

KEEP YOUR KEY EXECUTIVES COVERED FROM THREE KEY SHORTFALLS

Long-term disability insurance is great, but does it cover everything? Combine LTD with individual DI insurance to make sure your executives are covered.

Much of your company's success depends on the talents of your key executives. But keeping the people who keep the business going is easier said than done. Higher pay is only one of the answers. Combining group long-term disability (LTD) with individual disability income insurance (DI) can be a vital part of the solution.

MIND THE INCOME PROTECTION GAP

How many of your company's executives would have to spend their savings if they lost their income due to an illness or injury? The typical stand-alone group LTD plan usually limits the amount of income protection available to top executives. These plans often make your company's highest earners fall victim to the gap, with only 30–50 percent of their income protected, while most rank-and-file employees achieve more significant income protection.

Many executives don't know this gap exists — until it's too late. Consider these shortfalls:

- **Shortfall #1:** The 60 Percent Illusion – The taxability of an employer-paid LTD benefit causes the take-home benefit amount to be less than the expected amount of income protection perceived by the employee.
- **Shortfall #2:** Salary Only – The definition of earnings within a group LTD plan usually excludes bonuses and other incentives. That means that all of a key employee's income may not be protected.
- **Shortfall #3:** Reverse Discrimination – The maximum group LTD benefit in the plan puts a cap on some highly compensated executives. The result? They have less of their income protected than rank-and-file employees.

AN INTEGRATED SOLUTION

There are many ways you can solve the income protection gap with group LTD, but they can increase the rate of the entire plan. But when we expertly combine group LTD with individual DI coverage, you get a solid, well-thought-out plan that can deliver big benefits to your top earners while helping to keep your company's costs in check.

Executive Benefits

- Individual DI transfers the risk to a non-cancellable, fixed-rate contract with level premiums.
- Provide maximum income replacement ratios.
- Permanent rates go to age 65.
- DI policies can be offered as guaranteed standard issue, meaning there are no medical exams.
- Premium discounts are portable if the executive leaves the employer.
- With an employee-paid offering, an executive can receive a tax-free individual DI benefit.

Employer Benefits

- Packaged pricing discounts are available with many group LTD carriers when individual DI is added.
- Competitive bidding is high with group LTD carriers when the maximum benefit isn't increased.
- LTD rate volatility is reduced when risk is spread among a combination of group LTD and individual DI.

MEET THE EXPERT



Keith Hoffman, VP
Disability

Keith is responsible for Disability at NFP, a single platform providing sales and support services to all of NFP's distribution channels. During his 11 years, NFP has become ranked Top 10 in *Best's Review* of Top Global Insurance Brokers providing over 50,000 individual disability policies to corporate clients, including many of the Fortune 500, representing over \$70 million of in-force premium. For over 25 years, Keith has been educating and motivating advisors on the merits of income protection through training and support. He's active in US Masters competitive swimming, where he recently won a gold medal in the 2014 Masters Swimming World Championships. He is on the Board of Directors for UstOO (the largest educational and awareness non-profit for prostate cancer) and is a patient advocate in the fight against cancer both locally and nationally for the U.S. Department of Defense through the Congressionally Directed Medical Research Program.