

Supplemental LTD



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Although your company's LTD provides a basic level of insurance and is a good safety net, some people find that group benefits are not enough to cover all their living expenses during a disability.

Disability Impact

What if your income stops while life keeps going?

A weekend sports injury.
A bad back. A car accident
A serious illness.

Any of these could affect your ability to work. Should an illness or injury strike, out-of-pocket expenses — not to mention lost time on the job — could have a tremendous impact on the financial well-being of you and your family. Fortunately, at no cost to you, your employer provides group disability benefits to give you a basic source of income if you can't work due to a disabling accident or sickness. These benefits shouldn't be taken for granted, since only 65% of U.S. employers offer employer-paid Long Term Disability income protection.¹

PROBABILITY OF DISABILITY

While the average American is between the ages of 35 and 65, he or she runs a 30% risk of suffering a disability of three months or longer. And once a person has been disabled for 90 days, the average length of disability is 2 years!²

DURATION

	Average Age Years	
25	1.9	
30	2.2	
35	2.5	
40	2.7	
45	2.9	
50	2.8	
55	2.5	

¹ Employee Benefit News and John Hewitt & Associates, Disability and Absence Management Survey Results, 2001.

² Commissioner's Disability Table A, Society of Actuaries, 1985. Chances of disability occurring before age 65 and lasting longer than 90 days.



Supplemental Disability Income Protection

How much income protection is enough?

Tax-free benefits

Since you pay the premiums, supplemental income protection benefits are not taxable as income.

Discounted rates

By purchasing coverage as part of an employer group, you receive substantial discounts not available to you on your own.

Reliable coverage

Individual policies offer reliable coverage provisions that cannot be changed as long as premiums are paid on time.

Portability

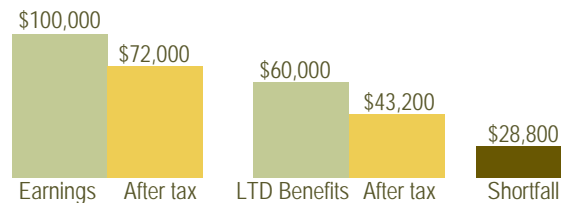
Will you ever change jobs? Your group disability coverage may not be portable, so the coverage can end if you leave the company. This could leave you unprotected while between jobs or if your new employer has no group plan. You own the supplemental policy and can take this coverage with you if you change jobs.

In determining your total income protection needs, you need to consider the following:

Have you considered taxes?

Since your employer pays the premium for your basic group Long Term Disability insurance, benefits you receive from that program would be taxable under current IRS law.

Will 60% of your take-home pay be enough during a disability?



Example assumes that Group LTD covers 60% of base income with a 28% tax level.

Could you keep saving?

During a long term disability, your 401(k) contributions and employer matches would probably stop. Would you have enough income under your current plan to keep your saving strategy on track?

Duration of disability	Lost 401(k) contributions	Projected value at age 65 ³
5 years	\$15,000	\$55,840
10 years	\$30,000	\$97,567
15 years	\$45,000	\$128,748
25 years	\$75,000	\$169,459

³ Assumes age 40; 5% contribution of pre-disability income to 401(k) with employer match of 50%; 6% annual return on investment; and \$40,000 gross annual income.

