WHAT IS AN INTEGRATED DISABILITY INCOME PLAN?

A nonqualified executive benefits plan that provides the additional disability income coverage needed by a highly compensated executive to achieve adequate income replacement in the event of a disability. The supplement disability income plan uses individual disability income policies, which provide executives additional coverage on top of their group long-term disability protection.

LIMITATIONS OF GROUP LONG-TERM DISABILITY (LTD) PLANS

These plans have constraints that limit the income replacement ratio available to highly compensated executives, including:

- Compensation coverage that excludes bonus and other incentives
- Low maximum benefit levels

Increasing group LTD maximums to meet this income replacement shortfall may seem like a sensible approach to addressing this problem, but it will, in fact, create increased risk and expense, including:

- Higher group coverage costs due to increased premium rates
- Increased claims risk that spreads across the entire covered group
- Potential for new existing conditions exclusion

ADVANTAGES OF INTEGRATED DISABILITY INCOME

These plans offer significant advantages over stand-alone group LTD coverage, including:

- Enhanced income replacement (salary and bonus)
- Fixed premiums at institutional discounts
- Policies and coverage are portable
- Preservation of group LTD rate stability
- Coverage of salary, bonus, and incentive compensation

INTEGRATED DISABILITY INCOME POLICY FEATURES

- Coverage provisions and premiums are guaranteed
- No medical or financial underwriting required if group size is adequate
- Option to obtain enhanced coverage for catastrophic illness or disability
- Full benefits for mental and nervous conditions until age 65

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