



**ALASKA SHRM STATE COUNCIL**



# **DISABILITY 101: HOW TO BE A DISABILITY SUPERHERO!**

**PRESENTED BY  
TERRY ALLARD, CEBS &  
AMY GASKILL, SHRM-SCP**

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# Disability 101 aka How to be a Disability Superhero



Presented by Terry Allard, CEBS  
Amy Gaskill, SHRM-SCP

March 26, 2021

# Our Agenda



What to look for in a Group DI contract

Does everyone really have the same coverage?

PTO, Work Comp, FMLA & DI, oh my!

What's new in the industry?



# Contract Language Matters



- ▶ Definition of disability - does it matter?
  - Inability to perform material and substantial duties of regular occupation **and** experience a loss of income
  - Inability to perform material and substantial duties of regular occupation **or** experience a loss of income

# Contract Language Matters



## ▶ Limitations

- Disabilities due to mental health or substance abuse
- Self reported symptoms

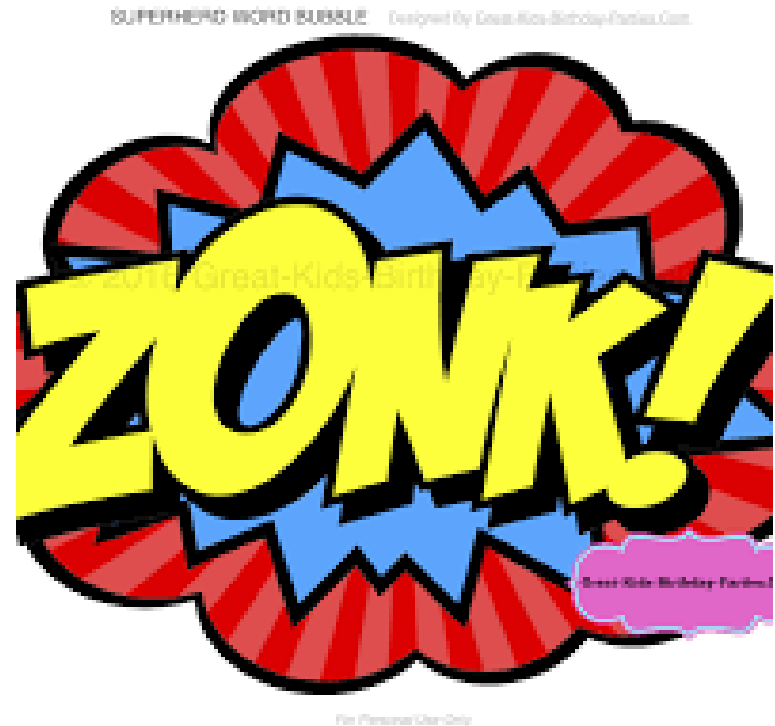
## ▶ Exclusions

- Pre-existing conditions – what is the waiting period?
  - Example 3/12, 6/6/12
- Self Inflicted injuries, participation in riot, illegal activities, loss of professional license



# What About other Income?

- ▶ What are offsets and why do they matter?
  - Workers' compensation
  - Social Security
  - Awards from auto liability no fault plan
  - Other group insurance



# More about Other Income?

- ▶ Non-deductible sources of income
  - 401(k)
  - Profit sharing
  - Stock ownership
  - Deferred Compensation





# Wait, what about Taxes?



- ▶ Are Group Disability Benefits Taxable?
  - Who pays the premium?
    - Employer paid – taxable
    - Employee paid – may be non-taxable
      - Pre-tax or after tax?
      - Gross up plans

