

# Fixing Discrimination in Executive Disability

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# Typical Group LTD Plan

- 60% of Salary up to \$10,000 per month
  - The more you make the less valuable the plan
- Benefits received as taxable income
- 2 yr own occupation rule
- Offsets can include:
  - Social Security Primary or Family
  - Workers Comp
  - Retirement
  - Other payments



# Disability Replacement Income

Disability Replacement



# How the Group Plan Works

Annual Pay	Monthly	Group Disability Benefit	Group Plan Replacement Ratio
\$50,000	\$4,166.67	\$2,500.00	60%
\$75,000	\$6,250.00	\$3,750.00	60%
\$100,000	\$8,333.33	\$5,000.00	60%
\$125,000	\$10,416.67	\$6,250.00	60%
\$135,000	\$11,250.00	\$6,750.00	60%
\$145,000	\$12,083.33	\$7,250.00	60%
\$150,000	\$12,500.00	\$7,500.00	60%
\$175,000	\$14,583.33	\$8,750.00	60%
\$200,000	\$16,666.67	\$10,000.00	60%
\$225,000	\$18,750.00	\$10,000.00	53%
\$250,000	\$20,833.33	\$10,000.00	48%
\$300,000	\$25,000.00	\$10,000.00	40%
\$350,000	\$29,166.67	\$10,000.00	34%
\$400,000	\$33,333.33	\$10,000.00	30%
\$450,000	\$37,500.00	\$10,000.00	27%
\$500,000	\$41,666.67	\$10,000.00	24%



*\$10,000 Group Disability Plan*

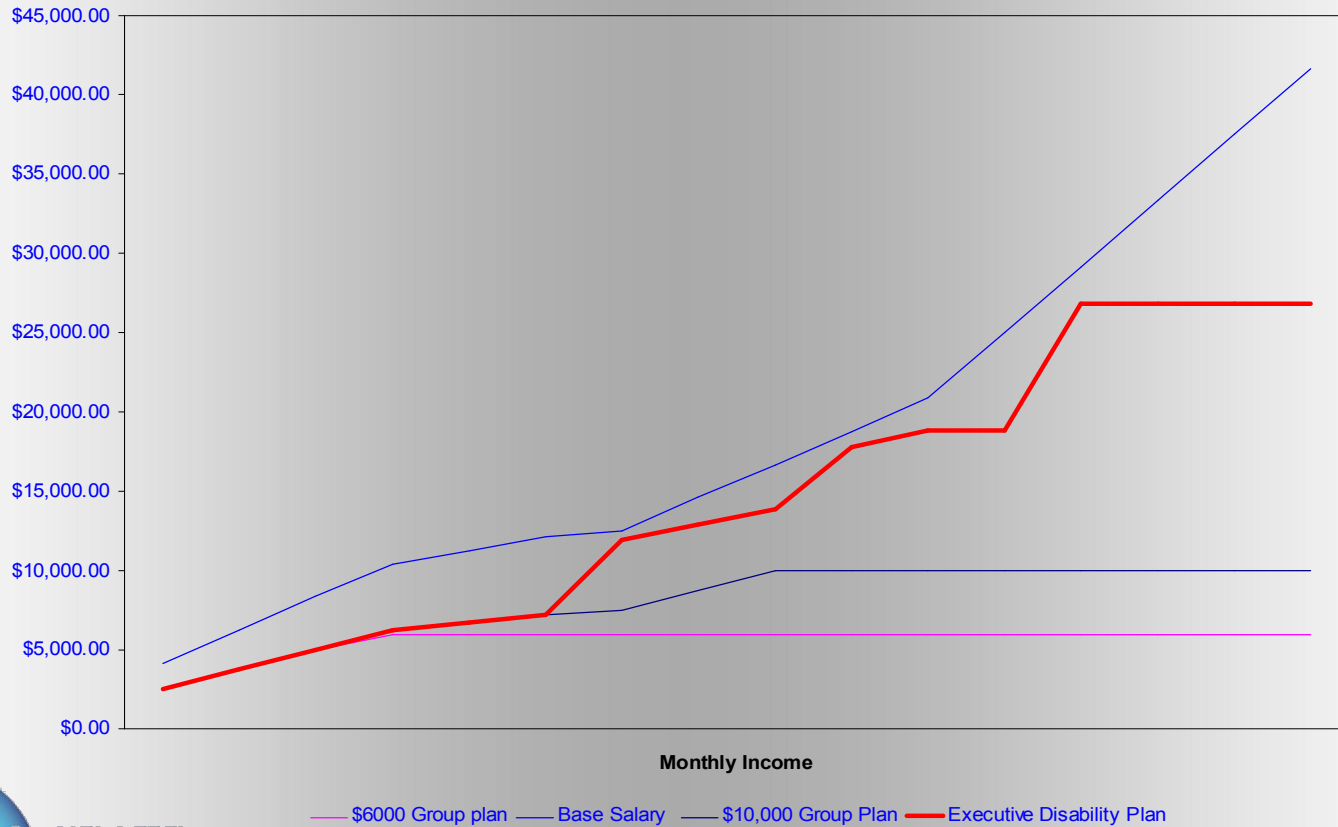
# Protecting Executives

- **Offset** the declining value inherent in group plan
- **Provide** a tax free benefit
- **Non integrated** – *No offsets*- benefits are on top of the group plan and any other benefit the executive might receive
- **Catastrophic Disability Protection** –(doubles benefit when an individual cannot perform 2 of 6 ADL)
- **COLA Protection**
- **Portable** – Executive can take it with them if they leave the company at the same rate
- **Guaranteed issue** – Policy cannot be cancelled except for non payment of premium
- **Own occupation rule** to age SS Retirement Age



# Income Replacement w/Executive Disability Plan

Disability Replacement with Executive Disability Feature



# Sample New Plan Scenario

Annual Pay	Group Disability Benefit	Group Plan Replacement Ratio	Ratio w/New Plan -Three tier/ Max 10,000 base benefit
\$50,000	\$2,500.00	60%	60%
\$75,000	\$3,750.00	60%	60%
\$100,000	\$5,000.00	60%	60%
\$125,000	\$6,250.00	60%	60%
\$135,000	\$6,750.00	60%	60%
\$145,000	\$7,250.00	60%	60%
\$150,000	\$7,500.00	60%	95%
\$175,000	\$8,750.00	60%	88%
\$200,000	\$10,000.00	60%	83%
\$225,000	\$10,000.00	53%	95%
\$250,000	\$10,000.00	48%	90%
\$300,000	\$10,000.00	40%	75%
\$350,000	\$10,000.00	34%	92%
\$400,000	\$10,000.00	30%	80%
\$450,000	\$10,000.00	27%	71%
\$500,000	\$10,000.00	24%	64%

