

# Supplemental Income Protection for executives

Your executives and other highly compensated employees help to drive the success of your company. MetLife can help you focus on their unique income protection needs.



**Make your coverage work for you** and increase the value of your program by choosing from several optional benefits,<sup>2</sup> including:

- Residual Disability Benefits
- Cost of Living Adjustment
- Catastrophic Disability Benefits

## Help close the gap in coverage for key employees

Employees want to protect their financial wellbeing and increasingly look to their employer for financial security.<sup>1</sup> Your executives and well compensated employees have unique income protection needs. By adding MetLife Supplemental Individual Disability Income Insurance to an existing or new group Long Term Disability (LTD) plan, you can help close a potentially critical gap in coverage for this employee segment. If you supplement your group disability coverage with individual disability income insurance policies from MetLife, you can provide your key employees with a more robust benefits program and a higher level of income protection. You get the opportunity to:

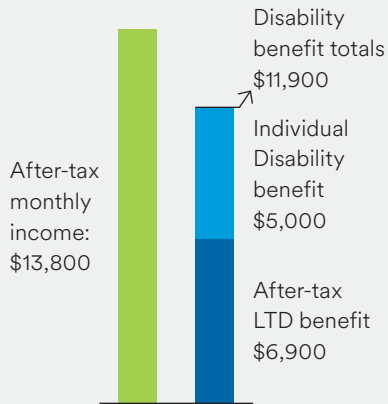
- Protect income beyond monthly maximums of the existing group plan, and
- Protect incentive compensation, like bonuses and commissions, which some group LTD plans may not cover.

## Group disability coverage alone might not be enough for some employees

Think about an executive earning a \$200,000 annual salary, plus an annual bonus of \$40,000. While they're healthy and working, they would earn a net monthly income of \$13,800 (assuming a combined 31% tax bracket for federal, state and local income taxes).<sup>3</sup>

Now think about how a disability could impact someone who only has group LTD coverage. LTD typically covers 60% of base salary only. If that were the case here, despite their high income, the monthly LTD benefit would be just \$10,000 per month. After taxes, the LTD benefit would be reduced to \$6,900 per month, representing about 50% of monthly after-tax income.<sup>4</sup>

By adding Supplemental Disability Income of \$5,000 per month, the executive can protect a total of 86% of their after-tax income.



## MetLife can design a program that's right for your company

- MetLife offers policies with robust benefit features and provisions, including Noncancelable and Guaranteed Renewable coverage available.
- Executives might qualify for guaranteed standard issue coverage, which offers simplified underwriting and premium discounts.<sup>5</sup>
- Individual disability income policies are portable, so if your employee leaves the company they can take the coverage with them.
- LTD may be offered to all eligible employees, but your highly compensated individuals can be “carved out” for additional supplemental disability income coverage.
- There are flexible payment options that allow the company to pay all, some or none of the premium. You can also choose to pay the premium via a bonus to the employee.
- You may be able to reduce the cost of your group LTD plan by decreasing the maximum benefit cap, while also making Individual Disability Income Insurance policies available to highly compensated employees.
- Benefits from Individual Disability Income Insurance policies are generally tax-free, if the employee pays the premiums with after-tax dollars.

**Get expert guidance for confident decisions — for your organization, and your employees.**

**Contact your MetLife representative today.**

1. 15th Annual MetLife Employee Benefits Trends Study, 2017
2. Optional benefits are available at an additional premium cost, and certain riders may not be available in all states, to all issue ages or to all occupational classes. Ask your representative about costs and complete details.
3. Assumes annual bonus is divided by 12 and included in monthly income.
4. Assumes premiums for the supplemental disability income insurance are employee-paid with after-tax dollars and the group LTD coverage is employer paid. Taxability of benefits depends on whether premiums are employer-paid, employee-paid with pre-tax dollars or employee-paid with after-tax dollars. Benefits attributable to employer-paid premiums, or to employee-paid premiums with pre-tax dollars, are generally taxable. Benefits attributable to employee-paid premiums with after-tax dollars are non-taxable. The amounts set forth above are shown for illustrative purposes only. Individual results will depend upon the actual circumstances.
5. Premiums and discounts are based on MetLife's unisex rates.

[metlife.com](https://www.metlife.com)

Like most disability income insurance policies, MetLife's policies contain certain exclusions, waiting periods, reductions, limitations and terms for keeping them in force. Ask your representative about costs and complete details.

For policies issued in New York: These policies provide disability income insurance only. They do NOT provide basic hospital, basic medical or major medical insurance as defined by the New York State Department of Financial Services. The expected benefit ratio for these policies is at least 50%. This ratio is the portion of future premiums that MetLife expects to return as benefits when averaged over all people with the applicable policy.

Disability income insurance is issued by Metropolitan Life Insurance Company on IDI 2000-P/NC -ML, IDI 2000-P/GR, AH7-96-CA, AH8-96-CA. June 2018.

Any discussion of taxes is for general informational purposes only, does not purport to be complete or cover every situation, and should not be construed as legal, tax or accounting advice. Clients should confer with their legal, tax and accounting advisors, as appropriate.

