

An **Educational** Guide
for Business Owners



How do you
maintain a strong
bottom line?
By keeping your
profits intact!

Insurance Strategies



We'll help you get there.®

Are You Protecting Your Business and Your Employees in the Event of a Disability?

Protecting your business and your employees is your number-one priority, and when it comes to dealing with the problem of disability, you have a number of choices.

You can:

- hope that it doesn't happen to you or one of your employees
- wait until a disability actually happens and then handle it
- establish a Qualified Sick Pay Plan

What is a Qualified Sick Pay Plan?

A Qualified Sick Pay Plan is a simple agreement that sets company policy before a disability occurs. It establishes who to pay, how much to pay, when to start payments, and how long to pay. The plan must be instituted prior to an employee becoming disabled and the employee must be aware of the terms of the plan. It must also be in writing and the board of directors or partnership must have a resolution adopting the plan.

Establish a Qualified Sick Pay Plan

Don't put your profits at risk.

You might be surprised to learn that the IRS has ruled that if a Qualified Sick Pay Plan is not established prior to a disabling accident or illness, the “wages” paid to a disabled employee are:

- Not a business expense
- Not tax-deductible and, as a result,
- FICA taxes are not tax-deductible



With Massachusetts Mutual Life Insurance Company (MassMutual), you can fund your Qualified Sick Pay Plan with a disability income insurance policy issued on each employee to be covered and avoid having to pay disability benefits out of your company's assets. By transferring the risk to MassMutual, you obtain the following benefits:

- MassMutual provides all insured benefits payments – so you don't have to. This also enables you to budget for the disability while you and your employees are healthy and to deduct the premium as a necessary business expense.
- An insured plan means that MassMutual will assume the responsibility for determining claims. This saves you the trouble of deciding what constitutes a disability and deciding for how long benefits should be paid.
- You can satisfy a perceived moral obligation to your employees while improving employee morale.
- An insured Qualified Sick Pay Plan can strengthen your company's credit position as it reflects good business management.

- Benefit payments to disabled employees are made directly to the employee from MassMutual.
- Flexible funding arrangements are available to meet specific employer needs. Your policy can be structured as employer-pay-all, employer-pays-part or employee-pay-all.
- Assures the employee that income will continue in the event of a covered disability.
- Enhances the employer's image in the eyes of the employee by reducing concern for the future.
- Finally, Qualified Sick Pay Plans can be offered as an incentive to key employees. IRS regulations permit distinguishing between classes of employees and between employees within a class to provide qualified sick pay benefits.

MassMutual has a Solution.

MassMutual offers a disability income product¹ to fund your Qualified Sick Pay Plan – **Radius**® – our flagship product providing comprehensive coverage.

If you have questions about disability income insurance and how it can work within your plan, call your MassMutual representative. To help find the office nearest you, call (800) 272-2216 or visit www.massmutual.com.

A Qualified Sick Pay Plan requires careful planning and sound advice to make it useful and advantageous to you, your company, and your employees. As part of your planning, you will need to consider the applicability of various employment-related laws (e.g., ADEA, ERISA, ADA, etc.). For further information, consult with your attorney and other advisors.

Why MassMutual?

Since 1851, MassMutual has maintained a long-term focus, providing the strength and stability policyholders expect. Disability income insurance benefits have been provided since 1965, and have helped many people in their unexpected time of need.

Our mutual company structure enables us to manage with the long-term interests of our policyholders and customers in mind, and aligns the Company's interests with those of our policyholders. When working with MassMutual, you can be confident that we will be there to honor our commitment to you.

Assess Your Needs Today.

Your financial services needs and satisfaction with MassMutual are of the utmost importance to us. To help assess your personal and business needs, and to learn more, please visit: **www.halfapaycheck.com** or **www.massmutual.com**.

The information provided is not written or intended as specific tax or legal advice and may not be relied on for purposes of avoiding any Federal tax penalties. MassMutual, its employees and representatives are not authorized to give tax or legal advice. Individuals are encouraged to seek advice from their own tax or legal counsel.

New York policies:

This policy provides disability income insurance only. It does **not** provide basic hospital, basic medical or major medical insurance as defined by the New York State Insurance Department. The expected benefit ratio for a Radius policy is 50.2%. This ratio is the portion of future premiums which the company expects to return as benefits, when averaged over all people with this policy.

¹ Radius® policy [Policy Form XL-IS-92 and XL-IS-92(NC) in North Carolina] has exclusions and limitations and is issued by Massachusetts Mutual Life Insurance Company, Springfield, MA 01111-0001. For costs and complete details of coverage call your agent or MassMutual at 1-800-272-2216 for a referral to an agent.



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