



Pension Contribution rider

Most disability plans do not replace contributions to retirement programs, so employees who become disabled may not be able to properly provide for their retirement years. What can physicians, dentists, and other medical professionals do?

Internal Revenue

Service requirements

The IRS has requirements that may apply to this rider. Thus, we advise that employers consult with their plan advisor about whether:

- There are any plan qualification tax issues related to payments made under this rider
- The plan must be amended to accept payments under this rider

The Pension Contribution rider is available with Sun Life's Physician Long-Term Disability plans. It protects employees' retirement income by continuing all or a portion of the contributions to the retirement plan. These contributions can be put toward a qualified defined contribution plan or other type of plan approved by Sun Life Financial.

Key features

Key features of this option include the following:

- It replaces up to the lesser of:
 - 5% to 15% of pre-disability earnings,
 - the actual contribution that was deposited monthly into the employer-sponsored plan, or
 - \$2,000 to \$4,000 per month.
- It makes payments to either the trustee or the administrator of the pension plan (if able to accept payments).
- The pension plan is defined as a qualified defined contribution plan or other plan approved by Sun Life Financial.
- It includes full payment during Total or Residual Disability.

- The benefit is paid if an employee is receiving a Partial or Total Disability payment and if the employee is a participant in the employer-sponsored plan so long as the employee has been a participant in the plan for at least 12 months prior to the date that the Total or Partial Disability began; and if the individual becomes disabled after having been a participant in the pension plan for 12 months prior to disability, remains disabled during the elimination period, and is receiving a disability benefit under the disability program.
- The benefit will continue until the individual is no longer disabled; fails to provide proof that he or she continues to be Totally or Partially Disabled; reaches the end of the maximum duration of disability benefits in the plan; or dies. The benefit may also terminate if the individual is no longer an eligible participant of the employer-sponsored plan or if the employer-sponsored plan is frozen or terminated.

Example

A group plan covers both a physician's contribution and the employer's contributions. A physician earning \$30,000 a month was making a \$3,000 pre-tax contribution to a defined contribution plan and was eligible for a 15% pension benefit under his Long-Term Disability plan before becoming totally disabled under the contract provisions. After receiving his total disability benefit, Sun Life would replace up to the lesser of:

- the pension percentage (15% of \$30,000 = \$4,500),
- the employer's actual contribution (\$3,000), or
- \$4,000 per month.

The amount payable under the pension benefit for this individual is \$3,000. This amount is paid in addition to the basic Long-Term Disability payment.

To learn more, call your local Sun Life Financial group representative or MGIS regional sales representative today.



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