# Is Everything Covered?

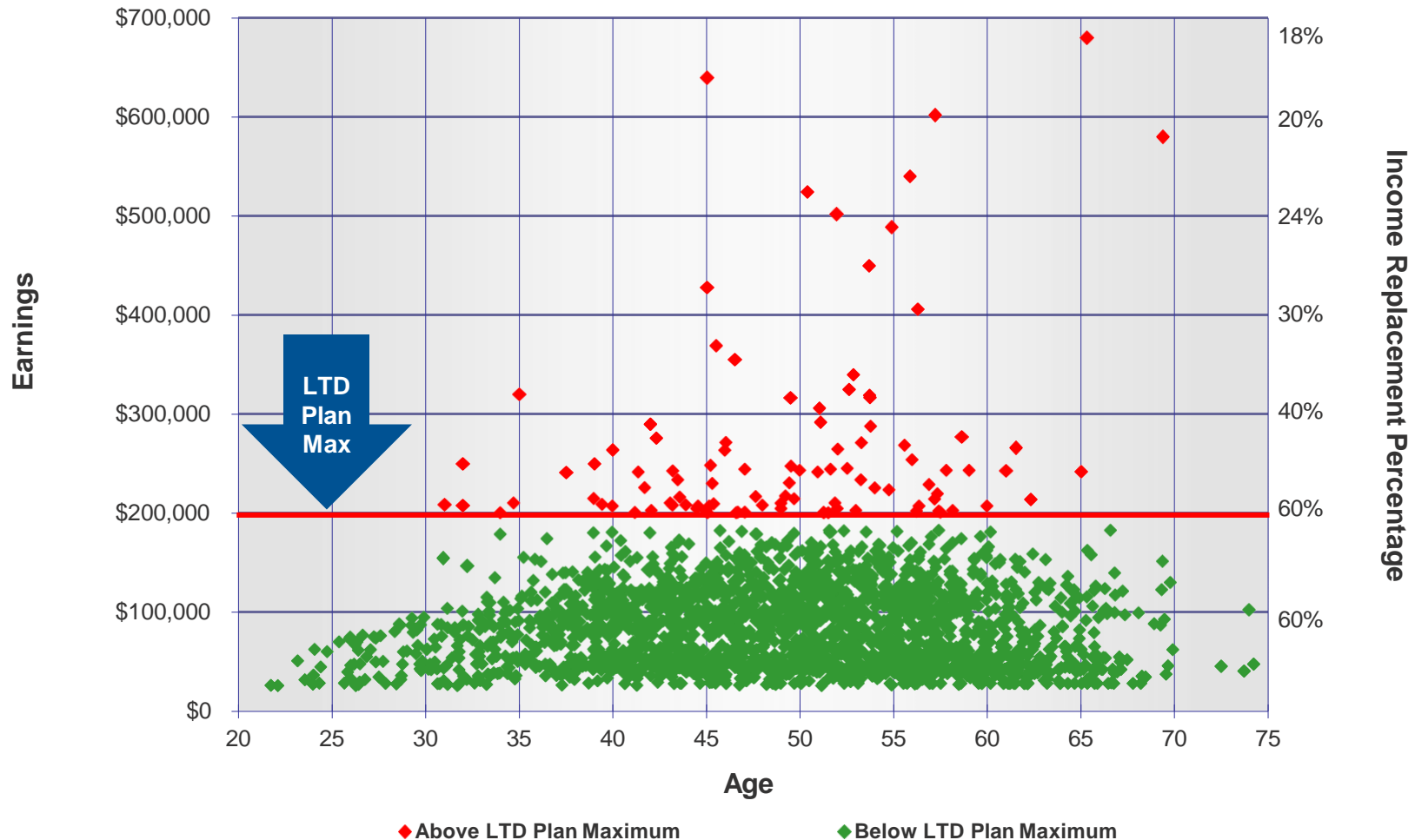


## ► Income calculation

- Are Commissions or contingent income included?
- How are owners compensated? Is all the income covered?
- What about high wage earners?
  - 60% to \$6,000/month
  - Example: \$20,000/month income
    - 60% replacement would be \$12,000
    - This person is only receiving **30%** income replacement



### Employee Distribution



**ARE YOUR CLIENTS FULLY PROTECTED?**

# Supplementing the Benefit



- ▶ Individual Disability Income
- ▶ Layers on top of the group plan
  - 60% to \$6,000/month
  - Example: \$20,000/month income
    - 60% replacement would be \$12,000
    - This person is only receiving **30%** income replacement

# Disability and Leave



- ▶ PTO or Salary Continuation
  - Employee must experience a loss of income
- ▶ Workers' Compensation
- ▶ FMLA

# Disability and Income Protection

- ▶ Retirement Plan Protection
  - All employees or specified classes only
  - Replace 401(k) contributions during disability

## Corporate Owned Life/Disability

- Replace income to the business only or split with business and employee or beneficiaries





# Trends in Disability



- ▶ COVID
  - Average 20% increase STD claims, some industries much higher (healthcare & retail)
  - Spike in leave management incidents
  - Eligibility concerns – employees on furlough/extended leave – and actively at work provision
  - Increase in employers offering disability benefits
  - Increase in Employers buying ID
- ▶ State family leave
  - Impact to pricing & offsets
  - Some employers are cancelling STD plans
- ▶ Leave administration – more employers outsourcing due to lack of internal resource & complexity with new state regulations
- ▶ Executive carve out plans (no you don't have to treat everyone the same)
- ▶ Employer funded paternity/adoption & bonding leave

**ANY QUESTIONS?**



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