

Integrated Disability Strategies

Tailored solutions enhance employee coverage & help stabilize disability costs

RCM&D's integrated disability strategy combines the benefits of group **and individual coverage**. Combining these platforms can result in a more beneficial and comprehensive long term disability insurance program.

Advantages of Integrated Disability Benefit Plans



Enhances benefits for employees



Requires no medical underwriting



Increased predictability & stability of group LTD rates

How it Works

There are three major components that make this program attractive:

Closing Shortfalls & Gaps

- ✓ Benefit maximums
- ✓ Uncovered earnings
- ✓ Taxability of benefits

Risk Transfer

- ✓ Reduced exposure
- ✓ Reduced future rate increases
- ✓ Improved benefit cost predictability

Value-Added Contractual Features

- ✓ Individually owned
- ✓ Multi-life discounts
- ✓ Funding options

Closing Coverage Shortfalls & Gaps

The most frequent reasons employers may need to enhance their group LTD coverage:

- » Supplementing monthly group LTD benefit maximums
- » Providing coverage for uncovered earnings, such as bonuses, incentive pay and commissions
- » Offsetting the taxable benefits from employer-paid group LTD coverage

Additional Coverage Plus Value-Added Features

The individual disability insurance option offers income replacement advantages for employers and employees, including:

Employee Advantages:

- » Higher level of income replacement
- » Covers compensation not typically covered by group plan
- » Guaranteed Standard Issue (GSI) underwriting offered
- » Individually owned coverage, so it's portable
- » Group discounts (larger discounts for larger cases)
- » Non-cancellable coverage means RCM&D can't change rates or contract provisions for life of contract
- » Optional benefits for catastrophic disabilities and serious illnesses can be included¹
- » Benefits do not offset with other coverage (e.g. workers' compensation or Social Security)
- » Return-to-work features – work incentive benefit, recovery provision

Employer Advantages:

- » Enhances group plan with “best of both” types of coverage
- » Provides risk diversification: experience on IDI program is not charged back to group plan
- » Meets the needs of higher earners with more comprehensive coverage
- » Personalized online and printed enrollment materials detail employees' current situations
- » Offers full benefit education and enrollment support options

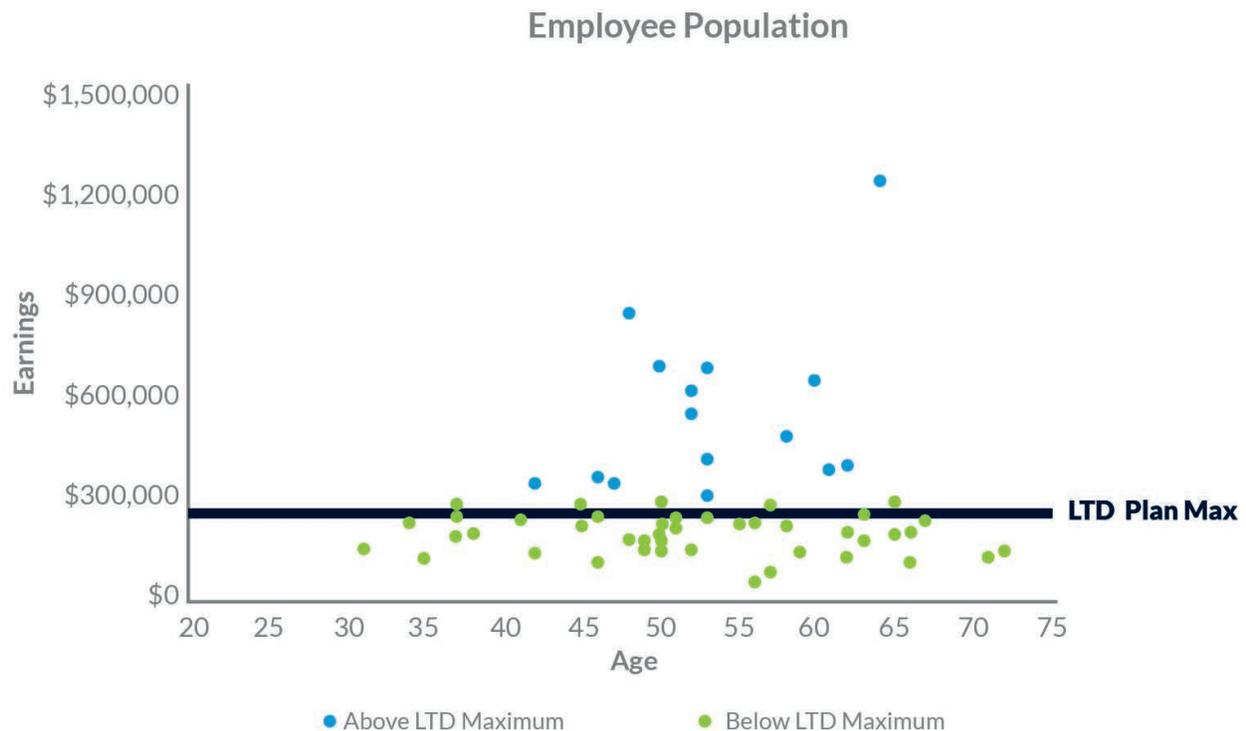




The Risk Management Component

Group LTD premiums can increase from year to year based on several factors — average age of group, demographic changes or claims experience.

The integrated plan replaces a portion of group LTD coverage with individual disability insurance — typically for higher-income employees where one claim can significantly impact plan experience. Transferring the risk to an individual plan can help bring more stability and predictability to LTD benefit costs.



Build Upon a Group Plan for Comprehensive Coverage

Group LTD plans are a cost-effective way to provide a basic level of disability coverage to all employees. Individual disability insurance plans provide features and benefits that complement the base group program. Combining these platforms can result in a more beneficial and comprehensive long term disability insurance program.

Advantages of Group LTD

- ✓ Economies of scale
- ✓ Strong base of coverage
- ✓ Variable term rate structure

Advantages of Individual Disability

- ✓ Individually owned, employer sponsored
- ✓ Value-added features & benefits
- ✓ Pooled, fixed-rate structure

Integrated Group & Individual LTD

Integrating platforms to optimize the employer's benefits plan

Questions? Talk to a trusted advisor.

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