

# Aflac Disability Insurance



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**Hosted by:**  
Integrated Benefits Account  
Management Services (IBAMS)

# ≡ Agenda



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Overview – Aflac’s vs CPF’s  
Roles and Responsibilities

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# 01

Overview

Aflac's vs CPF's Roles and Responsibilities

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# Aflac's vs CPF's Roles and Responsibilities

<b>Product</b>	<b>Reviews Disability Claims</b>	<b>Pays Benefit</b>	<b>Responsible for Tax Reporting</b>	<b>Responsible for Benefit Obligation</b>
<b>Fully Insured STD and LTD Group Disability Products</b>	Aflac	Aflac	Aflac	Aflac
<b>The Church Pension Fund STD and LTD</b>	Aflac	Aflac	Aflac	CPF
<b>ICPP- STD and LTD Disability Benefit (effective 1/1/2021)</b>	Aflac	CPF	CPF	CPF
<b>Lay DB Plan – Disability Retirement benefit</b>	Aflac	CPF	CPF	CPF

# 02

## Fully Insured Disability: Important Plan Options, Eligibility and Enrollment Rules

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# Insured Coverage Options & Choices

- Short-term disability insurance options
  - Funding: Employer-paid or employee-paid
  - Maximum Duration: 13 weeks or 26 weeks
  - Percent of pay: 60% or 66.67%
  - Maximum **weekly** benefit: \$1,500
- Long-term disability insurance options
  - Funding: Employer-paid or employee-paid
  - Elimination period: 90 days or 180 days
  - Percent of pay: 40%, 60% or 66.67% (Employer-Paid), 50% (Employee-Paid)
  - Maximum **monthly** benefit: \$5,000 or \$7,500 (\$5,000 for Employee-Paid)

# Eligibility

- All plans
  - 20 compensated hours per week, excludes seasonal and temporary employees
  - Fully insured benefit not intended for clergy with coverage through the Clergy Pension Plan
    - Employer elects if clergy are eligible. If so, all clergy who meet eligibility must be enrolled. This includes clergy who are returning to work after retirement

- Employee Paid Plans
  - Must be enrolled within 31 days of eligibility date
  - If beyond 31 days, employee is considered a late applicant and must complete Evidence of Insurability (EOI)
    - CPG CANNOT WAIVE EOI Requirements
    - Evidence of Insurability is also needed if an employee re-enrolls in coverage



# Enrollment

- Employer Paid Plans
  - EOI is not required for late enrollments
  - 18-month maximum retroactive enrollment allowed
  - Premiums must be paid back to the date of eligibility

# Eligibility: Elimination Period

- Elimination period
  - Number of days of continuous disability before benefits are paid
  - Short Term Disability
    - For sickness or accident: 14 days
    - Benefits begin the day after the elimination period is completed.
  - Long Term Disability
    - Benefits begin the day after the elimination period (90 or 180 days) is completed
  - STD and LTD selections should be aligned by coverage features
    - STD with 13-week benefit duration → LTD 90-day elimination period
    - STD with 26-week benefit duration → LTD 180-day elimination period

# Eligibility: Pre-existing Conditions- LTD Only

- Pre-existing conditions
  - Period of time during which conditions prior to coverage (e.g., cancer) are not covered
    - Medical advice given or treatment recommended or received 3 months prior to coverage, excluded for 12 months after effective date of coverage (or 6 months if age 65 or older)
    - Generally, only applies to newly-enrolled
      - Replacement coverage exclusion

# Eligibility: Maximum Benefit Duration

- Maximum Benefit Duration Tables- Applicable to LTD coverage
  - The maximum duration for benefits table is in the Benefits Schedule

Age At Disability	Maximum Benefit Period
Less than age 60	To Social Security Normal Retirement Age or to age 65 but not less than 5 years
Age 60	60 months
Age 61	48 months
Age 62	42 months
Age 63	36 months
Age 64	30 months
Age 65	24 months
Age 66	21 months
Age 67	18 months
Age 68	15 months
Age 69 or older	12 months

# Certificates

- 2 Certificates for STD
  - One for Non-Contributory (Employer Paid) – 4 Benefit Schedules
  - One for Contributory (Employee Paid) – 4 Benefit Schedules
- 2 Certificates for LTD
  - One for Non-Contributory (Employer Paid)- 6 Benefit Schedules
  - One for Contributory (Employee Paid) – 2 Benefit Schedules
- Available on [cpg.org](http://cpg.org) in the Publication Library
  - [Employee Paid Certificates](#)
  - [Employer Paid Certificates](#)

