



The differences in offering supplemental Individual Disability Income insurance (IDI)

— versus group Long Term Disability (LTD)

	Supplemental IDI	Group LTD
Plan objective	<ul style="list-style-type: none"> • Designed specifically for the income protection needs of highly-compensated employees • Fills in the “gaps” left by Group LTD which can restore income replacement ratios to appropriate levels • Enhanced benefit offering designed for recruitment, retention, and reward 	<ul style="list-style-type: none"> • Designed to meet basic income protection needs of full-time benefit-eligible employees • Simplified definitions with key benefit offset provisions
Traditional policy and plan details	<ul style="list-style-type: none"> • 60%-75% total income replacement up to the Guaranteed Standard Issue (GSI) offer • Covers salary + incentive compensation • Flexible policies typically allow for customization of options and riders • Own-Occupation, definition of disability through the benefit period (specialty “own-occ” also available) • For Employer-Paid cases, premiums can be “grossed up” to provide tax-free benefits. For voluntary enrollments, tax-free at time of claim • Coverage is individually-owned by the employee and fully portable (including discount) • Premiums are fixed to age 65 and guaranteed renewable after age 65 • IDI claims do not affect Group LTD claims experience • Benefits paid do not offset with any “other income benefits” received at time of claim 	<ul style="list-style-type: none"> • Typically 60% of salary up to monthly benefit maximums • 2 year Own-Occupation, definition of disability, any occupation thereafter • Premiums are typically Employer-Paid, which means a taxable benefit at time of claim. “Tax Choice” or “Gross Up” options available • Coverage is “rented” — the company owns the contract • Rates are not fixed (rates guaranteed only for a specific time, then can be increased) • Coverage is not portable • Incurred claims are charged to the Group LTD claims experience • Benefit amounts offset with any “other income benefits” received (e.g., Social Security, workers’ compensation, vacation, and sick days, etc.)
Underwriting and policy issue	<ul style="list-style-type: none"> • Available on a GSI basis with no medical underwriting required • No Pre-Existing Condition limitation during initial enrollment 	<ul style="list-style-type: none"> • No medical underwriting for base Group LTD plan if obtained upon initial eligibility • Pre-Existing Condition limitations apply

As a result, a one-size-fits-all income protection strategy can limit highly compensated employees. Implementing a Supplemental IDI GSI program can enhance the company's benefits package, fill in important gaps in coverage, and help upgrade the client's income protection program for employees who need it the most.

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