

LONG-TERM DISABILITY INSURANCE from Lincoln Financial Group

What is long term disability insurance? Long-term disability insurance protects a percentage of your income should you become disabled and unable to work. The average worker faces a 3 in 10 chance of suffering a job loss lasting 90 days or more due to a disability.

How much of my income will be protected?

There are three benefit levels:

Level 1 protects 50% of your income, up to a maximum of \$2,000 a month of tax free benefit.

Level 2 protects 60% of your income, up to a maximum of \$4,000 a month of tax free benefit.

Level 3 protects 60% of your income, up to a maximum of \$7,000 a month of tax free benefit.

There is a Cost of Living Adjustment (COLA) feature on the plan as well. It increases the benefit after disability by 3% annually, for 5 consecutive years.

How much does it cost?

The rates for each benefit level are the same for everyone, but the premium is tied to your income (because your benefit amount is based on your income). To illustrate, an employee making \$50,000 annually who is participating in Level 3 will pay \$11.66 a month for a \$2,500 tax free starting monthly benefit. Your premium can be calculated using the formulas below:

Level 1: Monthly Earnings (capped at \$4,000) X .00146= Monthly Premium

Level 2: Monthly Earnings (capped at \$6,666) X .00237= Monthly Premium

Level 3: Monthly Earnings (capped at \$11,666) X .00280= Monthly Premium

Premiums are paid through payroll deduction.

Monthly gross salary: _____ X .00146 = _____ monthly premium for Level 1

Monthly gross salary: _____ X .00237 = _____ monthly premium for Level 2

Monthly gross salary: _____ X .00280 = _____ monthly premium for Level 3

If I become disabled, when will my benefits begin?

Level 1: benefits begin 180 days after the disability occurs.

Level 2: benefits begin 120 days after the disability occurs.

Level 3: benefits begin 90 days after the disability occurs.

What if I can still work in some capacity?

Lincoln does offer a partial disability benefit which allows an individual to earn up to 100% of pre-disability income between a combination of earnings paid from your employer and LTD benefit.

What is the definition of disability?

The plan protects you in your own occupation for 36 months; thereafter, the definition becomes any occupation for which you are reasonably suited based on your experience, education, or training.

Are there any limitations on the coverage?

Mental/nervous and substance abuse disorders are subject to a two year limitation. However, dementia and Alzheimer's are covered for the full benefit period.

What is the benefit period?

To Social Security Normal Retirement Age. For example, if you are 40, your SSNRA is 67, so you will have 27 years of benefit if you remain disabled. If you have coverage and are currently over 61, there is a benefit period table that reduces from 5 years to 1 year.

What is a pre-existing conditions clause?

A disability due to a pre-existing condition is excluded. A pre-existing condition is an injury or sickness that occurred during the three months prior to your effective date of coverage. After you are covered for a year, no pre-existing clause will apply.