



Long-Term Disability Insurance Comparison of Options

ALA provides employees with Long-term Disability (LTD) Insurance to replace a portion of income during an extended period of disability. Employees must select between two options:

- **Basic (Pre-tax) Option:** ALA pays insurance premiums, but benefit payout is taxable to disabled employee.
- **Enhanced (Post-tax) Option:** Employee pays insurance premiums via after-tax payroll deductions, but ALA gives the employee additional earnings of the same amount. Benefit payout to disabled employee would be tax-free.

Below is an illustration of the cost and potential benefit for each option:

Salary	Monthly Cost	Basic (Pre-tax) Option Paid By ALA (60% to \$7,000 per month Taxable benefit payout)	Enhanced (Post-tax) Option Paid by Employee (60% to \$7,000 per month Non-taxable benefit payout)
\$40,000	\$8.87	Monthly Benefit Before Taxes: \$2,000 Estimated Monthly Benefit After taxes: \$1,800	Monthly Benefit: \$2,000
\$60,000	\$13.30	Monthly Benefit Before Taxes: \$3,000 Estimated Monthly Benefit After taxes: \$2,700	Monthly Benefit: \$3,000
\$80,000	\$17.73	Monthly Benefit Before Taxes: \$4,000 Estimated Monthly Benefit After taxes: \$3,600	Monthly Benefit: \$4,000
\$100,000	\$22.17	Monthly Benefit Before Taxes: \$5,000 Estimated Monthly Benefit After taxes: \$4,500	Monthly Benefit: \$5,000