

Understanding the Difference Between Long-Term Disability (LTD) and Social Security Disability

Receiving the Benefits You Deserve

You have been referred to Allsup so we can help you apply for your Social Security Disability Insurance (SSDI) benefits and, if approved, help coordinate your benefits and related payments with your private disability plan. It's important that you have a clear understanding about:

- The differences between SSDI and benefits under a private disability benefit plan, such as a disability pension plan or long-term disability (LTD) plan.
- How these benefits integrate with each other.
- Who Allsup is, what our role is and how we differ from your LTD plan.

The information included here regarding LTD benefits is general in nature and your particular LTD plan may be different. Please contact your LTD plan administrator if you have specific questions about your LTD claim or the provisions of your LTD plan.

It's important to remember that Allsup is not the LTD plan or a fiduciary of that plan. We don't determine your eligibility for benefits, fund your benefits or determine the amount of benefits you receive from your LTD plan.



Disability Benefit Services and Responsibilities

Your LTD plan must determine if you qualify for LTD benefits and whether or not they will continue. The LTD “any occupation” definition of disability is very similar to the SSDI definition of disability.

Some LTD claims are denied immediately upon application for benefits. Other LTD claims are initially paid for a particular time period and then cease. This may be due to the time limitations set in your LTD plan or because the LTD plan has determined that your condition is no longer severe enough to continue to qualify for LTD benefits. Other LTD claims are paid until you reach full retirement age or reach a settlement.

Allsup plays no role in the LTD decision-making process. Your LTD plan makes these decisions.

Disability Benefit Integration

Definition of Integration

LTD benefits typically integrate with SSDI benefits. The amount of your employer-provided benefit is affected in some way by the amount of any SSDI benefit you receive. For LTD benefits, this integration typically reduces the LTD benefit dollar-for-dollar by the amount of any SSDI benefits.

Purpose of Integration

The premium for an integrated LTD plan is typically lower than an LTD plan that doesn't integrate with SSDI benefits. You and your employer also pay FICA taxes for SSDI. Because LTD plans integrate with SSDI, the two share the burden in replacing a portion of your income lost due to a disability.

This integration also prevents “double dipping,” where you could potentially receive nearly as much or more in total LTD and SSDI benefits than you were receiving in wages prior to your disability.

The SSDI Offset

The LTD benefit reduction for SSDI benefits is called an offset. It usually occurs as soon as the LTD plan learns that you will receive SSDI benefits. For example, if you receive \$2,000 per month in LTD benefits and also receive \$1,100 per month in SSDI benefits, your LTD benefit is reduced to \$900 per month after the dollar-for-dollar offset. You will then receive \$1,100 per month in SSDI and \$900 per month in LTD, for the same \$2,000 per month total previously received from LTD only.

SSDI Representation

Our goal is to get you the benefits you need and deserve, as quickly and simply as possible. That's why we provide a free Allsup SSDI Assessment through *empower* by Allsup®, an online tool that quickly determines your eligibility for benefits and guides you through the application process. It can also help you use these benefits to return to work, if and when you medically recover.

For over 30 years, we have successfully secured SSDI benefits for more than 275,000 deserving customers. In fact, Allsup has a 97% award rate for customers who complete the SSDI process with us.

Throughout the disability claims process, we will:

- Represent your best interests.
- Never share your medical information with anyone other than the SSA unless you authorize us to do so or we are required to do so by law.

Social Security regulations govern our conduct and behavior. This provides you with an extra level of assurance, beyond our own ethical standards, that our job is to represent you alone. Your LTD plan understands that if a conflict arises, our obligation is to you. They understand our position and agree to our approach before they refer you to us.

LTD Overpayment Reimbursement

An LTD overpayment is not uncommon. If you're awarded SSDI benefits, there is a good chance that your LTD benefits will have overpaid you during the months you received the full amounts of both LTD and SSDI. Your LTD plan paid this extra amount because, as outlined in your LTD plan, you have agreed to repay any overpayment of LTD benefits that may occur. The same is true if you receive SSDI benefits in a retroactive lump-sum. If the period of time covers the same period of time that you were paid LTD benefits, you must also meet the requirements of your LTD plan and reimburse your LTD plan for the amount of the overpayment.

Even if you are no longer receiving LTD benefits or are receiving minimal LTD benefits, you will want to repay the LTD overpayment. It is important to understand that if you do not repay this amount, your remaining LTD benefits will most likely be suspended or significantly reduced. The suspension or significant reduction usually stays in place until the entire LTD overpayment has been reimbursed. The failure to repay the amount you owe could result in the suspension or significant reduction of other types of benefits you may receive under related plans.

