

Understanding the Disability Income Insurance “Gap” And understanding the potential exposure that comes along with it.

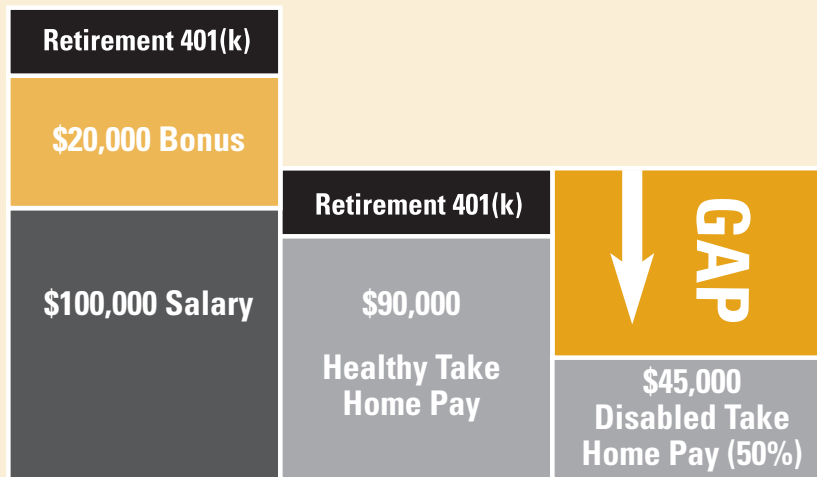
Most people know the group long-term disability (GLTD) benefits made available to them in the form of a company’s employee benefits package will pay a portion of their income should they become disabled.

Of course, the difficulty for many people is correctly identifying what the portion of income covered under the GLTD benefits actually is. Knowing the actual benefits paid, what income is covered, and which benefits are, and are not taxable, is the first step in identifying the “gap” in your disability income insurance (DI) coverage.

A review of your current employee benefits and income from all sources will help you determine how big, or how little, this “gap” is.

Although Group LTD provides important basic income protection to employees, the level of income protection may not be adequate.

Disability Income “GAP”



Above chart assumes an effective tax rate of 25% and a Group LTD plan of 60% to \$5,000 per month.



We'll help you get there.™

How can you help close the DI Gap?

To close the DI Gap, often a cost effective approach is the purchase of an individual disability income insurance policy from MassMutual.

An individual disability income insurance policy can cover a portion of your earned income (the portion found in the “gap”) if you become too sick or hurt to work. The very income you rely on for the things that matter most to you and those you care about.

A DI Gap Example:

John works for a mid-sized corporation as a sales manager.

Annual Base Salary	\$100,000
Annual Commissions / Bonus	\$ 20,000
Group LTD Benefits Payable	60% of salary, up to \$5,000 per month
Group LTD Premiums:	Employer Paid-Taxable
Annual Employee 401(k) Contributions	6% (\$7,200)
Annual Employer Match 401(k) Contributions	4% (\$4,800)

Should John become disabled for an extended period of time (more than 6 months), his current group long term disability benefits coverage will pay out as follows:

	GLTD Pays	Taxable
\$100,000 Base Salary:	\$60,000	\$60,000
\$20,000 Bonus/Commissions:	\$0	–
401(k) Company Match:	\$0	–

Assuming an effective tax rate of 25%, the net benefit payment of the GLTD benefits is \$45,000.

In this situation, the Disability Income (DI) Gap for John is as follows:

Net Salary		\$93,600
Net GLTD	–	\$45,000
DI Gap	=	\$48,600

Assumes an effective tax rate of 25% on \$120,000 in salary+bonus, plus \$4,800 in pre-tax employer 401(k) match (4% of \$120,000).

Your MassMutual financial services professional will work with you to identify your DI Gap, your income needs and help you design a policy that will provide benefits in addition to your employee benefits package and help ensure that a greater amount of your income (including the amount you currently contribute to a qualified retirement plan) is protected in the event of an extended disability.

All disability income insurance policies and riders are issued by Massachusetts Mutual Life Insurance Company, Springfield, MA 01111-0001. Some products and riders may not be available for sales in all states, and may have exclusions and limitations. For cost and complete details of coverage, please contact your agent or MassMutual at 800-272-2216 for a referral to an agent.

