

# Benefits Resource Group

## Case Study: Long Term Disability



### Background

- A local law firm consisting of 14 employees and 8 partners.
- A significant portion of the partner's compensation was paid via bonus.

### Issues

- This law firm's current long term disability program has significant deficiencies such as:
  - \$6,000/month benefit for partners (only covers \$120,000 compensation).
  - Existing group long term care.
- Bonus earnings are not covered.
- Significant contractual limitations and exclusions.

### Solution

- Increase their group long term disability monthly benefit from \$6,000 to \$10,000.
- Implement individual long term disability to cover bonus compensation with a monthly maximum benefit of \$7,000.
- Improve contract by excluding as many prohibitive limitations and exclusions as possible.

### Results

- Increased the long term disability program to cover up to \$340,000 of total compensation, base salary and bonus.
- Coverage was implemented on a guarantee issue basis, no medical questions.
- Increased the benefit period for "Own Occupation" to age 65 for partners.
- Eliminated the Musculoskeletal Connective Tissue Disorder limitation which according to the Counsel for Disability Awareness equates to approximately 22% of new claims and 26% of existing claims.
- Even after significantly improving the group long term disability benefits we negotiated at a lower rate.