Being Out of Work Doesn't Have to Mean Being Out of Money

Helping Employees Understand What's at Stake When a Health Event Keeps Them From Working

Employers in America offer health insurance benefits to attract and retain employees, and the open enrollment period is a chance for employees to review and/or change their coverage. However, health insurance does not cover income lost due to a health event that prevents an employee from working. Below, Fred Schott, *Director of Operations* for the Council for Disability Awareness, provides a list of considerations for income protection in the case of disability due to illness, injury, or pregnancy.

1 Know What's Protected Under FMLA

Generally, private employers with at least 50 employees are covered by the Family and Medical Leave Act (FMLA), which requires up to 12 weeks *unpaid, but job and benefits protected leave* in any 12-month period for employees who are unable to work because of their own serious health condition and have worked for their employer for at least 1,250 hours in the 12 months before taking leave. State and local variations exist; for more info see https://www.xperthr.com/fifty-state-charts/leave-laws-by-state-and-municipality/20973/.

2 Paid Sick Leave is Helpful But Limited

A growing number of states (and municipalities) have enacted laws requiring paid sick leave. One of those laws may apply to your workplace. If that's the case, it's possible your existing paid time off (PTO) program may satisfy the requirements. For more information, check out this site: https://www.xperthr.com/fifty-state-charts/leave-laws-by-state-and-municipality/20973/. But remember: paid sick leave rarely covers more than one or two weeks, and that usually is not enough time for full recovery from serious illness or injury.

3 Protections Under Short-Term Disability

If employees are out of work for more than a week or two because of a serious health condition (and this can include pregnancy complications or post-partum recovery), short-term disability insurance (STD) can provide *income replacement*, typically at 50% to 66⅔% of pre-disability earnings, for up to 3–6 months. Many employers provide the equivalent of STD coverage as part of their salary-continuation plan. Some states have mandated (statutory) STD coverage, but benefit levels are typically lower than under private plans, so in those states employers often provide supplemental coverage. Who pays for the coverage—employer or employee—is an important consideration: Benefits payable to employees are tax-free to the extent they've paid for the coverage and vice-versa.

4 Protections Under Long-Term Disability

Long-term disability (LTD) insurance is designed to kick in when STD coverage ends. As with STD, taxability of benefits depends on who pays for coverage. Most group LTD plans have two stages: For the first 2–3 years, people are covered if their disability prevents them from performing the duties of their own occupation. After that a more stringent definition of disability applies; it's closer to what's used by the Social Security Disability Insurance (SSDI) program. People who qualify for the second stage continue receiving benefits for a specific length of time or until normal retirement age, and payments are reduced by any SSDI benefits received. Individual LTD plans, on the other hand, usually provide "own occupation" coverage until normal retirement age and do not offset for SSDI benefits—but not all employees will qualify for individual coverage.

To learn more, read the full article: **What happens when a health event causes your income stream to run dry?** by Fred Schott, Director of Operations for the Council for Disability Awareness

For more information on paid family/medical leave programs, visit: **https://paid-family-and-medical-leave.squarespace.com/get-smart**

Let's talk benefits

COUNCIL FOR DISABILITY AWARENESS