



available to eligible members of the AICPA  
or a State Society of CPAs



The AICPA Long Term Disability Income Plan—  
**a key component of your  
financial security**

American Institute of Certified Public Accountants Insurance Trust





## **"If you depend on your income to pay the bills, you ought to carry disability insurance"**

—The Motley Fool\*

**F**ew kinds of insurance are more misunderstood than long term disability insurance. While many firms cover employees for sick time, or *short* term disability, and many provide *some* coverage for long term disabilities, the majority of American workers aren't prepared for a long term—or a permanent—disability. *In fact, 70% of working Americans say they could only afford to take one month or less of unpaid time off<sup>†</sup>.*

If you have life insurance coverage, that's great. But if you become totally disabled, it could be as bad for your family's finances as your death. After all, life insurance doesn't cover disabilities while the expenses of daily living continue to add up.

Even if you have long term disability (LTD) coverage at work, you may not be as well-protected as you think. Often, only a portion of your salary—sometimes as little as 30-40%—is covered, and other sources of income, like bonuses, may not be covered at all. And consider this: Under many employer-sponsored plans, benefits are fully taxable under current IRS rules.

*Are you sure you have the kind of protection you'd need to get you through a long term disability?*

### ***The chances of needing long term disability insurance may be greater than you think...***

- One in three working Americans will become disabled for 90 days or more before age 65.<sup>1</sup>
- You are three and a half times more likely to become disabled than you are to die during the course of your career.<sup>2</sup>
- Once a person has been disabled for 90 days, the average length of disability is 2.5 years.<sup>3</sup>

### ***Does being in a "safe" profession mean you're less likely to be disabled?***

- Nearly 95% of all disability claims are not work related.<sup>4</sup>
- Accidents whether on or off the job, total fewer than 10% of all long term disabilities.<sup>5</sup>

### ***Think you're already covered if a disability strikes?***

- Many employer plans cover only a portion of your salary, and don't cover other sources of income—like bonuses—at all.
- Social Security covers disabilities expected to last 12 months or longer—or end in death. And you must be unable to work according to Social Security's definition.
- The benefits from many employer-paid plans are fully taxable; you may not have as much coverage as you think.

\* Motley Fool Insurance Center: Disability

<sup>†</sup> The Life and Health Insurance Foundation for Education (LIFE), May 23, 2006.

<sup>1,3</sup> 1995 Commissioners Individual Disability Table A, Society of Actuaries.

<sup>2,4,5</sup> *The Long Term Disability Claims Review: 2005*, Council for Disability Awareness, May, 2006.

### ***Ready to apply?***

Visit our website to apply online at [www.cpai.com/ltd](http://www.cpai.com/ltd) or use the enclosed Request Form.



## More protection. Fewer worries.

*Dealing with a serious accident or disability is stressful enough without the worry of how you'll meet your financial needs without your income. The AICPA Long Term Disability Income Plan, with coverage issued by The Prudential Insurance Company of America, was designed to give you less to worry about so you can concentrate on what matters most—getting well.*

### The AICPA LTD Income Plan

A long term disability can have a devastating effect on your family's financial health, and your chances of having a government assistance program help you meet your family's expenses is dwindling.

Disabilities often mean medical bills and other extra expenses, on top of financial obligations like mortgages, car payments, and the other everyday expenses. The AICPA Long Term Disability Income Plan, with coverage issued by The Prudential Insurance Company of America, was designed with the needs of CPAs in mind.

Each year, a cash refund is distributed back to eligible participants. And while never guaranteed, cash refunds have been paid every year since 1984. Cash refunds are paid by the AICPA Insurance Trust from premium refunds received from Prudential.

### Monthly disability benefits up to \$12,000

Recently, the Trust increased the monthly maximum benefit amount offered under the Plan to \$12,000, giving AICPA members who qualify the opportunity to provide their loved ones with even more protection.

AICPA members can request a monthly benefit amount up to \$4,000 without having to provide evidence of their earnings. State Society members can request up to \$3,000 in monthly benefits.

For amounts greater than \$4,000, AICPA members must complete the earnings calculation section of their Request Form. The amount requested cannot exceed 65% of monthly earnings, minus any other monthly disability income coverage a member already has or has applied for as of the date the LTD Plan coverage is requested.

### Cost of Living Adjustment feature

As part of our goal to provide members with the best coverage, participants who become covered and disabled in 2009 or later and who are receiving a monthly benefit of \$4,500 or more are eligible for a Cost of Living Adjustment (COLA). This feature increases the monthly benefit by the lesser of 6% or 50% of the increase in the Consumer Price Index. With COLA, disability benefits keep pace with the ever-increasing cost of living by adding each year to the benefit amount you receive.

### You choose: earlier benefits or lower rates

A "waiting period" (sometimes called an "elimination period") is the length of time between the day you are determined to be totally disabled and the day your benefits begin. You may have short term disability or "sick days" that cover you during this time.

