

Is my employer paid Long Term Disability Plan enough?

When is 60% only 30%? by Charles J. Spencer, CLU



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## When is 60% only 30%? Beware of your Employer's Group Long Term Disability!

I always enjoyed math, but this is scary.

Many employees rely on their employer's Long Term Disability Plan to provide income for their family if they become disabled. Thankfully many companies offer this valuable benefit.

However, if you make over \$75,000 a year, be sure to read the fine print in your employee benefits manual or website.

Why? Many plans cap the monthly benefit you can receive from your group Long Term Disability Plan to \$5000 per month. For most employees that may be sufficient, but if you make over \$75,000 a year you may be getting less than 50%. Let me explain. . .

Let's suppose you make \$150,000 a year. You think your employer's group long term disability plan will provide you 60% of you salary or \$7500 per month. Think Again! Remember, your plan caps the benefit at \$5000 per month, so you do not receive \$7500 per month. You just receive \$5,000 per month. That's bad enough, but it gets worse. Since your employer is paying for the coverage, the benefits you receive are taxable. So assume you are in a tax bracket above 25% then the IRS takes another \$1250 per month in taxes leaving you with take home pay of just \$3750 per month, or 30% of your salary.

Here is the good news! You found this out **BEFORE** you became disabled and can take action to fix this shortage. Spencer Insurance can provide you a supplemental disability policy so you are not caught short. **Call us today** for a disability review at 215-885-2200 or check out our website at [www.spencerinsurance.com](http://www.spencerinsurance.com) and look for our Special Report on Disability Insurance, "**HOW TO PROTECT YOUR FAMILY WHEN YOU BECOME DISABLED AND WHAT YOU NEED TO KNOW ABOUT DISABILITY INSURANCE.**" It is under the resources section of our website.

Act now before you become disabled!