

Example of how new LTD benefit works

Your enrollment and benefits statement displays an LTD amount in the After Tax column. This amount is added into your gross earnings and depending on your withholding status and number of deductions, Social Security, Medicare, Federal and State taxes are assessed. Paying taxes on the College's contribution each pay period allows you to receive LTD benefits of 60% of your gross wages **tax-free** at the time the benefit is received.

Here are a few examples:

Employee 1 earns \$13.93/hr for 40 hrs/wk equating to \$1114.40 biweekly (\$28,975 annual salary). She declares Single/ 0 for Federal and State taxes.

	<i>Biweekly wage without new LTD benefit</i>	College's contribution to LTD coverage	<i>Biweekly wage with new LTD benefit</i>	<i>Difference</i>
GROSS WAGES	\$1114.40	\$ 2.18	\$ 1116.58	
Taxes				
Social Security	\$ 69.09		\$ 69.23	\$ 0.14
Medicare	\$ 16.16		\$ 16.19	\$ 0.03
Federal	\$ 137.30		\$ 137.63	\$ 0.33
State	\$ 54.00		\$ 54.00	\$ 0.00
NET WAGES	\$ 837.85		\$ 837.35	\$ 0.50

Employee 2 earns \$6292.67/month or \$75,512 annually. He declares Married/2 for Federal taxes and Single/2 for State taxes.

	<i>Monthly wage without new LTD benefit</i>	College's contribution to LTD coverage	<i>Monthly wage with new LTD benefit</i>	<i>Difference</i>
GROSS WAGES	\$ 6292.67	\$ 12.33	\$ 6305.00	
Taxes				
Social Security	\$ 390.15		\$ 390.91	\$ 0.76
Medicare	\$ 91.24		\$ 91.42	\$ 0.18
Federal	\$ 668.28		\$ 670.13	\$ 1.85
State	\$ 374.00		\$ 375.00	\$ 1.00
NET WAGES	\$ 4769.00		\$ 4765.21	\$ 3.79

Employee 3 earns \$7648.00/month or \$91,776 annually. She declares Married/1 for both Federal and State taxes.

	Monthly wage without new LTD benefit	College's contribution to LTD coverage	Monthly wage with new LTD benefit	Difference
GROSS WAGES	\$ 7648.00	\$15.14	\$ 7663.14	
Taxes				
Social Security	\$ 474.93		\$ 475.87	\$ 0.94
Medicare	\$ 111.07		\$ 111.29	\$ 0.22
Federal	\$ 1529.29		\$ 1533.08	\$ 3.79
State	\$ 528.00		\$ 529.00	\$ 1.00
NET WAGES	\$ 4992.71		\$ 4986.76	\$ 5.95

Here's what her earnings statement looks like:

HOURS AND EARNINGS				TAXES AND DEDUCTIONS		SPECIAL INFORMATION	
DESCRIPTION	RATE	CURRENT HOURS/UNITS	AMOUNT	DESCRIPTION	CURRENT AMOUNT		
REGULAR			7,725.00	SOC SEC	475.87	FID-EMPLOYER	0.00
				MEDICARE	111.29	GTL	12.24
				FEDERAL	1,533.08		
				STATE	529.00		
LTD		15.14	15.14	TOTAL	2,649.24		
<p>College's contribution for LTD is added into employee earnings</p>				<p>Employee pays taxes on College's contribution – \$5.95</p>			
<p>TOTAL H/E 0.0 7,725.00</p>				<p>AFTER-TAX DEDUCTIONS</p>			
<p>PRE-TAX ITEMS</p>				<p>MAINESHARE LTD 12.00</p> <p>LTD 15.14</p>			
<p>MEDICAL EE -69.00</p> <p>DENTAL EE -8.00</p>				<p>The contribution is then subtracted from the employee earnings.</p>			