



Long Term Disability Tax Designation Form

Long Term Disability coverage is *fully paid* by Loyola, you do not need to make any decision about the type of coverage you want. However, you do have a decision to make about the tax status of the premium payments that Loyola pays on your behalf. Your choice will affect how your LTD benefits will be taxed, should you become disabled and begin receiving LTD payments.

- Taxable premiums: This option allows you to pay taxes up front on the value of the premiums Loyola pays on your behalf. Then, if you later receive benefit payments from the LTD plan, your benefits will be tax-free.
- Non-taxable premiums: With this option, you will not pay taxes on the value of premiums Loyola pays on your behalf. However, if you later receive benefit payments from the LTD plan, your benefits will be taxable income to you. This may result in a substantial decrease in your net LTD benefits.

For more information regarding Long Term Disability refer to the Loyola University Benefits Guide.

IF NO FORM IS COMPLETED THE DEFAULT OPTION WILL BE NON-TAXABLE, THUS RESULTING IN DISABILITY BENEFITS BEING TREATED AS ORDINARY INCOME.

ELECTION DESIGNATION FORM for tax treatment on Long Term Disability Insurance premium value for current calendar year.

Please read carefully and elect only one:

- YES, I elect to pay taxes on the value of the LTD insurance premium paid by the university for coverage on my behalf. I understand that disability benefits that I receive for LTD from the insurance carrier will therefore be non-taxable income if I become disabled under this agreement.
- NO, I do not elect to pay taxes on the value of the LTD insurance premiums paid by the university for coverage on my behalf. I understand that disability benefits that I receive for LTD from the insurance carrier will therefore be taxable as ordinary income.

I have read and understand the consequences of the election that I have selected. My signature authorizes Loyola University to effect the option that I have indicated above.

PRINT NAME _____ SS# _____

Signature _____ Date _____