# 03

## Rates and Billing

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# ≡ New Premium Rate Structure ≡

- Disability premiums are based on the employee's covered compensation
  - Current billing is on a per-employee-per-month basis
  - Total annual compensation, as reported in the Employee Roster, divided by 12
- The rate structure is a more equitable way to set premiums
- Employee paid coverages are also age-based

# STD Premium Rates Employer-Paid

Coverage Options	Monthly Rates Per \$100 CMP	Maximum Annual Covered Compensation*
STD 26 weeks 60%	\$0.386	\$130,000
STD 26 weeks 66.67%	\$0.456	\$117,000
STD 13 weeks 60%	\$0.102	\$130,000
STD 13 weeks 66.67%	\$0.142	\$117,000

**ALL RATES ARE PER \$100 OF COVERED MONTHLY PAYROLL**

\* Maximums also apply to the corresponding employee paid STD options



# STD Premium Rates

## Employee-Paid

Coverage Options	Monthly Rates Age Brackets			
	30 or Younger	31 – 40	41 – 50	51 or Older
STD 26 weeks 60% EE-paid	\$0.779	\$0.625	\$0.458	\$0.696
STD 26 weeks 66.67% EE-paid	\$0.894	\$0.738	\$0.553	\$0.812
STD 13 weeks 60% EE-paid	\$0.215	\$0.175	\$0.124	\$0.186
STD 13 weeks 66.67% EE-paid	\$0.301	\$0.259	\$0.166	\$0.240

**ALL RATES ARE PER \$100 OF COVERED MONTHLY PAYROLL**

\* Maximums also apply to the corresponding employee paid STD options

# LTD Premium Rates

## Employer-Paid

Coverage Options	Monthly Rates Per \$100 CMP	Maximum Annual Covered Compensation
LTD 180 days 40%	\$0.092	\$150,000
LTD 180 days 60%	\$0.280	\$150,000
LTD 180 days 66.67%	\$0.373	\$135,000
LTD 90 days 40%	\$0.106	\$150,000
LTD 90 days 60%	\$0.305	\$150,000
LTD 90 days 66.67%	\$0.400	\$135,000

**ALL RATES ARE PER \$100 OF COVERED MONTHLY PAYROLL**

# LTD Premium Rates

## Employee-Paid

Coverage Options	Age Bracket			
	30 or Younger	31 – 40	41 – 50	51 or Older
LTD 180 days 50%	\$0.233	\$0.466	\$0.837	\$1.696
LTD 90 days 50%	\$0.413	\$0.806	\$1.081	\$2.131

Maximum annual covered compensation = \$120,000

**ALL RATES ARE PER \$100 OF COVERED MONTHLY PAYROLL**

# Employer Paid Plans - Premium Rate Calculation

## Example STD 26 Weeks at 66.67%

Components		Calculation
A	Annual Covered Compensation*	\$42,000
B	Divide by 12	12
C	Monthly Compensation (A/B)	\$3,500
D	STD Coverage Rate (STD 26 weeks 66.67%)	\$0.456
E	Multiple Monthly Compensation and Rate (C*D)	\$1,596
F	Divide by 100	100
<b>G</b>	<b>Monthly Premium (E/F)</b>	<b>\$15.96</b>

\* Compensation should be capped at the maximum covered compensation (e.g., \$117,000)

# 04 Offsets and Exclusions/Limitations

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# Offsets – Key terms

- Covered Weekly Earnings(STD) or Covered Monthly Earnings (LTD) – Total Assessable Compensation, as defined under the Clergy Pension Plan (excluding overtime and bonuses)
- Gross Disability Benefit – Lesser of: (a) percentage of Covered Weekly/Monthly Earnings and (b) maximum weekly/monthly benefit (per benefits schedule)
- Weekly/monthly Benefit – Gross Disability Benefit less deductible sources of income and disability earnings
  - Deductible sources of income – Listed in Certificate
  - Disability earnings (earnings from work performed)

# Offsets – Disability Earnings - STD

- No reduction if disability earnings less than 20% of Covered Weekly Earnings
- If disability earnings are between 20% and 80% of Covered Weekly Earnings, only subtract disability earnings from benefit if disability earnings plus benefit exceed 100% of Covered Weekly Earnings
- Benefit ends if disability earnings exceed 80% of Covered Weekly Earnings

# Offsets – Disability Earnings - LTD

- Earnings *you* receive while disabled and working, plus the earnings *you could receive if working to your greatest extent possible*
  - First 24 months: regular occupation
  - After 24 months: work in any occupation, reasonably available, reasonably fitted by education, training or experience
- Benefit ends if disability earnings exceed 80% of Covered Monthly Earnings



