

Executive Disability Plan (EDP)



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- A New Executive Benefit Opportunity
- The Financial Implications of Disability
- Understanding Your Needs & Options
- Coverage Details
- What You Need to Do
- Commonly Asked Questions
- Wrap-up

▶ Improving your benefits with meaningful solutions

- Introducing the Executive Disability Plan (EDP).
- Helps to mitigate financial exposure in the event of a disability.
- Includes a number of important features not available independently.

- ▶ Have you ever taken a moment to consider the financial implications of a disability?
 - Do you know how your Group Long-term Disability (LTD) plan works?
 - Is your Group LTD plan enough?

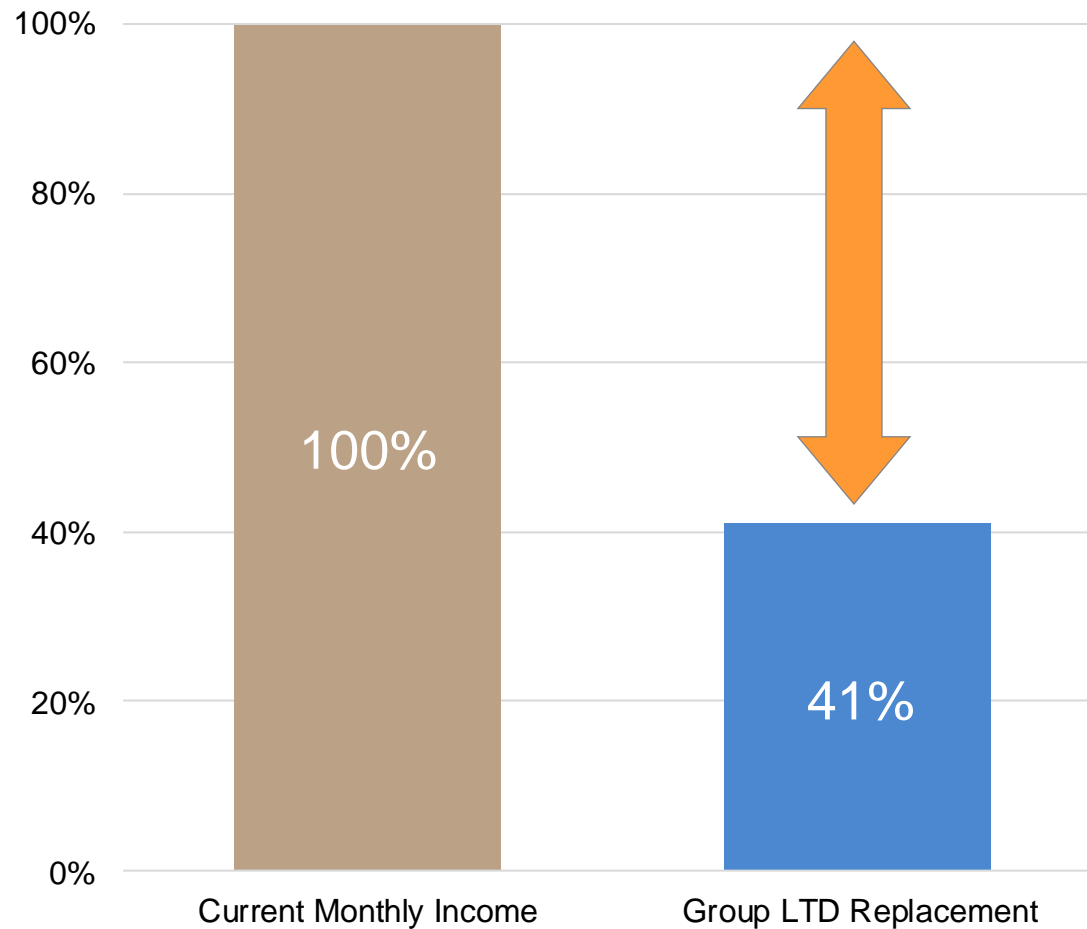
▶ Your Group LTD Plan

- Two options
 - ❖ Option 1: Replaces 50% of your Base Salary
 - ❖ Option 2: Replaces 70% of your Base Salary & Bonus.
- Maximum benefit of \$12,000 per month

How Your Group LTD Plan Works:

