

Instructions for Calculating Monthly STD Premium

Benefit*

- A. Identify the plan benefit percentage offered to employees.
- B. Calculate employees average weekly salary (annual salary divided by 52 weeks).
- C. Multiply average weekly salary times the benefit percentage.
- D. Compare and use the lesser of the result of "C" above to the std plan maximum.

Premium

- E. Take result from "D" above and divide by 10.
- F. Multiply "E" above by the rate. (CBIA billed rate per \$10 of benefit)

Example:

The employer offers a STD benefit of 60% up to \$500 per week with a rate of .25 per \$10 of weekly benefit.

- A. 60% is the benefit percentage.
- B. The employee's annual salary is \$100,000. The salary divided by 52 weeks equals \$1923.08.
- C. Multiply \$1923.08 times .60 (decimal for 60%) = \$1153.85.
- D. The lesser of the STD plan benefit maximum of \$500 or \$1153.85 is \$500. Therefore the benefit amount is \$500.
- E. Use the benefit amount from "D" of \$500 and divide by 10= \$50.
- F. Multiply \$50 times the STD rate of .25 = \$12.50 premium per month.

Instructions for Calculating Monthly LTD Premium**

Covered payroll*

- A. Identify the plan benefit percentage offered to employees.
- B. Calculate employee's average monthly salary (annual salary divided by 12 months).
- C. Determine the covered payroll maximum by dividing the maximum monthly LTD benefit amount by the plan benefit percentage.
- D. Compare and use the lesser of the result of "B" & "C".

Premium

- E. Use the result from "D" divided by 100.
- F. Multiply "E" times rate. (CBIA billed rate per \$100 of covered payroll)

Example:

The employer offers a LTD benefit of 60% up to a maximum of \$5000 per month with a rate of .35 per \$100 of monthly covered payroll.

- A. 60% is the benefit percentage.
- B. The employee's annual salary is \$75,000. The salary divided by 12 months = \$6250.00.
- C. Divide the plan Maximum LTD Benefit of \$5000 by the benefit percentage .60 (decimal of 60%)= \$8333.34.
- D. The lesser of "B" (\$6250.00) or "C" (\$8333.34) is \$6250.00. Therefore the employee's covered payroll is \$6250.00.
- E. Divide \$6250.00 by 100= \$62.50.
- F. Then multiply \$62.50 times the LTD rate of .35 = \$21.88 premium per month

* Please note that STD is billed using the employee's weekly "benefit amount" but LTD is billed based on "covered payroll".

** If you need to determine the employee's LTD benefit amount multiply the employee's covered payroll (as calculated above- already reduced to plan maximum if necessary) amount by the benefit percentage.