

Benefits

Group Long Term Disability (GLTD) -
4 Potential Gaps That Could Leave Your Income Unprotected

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Group Long Term Disability (GLTD) through your Employer:
It's a great start -- However, look out for these 4 potential GLTD "Gaps" that could leave much of your income unprotected.

According to the [U.S. Bureau of Labor Statistics](#), 32% of U.S. workers receive employer-paid Group Long Term Disability (GLTD) insurance coverage through their employer.

If you're one of the fortunate 32%, be thankful—but also, be aware that most employer-provided GLTD plans have gaps that could potentially leave you unprotected on a significant portion of your income.

Here are four of the most common gaps that are generally not evident until you qualify for benefits during a period disability when it's too late:

1. **Income Tax Gap** – when monthly GLTD income benefits begin to be paid to you during a qualifying disability, they are generally taxed as income which may result in you receiving less than 50% of your gross income.
2. **Max Cap Gap** – GLTD plans generally have a predetermined limit on how much income is covered: aka "Max Cap"—any of your income that exceeds the "Max Cap" will not be covered.
3. **Incentive Comp Gap** – many GLTD plans provide coverage for Base Salary and do not cover Commission or Bonus Income. If your compensation package includes an incentive component such as Bonus and/or Commission, that portion of your compensation will generally not be covered.
4. **Portability Gap** – most GLTD plans provide coverage as long as you remain at your employer and generally cannot be continued post-employment.

Your SFP Advisor can review your GLTD plan document from your employer and provide you with a detailed analysis of your GLTD coverage, help you identify which of these gaps applies to your situation and then help you implement a custom solution to protect your most important financial asset: your income.



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