

Short Term Disability Example:

Bob makes \$25.00 per hour and is 46 years old. This makes his **Monthly Rate Per \$10 in Weekly Benefit** \$0.53 (see chart)

To figure his weekly income: $\$25.00 \times 40$ (hours) = \$1,000/wk.

His maximum weekly benefit can be up to 60% of his salary, which comes out to \$600 but since the maximum weekly can only be \$500 at the most, Bob is going to stick to the \$500 weekly benefit.

Since he has a \$500 weekly benefit, and the monthly rate is per \$10 he is going to divide the weekly benefit by 10 which is 50.

Multiply $50 \times \$0.53$ (monthly rate) = \$26.5.

This is the monthly cost, but Bob needs the cost PER PAYCHECK.

He multiplies: $\$26.5 \times 12$ (number of months in a year) = \$318 and divides \$318 by 26 (number of paydays in a year). This will give him the deduction from each paycheck for STD: \$12.23.

Long Term Disability Example:

Bob makes \$25 per hour and is 46 years old. This makes his **Monthly Rate Per \$100 in Weekly Benefit** \$2.14 (see chart).

To figure his weekly income: $\$25.00 \times 40$ (hours) = \$1,000/wk.

However, we need Bob's MONTHLY income so we are going to do the following: $\$1,000 \times 52$ weeks per year / 12 months per year = \$4,333

His maximum monthly benefit can be up to 60% of his salary which comes out to \$2,600, and since the maximum monthly can only be \$6,000 at the most, Bob is well within the maximum monthly amount.

Since he has a \$2,600 monthly benefit, and the monthly rate is per \$100 Bob is going to divide the monthly benefit by 100 which is \$26.

Multiply $\$26 \times 2.14$ (monthly rate) = \$55.64.

This is the monthly deduction rate, but Bob needs the cost PER PAYCHECK.

He multiplies $\$55.64 \times 12$ (number of months in a year) = \$667.68 and divides that by 26 (number of paydays in a year). This will give him the deduction from each paycheck for LTD of \$25.68.