To reduce the risk of these things occurring, we help you repay your LTD overpayment in an easy, hassle-free manner. You simply sign our pre-authorized withdrawal form that authorizes Allsup to debit your account for the overpaid amount, on or after the date your retroactive SSDI benefit is deposited. The amount withdrawn by us is then forwarded to your LTD plan to be applied toward the LTD overpayment. This is a completely voluntary transaction on your part, and you can choose to participate in this service or not. However, if you choose not to participate in this service, then you will still need to discuss repayment directly with your LTD plan.

Disability Benefit Comparison

	LTD	SSDI
Benefit Types	<ul style="list-style-type: none"> Voluntary employee benefit offered at the sole discretion of your employer. One-third of all employees in the U.S. have employer-provided disability plans. 	<ul style="list-style-type: none"> Under the Social Security Act, you qualify for disability benefits if you meet the eligibility criteria, have worked for a designated amount of time and paid mandatory payroll taxes (known as FICA).
Benefit Funding	<ul style="list-style-type: none"> Insurance premiums paid by you or your employer. 	<ul style="list-style-type: none"> Premiums paid by you and your employer in the form of FICA taxes. Your employer matches every dollar that you pay in FICA taxes, of which a percentage of every dollar goes to fund the disability program.
Benefit Amounts	<ul style="list-style-type: none"> Usually a fixed percentage of your salary at the time of disability. Common amounts are 60 percent and 66 $\frac{2}{3}$ percent of your salary. 	<ul style="list-style-type: none"> Complex formula primarily based on a specific number of work years and the cumulative amount of earnings subject to FICA taxes during these work years at the time of disability.
Definitions of Disability	<p>Two different definitions of disability:</p> <ul style="list-style-type: none"> The policy will specify a period of time in which an “own occupation” applies. You must be disabled and unable to perform your own occupation to qualify for benefits. After the “own occupation” time period ends, an “any occupation” period applies, which means you must be disabled and unable to perform any occupation to continue to qualify for LTD benefits. 	<p>The Social Security Administration (SSA), has one definition of disability.</p> <ul style="list-style-type: none"> You must be disabled and unable to perform any type of substantial gainful activity. The disability has to have lasted, or is expected to last, for at least 12 months or result in death. The SSA’s definition of disability is similar to the definition applied by LTD plans for claims that enter the “any occupation” time period.
Benefit Durations	<ul style="list-style-type: none"> Varies depending on the type of disability. For example, benefits for mental/nervous disabilities are usually limited to two years. Benefits for other types of disabilities can continue until age 65 or retirement age, depending on policy provisions, unless medical improvement takes place or a settlement is reached. 	<ul style="list-style-type: none"> Benefits can continue indefinitely until you reach full retirement age or if there is medical improvement. Not based on the type of disability.
Benefit Eligibility Reviews	<ul style="list-style-type: none"> Usually subject to review on a continuous basis. 	<ul style="list-style-type: none"> Subject to review at certain intervals after receiving benefits, usually at one, three, five or seven years. Based on the type of disability and whether medical improvement is expected. If medical improvement is expected, a Continuing Disability Review (CDR) date of one year is established at the time benefits are approved.

How an Offset and Overpayment Occurs

The dollar-for-dollar offset or LTD benefit reduction is usually effective the first month that SSDI benefits are payable to you. However, there are a number of reasons, such as receiving a retroactive lump-sum amount, that the offset will have to be applied to a period of time already past. An example of this is if the onset date of disability that the SSA establishes results in a past-due benefit.

In addition, the SSDI approval process can take anywhere from a few months to a year or more. Your LTD plan usually will continue to pay the full LTD benefit amount during most or all of this time because, as outlined in your LTD plan, you have agreed to repay any overpayment of LTD benefits.

As a result, if you're approved for SSDI benefits, a retroactive benefit will likely be paid to you by the SSA. And because you receive benefits from both your LTD plan and the SSA covering the same time period, an LTD overpayment occurs.



The Allsup Advantage

While we don't have any input into the decisions your LTD plan makes, we do help you integrate your SSDI benefits with your LTD benefits.

- As your appointed representative, we act on your behalf and guide you through the SSDI claims process.
- We can help you reconcile your disability benefits and comply with your obligation to repay any excess LTD benefits you received as a result of your SSDI benefits.

Allsup Makes the Process Easier

We hope you now have a better understanding of the different disability benefit issues that can arise when you have more than one source of disability income. Now that we've given you a better idea as to who Allsup is, what our role is and how we differ from your LTD plan, we look forward to helping you receive the benefits you deserve.

If you'd like more information or have questions, please email YourAllsupTeam@allsupinc.com or call (800) 405-8339.