Under the AICPA Plan, you have a choice: a 13-week waiting period that lets benefits begin sooner, or a 26-week period that carries substantially lower rates. In either case, benefits begin for total and continuous disability when your waiting period ends.

### Beyond short term disability insurance

To qualify for LTD benefits, you must be totally disabled, but you do not need to be confined to a house or a hospital. The duration of benefits depends on when the disability occurs:

- benefits for life if your disability begins before age 50;
- to age 65 if your disability begins between age 50-62;
- for two years if your disability occurs at age 63-69.

For a disability caused by a mental or nervous disorder, benefits will be limited to five years or the time limits listed above, whichever is less.

**NEW!**



## Returning to work can be uplifting...

...and have a tremendously positive effect—physically, psychologically and financially. That’s why the AICPA Long Term Disability Income Plan helps with the transition—by allowing you to earn income while still receiving monthly benefits at a reduced amount. The Program is completely voluntary and will even pay for approved vocational training.

### Rehabilitation

If you are receiving Plan benefits and wish to resume earning income, simply send a written request to Prudential to be placed on rehabilitation status. Upon review, you will be sent a written notice of your entry into the Program. Please note that if you have not submitted a written request to Prudential and resume earning income, further benefits will cease.

While on rehabilitation status, your regular monthly disability benefit will be reduced by 50% of your monthly earnings. However, your earned income plus the reduced benefit paid may not exceed 125% of your regular monthly disability income benefit. See the examples to the right.

You will continue to receive reduced Plan benefits while on rehabilitation status until your monthly earnings reach 125% of your regular monthly benefit. At this point, no further benefit is payable and you are no longer considered on rehabilitation status.

### Special features of the Plan

The AICPA LTD Plan was developed to include features not found in many other plans. A “your occupation” definition of disability, for instance, means you won’t be forced into another line of work. The Plan recognizes that not all disabilities are the result of physical injury, so mental and nervous disorders are covered as well, for the first five years. There is no reduction for Social Security benefits, and the Plan covers you 24-hours a day, anywhere in the world, for covered disabilities.

### Example A—

If your regular monthly benefit is \$3,000 and you earn \$900 a month while on rehabilitation status, 50% of your monthly earnings—or \$450—is used to reduce your benefit to \$2,550. Adding your monthly earnings to your monthly disability benefit, provides you with a total monthly income of \$3,450.

|   |          |
|---|----------|
| monthly disability benefit:                   | \$ 3,000 |
| 50% of your monthly earnings:                 | - 450    |
| <hr/>   |          |
| reduced monthly disability benefit:           | \$ 2,550 |
| your monthly earnings:                        | + 900    |
| <hr/>   |          |
| your monthly income on rehabilitation status: | \$ 3,450 |

### Example B—

If you earned \$1,800 a month, your earnings plus a reduced disability benefit of \$2,100 (\$3,000 less 50% of \$1,800) would equal \$3,900. Your combined income of \$3,900 would then be \$150 above your maximum of \$3,750 (125% of your \$3,000 regular monthly benefit). In this case, your benefit amount will be \$1,950 instead of \$2,100 for a total monthly income of \$3,750 (\$1,800 of earnings plus a \$1,950 disability income benefit).

|  |          |
|--|----------|
| monthly disability benefit:  | \$ 3,000 |
| 50% of your monthly earnings:  | - 900    |
| <hr/>  |          |
| reduced monthly disability benefit:  | \$ 2,100 |
| your monthly earnings:   | + 1,800  |
| amount above maximum benefit amount:   | - 150    |
| <hr/>  |          |
| your maximum monthly income on rehabilitation status (125% of monthly benefit amount): | \$ 3,750 |



# You may be wondering...

## When does coverage start?

Coverage usually starts on the Plan Entrance Date. (Insurance will become effective upon acceptance by Prudential. This date could differ from the Plan Entrance Date.) The member must be actively working full-time on the day coverage is to begin. If the member is not actively working, the coverage is deferred until the member returns to active work. If the date when coverage would otherwise begin falls on a Sunday or a holiday, this actively at work requirement applies to the member's last scheduled work day preceding the coverage date.

## When will my coverage terminate?

Coverage terminates when you reach age 70, unless you are disabled and receiving benefits. Benefits are paid in accordance with the terms of the Certificate. Earlier termination will occur if you are no longer a member of the AICPA and any State Society of CPAs, the group policy with the Trust terminates, or you fail to make timely payments of the required contributions to the Trust.

## Could my level of coverage be reduced if my future earnings decrease?

You will be required to verify each year that your earnings qualify for coverage if you are an AICPA member and have an amount at or above \$4,500. If your earnings no longer qualify for your previous coverage amount, your coverage will continue at the highest available scheduled amount for which you qualify. There are no earning requirements for monthly disability amounts less than \$4,500 for AICPA members, or at \$3,000 for State Society members.

