

Supplemental Income Protection for executives

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



You can also customize your coverage — increasing the value of your program — by choosing from several optional benefits,² including:

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

Help close the gap in coverage for key employees

Employees are concerned about their financial wellbeing and they are increasingly looking to their employer for financial security.¹ For this reason, you can't afford to ignore the unique income protection needs of your highly compensated employees and executives. Adding MetLife Supplemental Individual Disability Income Insurance to an existing or new group Long Term Disability (LTD) plan can help close what may be a critical gap in coverage for this employee segment. By supplementing 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 by adding the opportunity to insure:

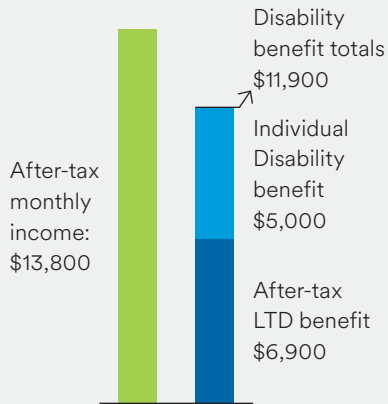
- Income beyond monthly maximums of the existing group plan; and
- Incentive compensation, such as bonuses and commissions, which some group LTD plans may not cover.

Group disability coverage may not be enough for executives

Consider an executive earning a salary of \$200,000 per year, plus an annual bonus of \$40,000. While healthy and working, the executive would earn a net monthly income of \$13,800 (assuming a combined 31% tax bracket for federal, state and local income taxes).³

Now consider the impact of a disability with only group LTD coverage. LTD typically covers 60% of base salary only, so, assuming that to be the case here, despite the high income, the monthly LTD benefit would be only \$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.⁴

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



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

- MetLife offers policies with robust benefit features and provisions, including the availability of Noncancelable and Guaranteed Renewable coverage.
- Executives may qualify for guaranteed standard issue coverage, which would offer simplified underwriting and premium discounts.⁵
- Individual disability income policies are portable, so if the employee leaves the company they can take the coverage with them.
- While LTD is offered to all eligible employees, highly compensated individuals can be "carved out" for additional supplemental disability income coverage.
- Flexible payment options allow the company to pay all, some or none of the premium. In addition, you can 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 simultaneously 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.

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.

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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 AH21/01; AH22/01 and AH7-96CA/96, September 2017.

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.