# Offsets – Disability Earnings - LTD

- First 12 months:
  - No reduction if disability earnings less than 20% of Covered Monthly Earnings
  - If disability earnings are between 20% and 80% of Covered Monthly Earnings, only subtract disability earnings from benefit if disability earnings plus benefit exceed 100% of Covered Monthly Earnings
- After 12 months: 50% of disability earnings are a Deductible Source of Income

# Offsets- Deductible Sources of Income

- Refer to certificate for full list
- Includes severance (lump sum converted to weekly amount), Social Security payments, and unemployment
- For LTD only - workers compensation, paid family leave, and 50% of disability earnings (after 12 months)
- Does **NOT** include:
  - CPF Clergy STD/LTD Plan benefits
  - Distribution from defined contribution plans or IRAs
  - Lay DB Plan/Clergy DB Plan

# Offsets

- What if the benefit is reduced to zero after offsets?
  - Participant receives the minimum benefit per the schedule
  - No minimum paid if disability earnings exceed 80% of Covered Weekly/Monthly Earnings

# Exclusions and Limitations

- Exclusions:
  - Act of war
  - Participation in felony, riot or insurrection
  - Attempted suicide or intentional self-inflicted injury
  - For STD only: Injury covered by Workers Compensation/employer's liability
  - For LTD only: Aviation (unless fare-paying passenger) and injury due to intoxication or under influence of narcotic (unless prescribed)
- Limitations for LTD –
  - Lifetime benefit of 24 months for certain mental disorders, and alcohol or drug dependency (with limited exceptions)
  - Certain pre-existing condition limitations may apply

# Tax Treatment

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# ≡ Tax Treatment

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- Disability premiums can be paid on a pre-tax or post-tax basis
- Employer determines the approach
  - Same basis for all employees, or
  - Can give employees the choice
- Approach selected impacts the benefit payment

# Pre- or Post-Tax Dollars — Summary

<b>Who pays the Disability Insurance Premiums?</b>	<b>Is the Disability Benefit Taxable when paid?</b>
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<b>Employer pays 100% of the disability premiums with pre-tax dollars</b>	Yes
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<b>Employer pays 100% of the disability premiums with post-tax dollars (i.e., records premiums as imputed income on Form W-2)</b>	No
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<b>Employee pays 100% of the disability premiums with pre-tax dollars</b>	Yes
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<b>Employee pays 100% of the disability premiums with post-tax dollars</b>	No
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# Pre- or Post-Tax Dollars

- Employer can give employees option (but not required to):
  - Pre-tax contribution = Note for Employee Paid plan, must have 125 Cafeteria Plan
  - After-tax contributions = Note for Employer Paid Plan, employer must add imputed income to Form W-2
- Employee must make the election prior to the start of the calendar year or, if new employee, prior to enrolling in the disability plan



# Questions and Discussion



# Feedback Survey



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# Thank you!

For your participation and feedback.

# Important Disclosures

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# Appendix

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# Appendix

- 2021 Disability Insurance Options
- Coverage Selection Process

# 2021 Disability Insurance Options

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# STD Insurance Options

## 100% Employer-Paid or 100% Employee-Paid

MLPS Coverage Code	Elimination Period	% of Covered Pay	Maximum Benefit Duration	Maximum Benefit*
GSER1/GSEE1	14 days	60%	13 weeks	\$1,500 per week
GSER2/GSEE2	14 days	66.67%	13 weeks	\$1,500 per week
GSER3/GSEE3	14 days	60%	26 weeks	\$1,500 per week
GSER4/GSEE4	14 days	66.67%	26 weeks	\$1,500 per week



# LTD Insurance Options

## Employer-Paid

MLPS Coverage Code	Elimination Period	% of Covered Pay	Maximum Benefit
GLER1	90 days	40%	\$5,000 monthly
GLER2	90 days	60%	\$7,500 monthly*
GLER3	90 days	66.67%	\$7,500 monthly*
GLER4	180 days	40%	\$5,000 monthly
GLER5	180 days	60%	\$7,500 monthly*
GLER6	180 days	66.67%	\$7,500 monthly*

# LTD Insurance Options

## Employee-Paid

MLPS Coverage Code	Elimination Period	% of Covered Pay	Maximum Benefit
GLEE1	90 days	50%	\$5,000 monthly
GLEE2	180 days	50%	\$5,000 monthly