## Who is eligible to request Plan coverage?

Any member of the AICPA or a State Society of CPAs who is actively working full-time (at least 17 1/2 hours per week), less than age 65 and resides in the United States, Guam, Puerto Rico or the United States Virgin Islands.

## How does the COLA Feature work?

Participants who become covered and disabled in 2009 or later and who are receiving a monthly benefit amount of \$4,500 or more are eligible for COLA. To qualify, a participant must have been receiving benefits for the prior 12 months, as of each July 1. There is a limit of five increases during each period of disability.

## Will I be covered for successive disabilities?

If you receive benefits for a disability and recover, and again become totally disabled while covered under the Plan, the later disability may be considered as a continuation of the prior disability. If that were the case, this would eliminate the need for satisfying another waiting period. However, the second disability will be considered a new one if: prior to the second disability you had been working full-time for at least six consecutive months or if the cause of the second disability is entirely unrelated to the first one.

## What is the definition of Total Disability?

To be considered totally disabled, you must be disabled by sickness or accidental injury and unable to perform, for wage or profit, all of the substantial and material duties of your occupation. You must also be under the regular care of a physician.

Since this Plan is designed to help protect against the loss of earnings, in order to be considered totally disabled, you must not be engaged in gainful occupation, unless it's part of your pre-approved rehabilitation. Once total disability has been determined and you begin your monthly benefits, you must remain unable to perform all of the substantial and material duties of your occupation in order to continue receiving benefits.

*Coverage under the Plan does not provide for the payment of benefits for partial disabilities.*

## Questions?

**Call Aon Insurance Services  
at 1-800-223-7473.**

**The Prudential Insurance Company of America  
751 Broad Street, Newark, NJ 07102**

**Group Life and Disability Income Medical  
Underwriting Notice**

Thank you for choosing The Prudential Insurance Company of America (Prudential) for your insurance needs. Before we can issue coverage we must review your Application/Enrollment Form. To do this, we need to collect and evaluate personal information about you. This notice is being provided to inform you of certain information practices Prudential engages in, and your rights, with regard to your personal information. We would like you to know that:

- Personal information may be collected from persons other than yourself or other individuals, if applicable, proposed for coverage;
- This personal information as well as other personal or privileged information subsequently collected by us may, in certain circumstances, be disclosed to third parties without authorization;
- You have a right of access and correction with respect to personal information we collect about you; and
- Upon request from you, we will provide you with a more detailed notice of our information practices and your rights with respect to such information. Should you wish to receive this notice, please contact:

The Prudential Insurance Company of America  
Group Medical Underwriting  
P.O. Box 8796  
Philadelphia, PA 19176

Any information we obtain regarding a person's insurability will be treated as confidential. We may, however, make a brief report of it to the Medical Information Bureau (the Bureau), a non-profit membership organization of life insurance companies, which operates an information exchange on behalf of its members. When you apply for life, disability, or health insurance to any company, including Prudential, which is a member of the Bureau, or submit a claim for benefits to such a company, the Bureau will, on request, give the company the information in its files. In addition, upon receipt of a request from you, the Bureau will arrange disclosure of any information it may have in your file. If the information came from the Bureau and you question the accuracy of the information in the Bureau's files, you may contact the Bureau and seek a correction in accordance with the procedures set forth in the Federal Fair Credit Reporting Act. The Bureau's address is: MIB Group, Inc., Customer Service, 50 Braintree Hill Park, Suite 400, Braintree, MA 02184-8734, 1-866-692-6901.

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The cost of insurance is met from contributions to the Trust by Plan participants. The current contribution rates are set forth in the enclosed material.

This brochure is intended to be a summary of your benefits and does not include all plan provisions, exclusions and limitations. A Booklet-Certificate, with complete plan information, including limitations and exclusions, will be provided to participants. If there is a discrepancy between this document and the Booklet-Certificate issued by the issuing company, the terms of the Booklet-Certificate will govern.

Contract Series 83500.

**Exclusions**

The insurance does not cover a disability caused by or contributed by any war or act of war (including undeclared war and resistance to armed aggression), intentionally self-inflicted bodily injury or attempted suicide.

The Long Term Disability Income Plan 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.

**North Carolina Residents: THIS IS NOT A MEDICARE SUPPLEMENT PLAN. If you are eligible for Medicare, review the Guide to Health Insurance for People with Medicare, which is available from the company.**

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An annual fee is paid by the Trust to the AICPA for administrative services and sponsorship.

Coverage under the AICPA Long Term Disability Income Plan is issued by The Prudential Insurance Company of America, 751 Broad Street, Newark, NJ 07102-3777, (973) 802-6000. The Plan Agent is Aon Insurance Services, 159 East County Line Road, Hatboro, PA 19040-1218. 1-800-223-7473.

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