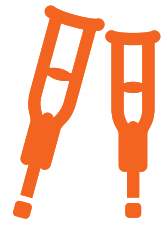


LTD TAX MATTERS



What You Need To Know

- Taxes are required on either the amount of Long-Term Disability insurance the company pays for on your behalf, or on the benefit received if you should ever become disabled.
- **The "Tax Me Now" option is our default.** Unless you take action to opt out upon enrollment, taxes will automatically be applied on this coverage. Your election is binding for the entire year and cannot be changed once the year starts.
- Below is an example of the difference this can make to you financially. *(Examples for illustrative purposes only).*

Example: \$40,000 Salary

Estimated Tax: \$1.25 per pay
\$32.50 per year

TAX ME LATER

50% of your monthly income = \$2,000

Assuming 25% tax rate, LTD benefit = \$1,500

LTD benefit is subject to tax; net benefit is closer to 45% of regular earnings

TAX ME NOW

50% of your monthly income = \$2,000

Benefit is NOT taxed, LTD benefit = \$2,000

LTD benefit when not taxed is really 50% of regular earnings

\$500 more per month;
\$120,000 over 20 years