# Coverage Selection

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# ≡ Coverage Selections by Dioceses ≡

- Each parish/ organization will be responsible to select their own coverage.
  - The Dioceses Will Not make coverage selections for their Parishes. \*
- Actual plan selections Do Not need to be coordinated between the Diocese and the Parish
- If elected to offer Employer-Paid Coverage, determine if offering to:
  - Lay Only Coverage
  - Lay and Clergy Coverages

# 2022 Fully-Insured Disability Plan Selection Employer- and Employee-paid Disability Plans

## Three-step Plan Selection Process



Receive email with a link to the plan selection survey

- Satisfied with current plans, no action is required for 2022
- Your plan options will roll over to 2022



Want to change plans, complete and submit the survey to make your 2022 plan selections

- A step-by-step guide to completing each screen of the survey is located on ARC, along with a link to the survey



**Save the submission screen** as confirmation of your changes

**Have your client ID ready when completing the survey. You can find your client ID in ER or on your Medical Trust invoice.**

# 2022 Disability Plan Selection Enrollment Process

Employers offering new employer-paid or employee-paid disability coverage for the first time in 2022



Enroll employees in MLPS or you can use the enrollment form located on CPG.org

- Before starting your member enrollments enter new hires in the Employee Roster
- For existing employees verify compensation in the Employee Roster



For employee-paid coverage, enrollment can be completed in MLPS, but a paper form must be returned for each enrollee

# Plan Selection – Enrollment Survey



## Disability Enrollment

Between September 30 and October 25, 2019, your group will select new short-term and long-term disability insurance coverage options. Please note, you may offer either employer-paid or employee-paid (voluntary) disability insurance coverage options. This tool will help you in making your selections effective January 1, 2020.

Disability insurance is provided by Zurich American Life Insurance Company, New York, NY.

Please select your institution. \*

Diocese

Diocese Of New York



Organization

-- Please Select --



Please enter your organization's client number (located in your informational letter):

Invalid client numbers will not be accepted. \*

# Plan Selection – Enrollment Survey



## Disability Enrollment

Are you electing to have Short-Term Disability (STD) Insurance? \*

- Yes, I will make a selection from coverage options
- No, I decline coverage

Click "Next" to make your Long-Term Disability Insurance selections

Back Next

20%



# Plan Selection – Enrollment Survey



## Disability Enrollment

Are you electing to have Short-Term Disability (STD) Insurance? \*

- Yes, I will make a selection from coverage options
- No, I decline coverage

Select an STD Insurance coverage option: \*

- 26 Weeks at 60.00%
- 26 Weeks at 66.67%
- 13 Weeks at 60.00%
- 13 Weeks at 66.67%

Please select whether the premium payments will be employer paid or employee paid. \*

- Employer Paid
- Employee Paid

Click "Next" to make your Long-Term Disability Insurance selections

Back

Next

# Plan Selection – Enrollment Survey



## Disability Enrollment

Are you electing to have Long-Term Disability (LTD) insurance? \*

- Yes, I will make a selection from coverage options
- No, I decline coverage

Back

Next

50%

# Plan Coverage Selection – Enrollment Survey

Passionate About Our Purpose

## Disability Enrollment

Are you electing to have Long-Term Disability (LTD) Insurance? \*

- Yes, I will make a selection from coverage options
- No, I decline coverage

Select an LTD Insurance coverage option: \*

- 180 Days at 40.00% (Employer Paid)
- 180 Days at 60.00% (Employer Paid)
- 180 Days at 66.67% (Employer Paid)
- 180 Days at 50.00% (Employee Paid)

Back

Next

50%

# Plan Coverage Selection – Enrollment Survey

## Disability Enrollment

Please enter your name. \*

For verification, please enter the organization for which you have made these coverage selections. \*

Please select which of the following best characterizes your roll at your organization. \*

- Benefits Administrator/Payroll Officer
- Rector/Priest-In-Charge/Senior Clergy
- Treasurers/Warden
- Other - please specify:

By clicking "Submit" you are acknowledging and consenting to our user consent agreement:

**User Consent Agreement**

# Plan Coverage Selection – Enrollment Survey

## Disability Enrollment

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The information provided here is a summary of the group disability income insurance coverage and is for illustrative purposes only. A certificate with more complete policy information is available upon request. Please refer to the certificate or the group policy for a complete description of coverage, terms, conditions, exclusions, and limitations. If any conflict exists between the certificate and/or policy and the information described here, the terms of the certificate and policy will govern. Other self-funded disability benefits may be provided by The Church Pension Fund.