

Long-Term Disability Insurance Planning at NYL

What You Have, and What To Consider

As a corporate employee at New York Life, you have access to a valuable group long-term disability insurance benefit through MetLife. This coverage offers a meaningful layer of protection, but like most group plans, it may leave gaps—especially for professionals with higher income, incentive compensation, or family responsibilities that rely heavily on that income.

This overview outlines what's included in your employer-provided LTD benefit and where common shortfalls occur—so you can better assess whether your income is truly protected.

What You Already Have

New York Life provides **Core Long-Term Disability (LTD)** coverage at no cost to employees. This benefit:

- Replaces **50% of your Covered Earnings** if you are disabled for at least six months
- Caps the monthly benefit at **\$10,000**
- Is **paid for by the employer**, which means any benefits you receive would generally be **taxable**

Covered Earnings include your base salary and any Short Term Incentive (STI) bonus that was paid through a formal plan in the prior calendar year. Most other forms of compensation—like overtime, spot bonuses, recognition awards, and one-time payments—are not included in the disability benefit calculation.

Benefits begin after 6 months of continuous disability (the “elimination period”), and if your disability continues:

- Benefits are payable **to age 65** if you become disabled before age 60 (but no less than 5 years)
- For those age 60 and older, the benefit duration is gradually reduced

The **definition of disability** shifts after 24 months. Initially, you are considered disabled if you cannot perform your own occupation. After two years, benefits continue only if you cannot perform *any occupation* for which you are reasonably qualified by education, training, or experience.

NYL also offers an employee-paid **Buy-Up LTD option** that increases the benefit from 50% to 60% of Covered Earnings and raises the monthly cap to \$15,000.

Planning Considerations

While the Core LTD coverage is a great benefit and provides meaningful support, it's important to understand where it might fall short—especially if your income supports more than just you.

- ◆ **Monthly benefit cap** of \$10,000 may under-replace income for professionals earning \$200K+
- ◆ **Coverage may not fully reflect your total compensation**, particularly if you've had a recent increase or receive bonuses outside the prior calendar year
 - ◆ **Employer-paid benefits are taxable**, reducing the real income received
 - ◆ **Six-month waiting period** before benefits begin creates a significant cash flow gap
- ◆ **Group policies are not portable**, meaning coverage ends if you leave NYL—even if due to disability
- ◆ **No built-in flexibility** like cost-of-living adjustments, residual benefits, or future insurability options



Key Questions to Ask Yourself

- ◆ Would 50% of last year's compensation (with a cap) be enough to cover your monthly needs today?
- ◆ Could your household cover **six months of expenses** before benefits even begin?
- ◆ Have you accounted for the potential impact of **taxes on your benefits**?
- ◆ How would a disability affect your ability to meet fixed expenses like a mortgage, childcare, or ongoing savings goals?

Planning Opportunities

For many, a private supplemental disability policy can help enhance overall financial wellness by aligning income protection with actual compensation and financial responsibilities. These policies may:

- ◆ Replace a higher percentage of **your current, actual income**
- ◆ Provide **tax-free benefits**, depending on how premiums are paid
- ◆ Include **partial disability coverage** that allows benefits to continue even if you return to work part-time
- ◆ Remain **fully portable**, regardless of employment changes
- ◆ Offer a **true own-occupation definition** for the full benefit period

Perhaps most importantly, supplemental coverage can be designed to align with your unique income, expenses, and long-term financial goals—not just your employer's group policy limits.

Final Thoughts

The Core LTD benefit at NYL is a strong starting point—but for many professionals, it's only part of the income protection puzzle. If your income supports more than just yourself, or if you've worked hard to build a life around your current earnings, it's worth asking: **What happens if that income stops for a while—or permanently?**

Let us know if you'd like to explore your current LTD coverage in more detail or see how a personalized supplemental policy could fit into your broader financial plan.



MATT PISERA, CFP®
ChFC®, CLU®, CLTC®, FSCP®, RICP®, WMCP®
Founder & Financial Planner | Aether Financial Group, LLC
[\(914\) 391-9899](tel:(914)391-9899)
mpisera@aetherfinancialgroup.com
AetherFinancialGroup.com

Schedule Your Zero Meeting



FL Office: 147 E Lyman Ave, Suite E, Winter Park, FL 32789

MD Office: 6905 Rockledge Dr, Suite 900, Bethesda, MD 20817

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