Employee	Salary	Bonus	Total Compensation	Annual Group LTD Benefit 70% Option	% of Income Replaced
Employee A	\$400,000	\$500,000	\$900,000	\$144,000	16%
Employee B	\$220,000	\$130,000	\$350,000	\$144,000	41%
Employee C	\$150,000	\$70,000	\$220,000	\$144,000	65%

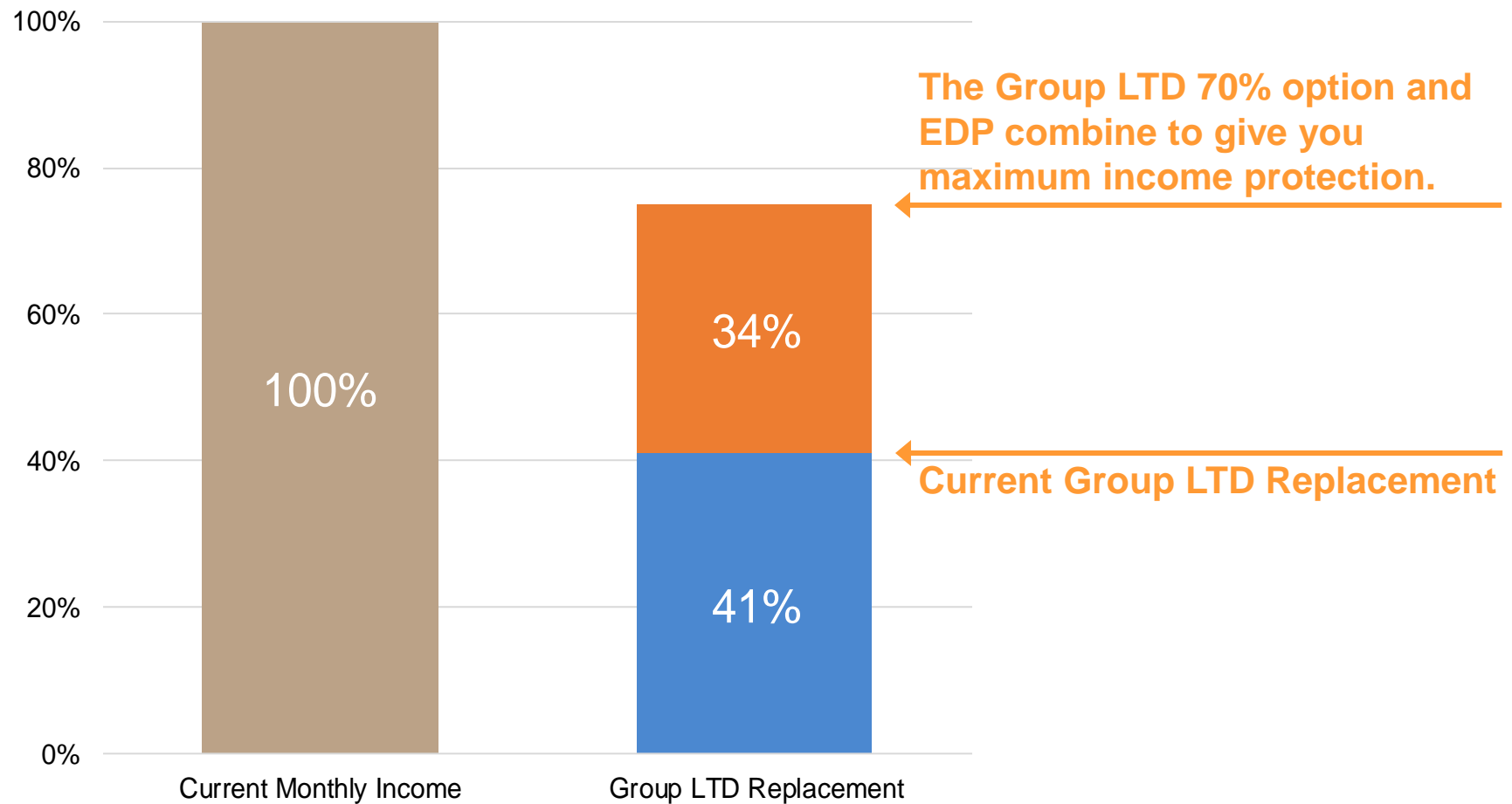
“Employee B” With Group LTD Only:



**How Would You
Fill the Gap?**

Understanding Your Needs

“Employee B” With Executive Disability Plan:



▶ Determining the Solution

- Guardian Life Insurance Company of America chosen as provider
 - ❖ Long history of financial strength – AM Best A++
- Secured a number of features due to company demographics
 - ❖ Guaranteed Standard Issue Coverage
 - ❖ Substantial Premium Discount
 - ❖ Minimal Application Requirements – no medical exams or financial underwriting

Understanding Your Options

		Coverage through this Opportunity (Guaranteed Standard Issue -- GSI)	Coverage Pursued Independently (Fully Underwritten)
FULL MEDICAL UNDERWRITING	Complete Physical Exam (including Blood & Urine)	NO	YES
	Client History Interview	NO	YES
	Attending Physician Statement	NO	YES
	Pre-existing Condition Limitation	NO	YES
	Avocation Questionnaire	NO	YES
	Motor Vehicle History Report	NO	YES
	Family Medical History	NO	YES
FULL FINANCIAL UNDERWRITING	Current Income	YES	YES
	Current & 2 previous years tax returns	NO	YES

- ▶ **Up to \$10,000 per Month of Guaranteed Standard Issue (GSI) Benefit**
 - Each eligible employee must be:
 - ❖ Age 18 to age 70
 - ❖ Continuously at work full time (at least 30 hours per week) performing the duties of his/her occupation for 90 days prior to application sign date without limitation due to injury or sickness (disregarding vacation days, normal non-working days, and any absences that total less than seven days.)
 - ❖ Not currently disabled and/or collecting disability benefits
 - ❖ A U.S. citizen or hold a permanent residence visa

Disability Income Policy Form 1200 is underwritten and issued by Berkshire Life Insurance Company of America, Pittsfield, MA, a wholly owned stock subsidiary of The Guardian Life Insurance Company of America, New NY.

- ▶ **Up to \$10,000 per Month of Guaranteed Standard Issue (GSI) Benefit**
 - Substantially Discounted – 25% less than if you pursued coverage on your own (based on age & unisex rates).
 - Guaranteed Renewable, Non-Cancellable Coverage.
 - Individually-owned and Portable (including discount).
 - Tax-free Benefits.
 - Extended Own Occupation Definition of Disability.
 - Elimination Period: 180 Days; Benefit Period: To Age 67.

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- ▶ Is participation in the Cigna LTD 70 a prerequisite for participation in the new Executive Disability Plan?
 - Yes. If you are not currently enrolled in this plan, contact your HRLink representative by July 21, 2017 at HRLink@borgwarner.com or 844-4BW-LINK and ask to get enrolled in LTD 70.

- ▶ If I leave BorgWarner, do the discounted premiums continue?
 - Yes. You can continue coverage, including the discount, should you change employers.
 - Upon notification of your departure, Guardian will contact you.

- ▶ What are the most common causes of disability?
 - 90% of disabilities are caused by illness not accident*
 - ❖ Musculoskeletal/Connective Tissue Disorders: 28.6%
 - ❖ Cancer: 15.1%
 - ❖ Injuries and Poison: 10.3%
 - ❖ Cardiovascular/Circulatory Disorders: 8.7%
 - The average group long-term disability claim lasts 34.6 months*

- ▶ What if I decline now? Will I have another opportunity to enroll?
 - Yes, assuming participation goals are met.
 - Medical underwriting may be required.

- ▶ What if my incentive compensation is higher next year? Will I be able to increase my coverage.
 - Again, assuming participation goals are met, policyholders may increase their coverage on an annual basis in alignment with their income.

- ▶ Will my benefit decrease if I make less incentive compensation next year?
 - No. This is a guaranteed renewable, non-cancellable policy. As long as you continue to pay premiums, coverage cannot be cancelled or reduced.

- ▶ Review the personalized kit that was mailed to your residence address and make a decision before July 21, 2017.
 - Policies will be dated October 1, 2017
 - Payroll deductions begin in September 2017
- ▶ If you need a duplicate packet or have any questions, please contact HFCEB, our Executive Disability Plan administrator at 800-258-8429 or send an email to customerservice@hfcb.com.