

# Group LTD Checklist



## ☉ **Income replacement percentage**

- What percentage of income is covered?
- Determine if the plan will cover 60%, 65%, 66%, or some other percentage of income.

## ☉ **Maximum monthly benefit**

- What is the maximum monthly benefit?
- Does the policy cap out at \$10,000, \$15,000, or \$20,000/month?

## ☉ **Maximum benefit duration**

- How long does this benefit pay?
- Check for "Age 65," Social Security Normal Retirement Age (SSNRA), or some other duration.

## ☉ **Premium payor (taxability)**

- Who pays the premium?
- If paid by the employer, then the premium is likely deducted and therefore the benefit will be fully taxable as income at claim time.

## ☉ **"Covered income"**

- Is total income covered, or just base salary?
- Your clients need more than a fraction of their base salary. Be sure to check incentive comp, bonus income, and stock options.

## ☉ **Definition of total disability**

- How strong is this contract?
- Check the Own Occ Period. They may have to prove unable to perform Any Occupation after just 24 months. This becomes catastrophic coverage only.

## ☉ **Definition of partial disability**

- Is partial income loss covered?
- Some plans require a Total Disability first, which means a Residual Disability is not covered until completely unable to work and out on a Total claim for 6-12 months.

## ☉ **Other income (reductions)**

- Are benefits reduced by other income?
- Government benefits, pension income, investment income, and disability

## ☉ **Portability**

- Is this plan portable?
- Understand if this policy can be maintained or converted to an individual plan if there's a change in employment in the future.

## ☉ **Cancellation**

- Who is in control of this plan?
- Determine if either the employer or the carrier may be able to cancel this plan in a down year or at their discretion.

## ☉ **Rate guarantees**

- What is the premium structure?
- Rates may be age-banded or performance-based, meaning the premiums go up with age or with an increase in claims.
- payments from other sources may result in a reduction in benefits.

## ☉ **Built-in exclusions**

- Are all disabilities treated equally?
- Mental disorders and illnesses defined by self-reported symptoms may be limited to 2-5 years or even fully excluded.

## ☉ **Additional riders**

- Are there any riders available?
- Cost of living adjustments, family medical leave, death benefits, and catastrophic benefits can add value to a Group LTD plan.

If you can help your clients answer these questions, then you will have an excellent understanding of their Group Long-Term Disability plan!

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④ Income replacement percentage

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④ Maximum monthly benefit

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④ Maximum benefit duration

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④ Premium payor (taxability)

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④ "Covered income"

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④ Definition of total disability

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④ Other income (reductions)

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④ Portability

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④ Cancellation

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④ Rate guarantees

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④ Built-in exclusions

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④ Additional riders

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