



LONG TERM DISABILITY INSURANCE

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FORM 120: INFORMATION for CHURCH BOARD

The FCMM Long Term Disability (LTD) Plan is group long term disability coverage to which has been added \$10,000 in term life insurance and accidental death and dismemberment insurance. LTD is intended to assure the continuation of a portion of an employee's salary should a disability occur. There are a few basic features each church (employer) needs to understand and communicate correctly with its staff.

This is Group Insurance:

- Group disability with term life and AD&D is a benefit made available through an employer. Eligible participants must be in active employment at least 25 hours per week in the United States by an EFC church or organization.
- Coverage begins the first of the month following the eligible employee's hire date (or upon completion of any other waiting period established by the church) and ends on the date of termination. Severance pay is not considered active employment.
- Premium payments must come from the employer. The local church board will decide for each "class of employees" if the payment is an employee benefit (i.e. funded by the church as part of the compensation package) or a payroll deduction (i.e. funded by the employee).
- FCMM group long term disability insurance can be converted to an individual policy if an employee leaves his/her EFC position. Procedures for the participant are given within the plan certificate.
- Pre-Existing Condition Limitations will apply as outlined in the plan contract.
You have a pre-existing condition if:
 - you received medical treatment, consultation, care or services including diagnostic measures, or took prescribed drugs or medicines in the 3 months just prior to your effective date of coverage; and
 - the disability begins in the first 12 months after your effective date of coverage.

What are the benefits and features of this policy?

- In the event of a qualifying disability, this LTD policy will pay the individual 60% of their qualified monthly salary to a maximum of \$6,000 per month. This benefit is offset by any Federal Social Security Disability Benefits they might receive.
- A Spousal Disability Rider with a benefit of up to \$1,500 per month payable for up to 24 months.
- A Severe Disability Rider of an additional 20% benefit up to a maximum benefit of \$1,000 per month, which is payable due to either the loss of 2 activities of daily living or cognitive impairment.
- A Partial Disability Rider provides a benefit when earnings are reduced by more than 20% because of sickness or accidental injury. A person may receive partial disability benefits even as they continue to fulfill part of their duties.
- A term life insurance policy in the amount of \$10,000 (reduced after age 70), plus accidental death and dismemberment insurance.

The Difference between an Employee Benefit and Payroll Deduction:

EMPLOYEE BENEFIT (premiums are paid out of the church budget)

Should a person become disabled while covered by the LTD Plan, benefits paid to the disabled person are treated as taxable income by the IRS **if the premium was paid as an employee benefit by the employer.** Employees under the staff benefit option of premium payment cannot opt out of this insurance coverage.

If the PREMIUM IS PAID BY THE EMPLOYER AS A STAFF BENEFIT, new eligible employees are enrolled the first of the month following their date of hire and premiums are paid beginning on that date.

PAYROLL DEDUCTION (employee pays premium through payroll deduction)

Should a person become disabled while covered by the LTD Plan and the premium was paid with payroll deduction dollars (i.e. the employee paid taxes on that money at that time), **then the benefit is treated as non-taxable income during their disability.**

Employees offered the insurance by funding the premium through their payroll deduction, have the option of declining coverage at the time of hiring. Such an employee can only elect to enroll during a future open enrollment period. An employee wishing to decline coverage must indicate his/her waiver by checking the enrollment option "I do not wish to participate" and signing.

"Tax Choice" option: An employer may choose to administer the Payroll Deduction method by adding the amount of premium to the employer's gross income and then deducting the same amount. The employee's next expense will be only the income tax on the premium amount. An employee opting out will not receive the additional amount.

PAYROLL DEDUCTION PREMIUM PAYMENT employees are only eligible to enroll for coverage during the first 30 days of employment (or following completion of any waiting period established by the church) or they must wait until a future open enrollment period, usually in December each year, to apply for coverage. Policy coverage for completed open enrollment will commence February 1.

Please note: The church is responsible to enroll each participant correctly. Payroll deduction dollars must be treated as taxable income and be reported as such.

Coverage under this policy or plan ends for each employee on the earliest of:

1. the date the policy or the plan is cancelled;
2. the date the employee is no longer are in an eligible group;
3. the date the eligible group is no longer covered;
4. the last day of the period for which premiums were paid; or
5. the last day the employee is in active employment except as provided under the covered layoff or leave of absence provision.

Prompt Notification:

Prompt notification of new hires and terminations is always the safest way to assure employees are being treated properly and protects the church from potential liability. Download enrollment forms at fcmmbenefits.org or email us at benefits@fcmmbenefits.org

FCMM recommends that a detailed job description be maintained on file in the church office. In the event a disability claim is filed, the insurance company will require the job description be submitted.

Please communicate personal changes of address, employment, or salary to FCMM as soon as possible.

The 2018 annual premium rate is \$.0084 times covered salary (\$.84 per \$100), capped at a maximum of \$120,000 salary.

The employer/church will be billed quarterly for the premiums.