF WORK FOR 3 MONTHS OR LONGER

Long Term Disability (LTD) is an important offering of any well rounded benefit plan. It protects your employees from the financial hardship should they become unable to work due to illness or injury.

OVERVIEW OF THE VSU PLAN

- Elimination Period – 90/150 days
- Maximum Mo. Benefit \$10,000
- Primary Benefit Coverage: 60%
- Secondary Benefit Coverage: 70%*

**Unique feature for all this plan (see benefit examples)*

How are benefits calculated?

If you are disabled after the elimination period, your monthly benefit will be calculated as follows:

1. Multiply your pre-disability earning by 60%
2. Multiply your pre-disability earning by 70%; and from that number subtract all other income benefits
3. Identify the maximum benefit shown in the schedule of insurance; and
4. From the least amounts determined in 1), 2), and 3) above, subtract any earnings from any employer or from any work not earned from rehabilitative employment

Return to work incentive:

While disabled, if you are able to return to work on a limited basis, income earned will not offset your disability income benefit as long as the combined amount does not exceed 100% of pre-disability income. This incentive lasts for 12 months.

BACKDOOR INTEGRATION RIDER

The backdoor integration rider included in the VSU disability plan calculates the benefit amount at a higher percentage (70%) if the claimant is receiving other income benefits (OIBs) instead of the standard benefit percentage (60%) that is often used in a direct integration disability benefit calculations. This rider provides VSU employees an additional layer of income protection, since it pays at a higher percentage when there are OIBs. Other income benefits occur most often in a total disability situation when a claimant needs all the money they can get. In these types of situations there is also less chance for a disincentive to return to work.

SAMPLE CALCULATION

An employee has a salary of \$4,881 per month and a Social Security Disability award of \$1,303 per month.

Using the 70% backdoor integration calculation the benefit is $70\% \times \$4,881 = \$3,417 - \$1,303$, resulting in a \$2,114 per month net benefit amount.

Without the 70% alternative backdoor integration, the benefit would be $60\% \times \$4,881 = \$2,929 - \$1,303$ resulting in a \$1,626 per month net benefit amount.

In this example the employee receives an additional \$488 per month, which equals a 30% richer benefit.