

# Executive LTD Issues Protection Shortfall



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## Educating Employers about Hidden Gaps in Executive LTD Coverage

### Common insurance plan limits on non base comp result in devastating loss to disabled executives

For nearly ten years, Balsler Companies has been helping its clients rethink how to best handle the costs and coverage of long term disability (LTD) insurance for executive employees. Too often companies have not been educated on the new plan designs and alternative approaches available today— and as a result are paying too much for a less meaningful disability benefit, especially for executives. Fortunately, we offer this expertise.

Nearly all plan sponsors have diligently searched to secure affordable disability insurance to combat rising costs. Proposals are requested and reviewed. Then selected and negotiated. However, without analysis of the company's employee population and restructuring the LTD benefit to suit various compensation types and levels, what are you paying for?

Typical LTD plan features include limits that are not adequately covering highly compensated employees. Most group long-term disability programs pay *only* 60% of an employee's salary, offer costly buy-ups, and also fail to protect retirement plan contributions that would have accumulated over the employee's working life.

Given Balsler works with larger employers who often retain outside consultants -- benefit generalists-- to help them manage the menu of offerings and annual enrollments, it may be surprising to learn that our executive focus is not only necessary to build the right solution but also cost-effective, popular and a win-win for the parties involved.



# Protecting Savings

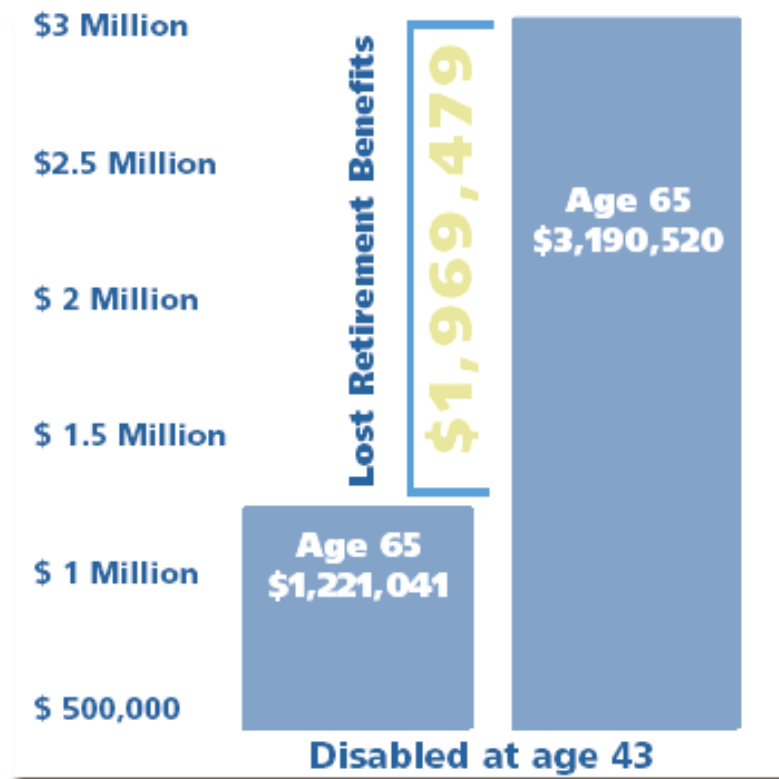
## Executive Disability Issues

Disabilities have a devastating impact on an executive's retirement nest egg in two ways:

One common LTD shortfall is the issue of how retirement contributions cease. A second issue is how disabled people use their existing retirement nest egg to coverage uncovered care costs. With a typical corporate long-term disability plan, for example, the employee illustrated will have a considerable reduction in income, and at age 65 will receive 61% less in retirement benefits from the individual's 401(k) plan.

Supplemental disability insurance covers bonus, retirement contributions and other forms of compensation. It stabilizes or even reduces disability premiums and liability risk— and provides your valued employees with portable and permanent policies.

Balser Companies is one of the country's largest writers and administrators of non experience rated disability coverage in the corporate marketplace..



Example: Employee disabled at 43 years old. Pre-tax compensation: \$200,000. After tax: \$120,000. 401(k) balance at age 43: \$150,000 with max-out contribution of \$16,500 per year. Includes company match (.50 up to 6%) at an estimated 10% return on investment. Qualified plan limits increased yearly for inflation.

