

A man and a woman are shaking hands in a modern office environment. The man, on the right, is wearing a dark suit jacket over a yellow shirt and glasses, and is smiling broadly. He is holding a black briefcase. The woman, on the left, is wearing a light-colored blazer and dark pants, and is also smiling. They are standing in front of large glass windows that let in bright light.

Spotlight:

Enhanced Plus Residual Disability Rider

Disabilities are not always considered total in nature. Some may allow your clients to continue working, but on a limited or partial basis - either working fewer hours or performing limited duties. Whether total or partial, both may leave your clients with a loss of income. A Residual Disability rider can help protect their income in these situations.

Let's focus on the benefits of the DInamic Cornerstone® Enhanced Plus Residual rider which includes a **Return-to-Work Incentive**, the minimum **Residual Monthly Benefit** (payable for up to six months) and our **Recovery Benefit**.

Ameritas 
fulfilling life



Barry

Enhanced Plus Residual Rider Solutions:

- Barry is an attorney earning \$200,000 annually. He owns a Dynamic Cornerstone individual disability policy with \$9,700 monthly benefit and the Enhanced Plus Residual Disability rider. Barry was recently diagnosed with a heart condition. As a result, his doctors have asked him to work fewer hours and reduce stress. Barry continues doing all aspects of his job, but only 3 days a week. Due to his reduction in hours, his income drops by 40%. With this loss of time in his occupation and a loss of income, he would qualify for a residual benefit once he satisfies his elimination period.

- **Spotlight:** With the Enhanced Plus Residual rider, during the first three months of residual disability payments, the residual monthly benefit will equal his loss of monthly earnings, not to exceed the base monthly benefit. We refer to this as the **Return-to-Work Incentive**. In the situation above, Larry's loss of annual earnings is \$80,000 (\$6,667/month). This is a 40% loss of earnings, meaning that his income has gone from \$200,000 to \$120,000. The formula for calculating the residual monthly benefit in this case would be:

$$\text{residual monthly benefit} = \frac{\text{loss of monthly earnings}}{\text{prior monthly earnings}} \times (\text{times}) \times \text{base monthly benefit}$$

For Larry, the residual monthly benefit = \$6,667 / \$16,667 x \$9,700. This results in a residual monthly benefit of \$3,880. However, with the Return-to-Work Incentive, the residual monthly benefit payable for the first three months is equal to the actual loss of monthly earnings:

Actual loss of monthly earnings = \$6,667.

For the first three months Larry will receive a residual monthly benefit of \$6,667 thanks to the Return-To-Work Incentive which is based on actual loss of monthly earnings, since this is less than the maximum monthly benefit of \$9,700.

- The Enhanced Plus Residual Rider also guarantees that the **minimum monthly residual disability benefit** will not be less than 50% of the monthly benefit for the first six months of a residual claim. In this case, the loss of earnings is only 40%, so the minimum residual benefit rule would kick in. **In months three through six, the residual monthly benefit would be 50% of \$9,700, or \$4,850.**
- After the first six months, the residual monthly benefit would use the calculation noted above and result in a residual monthly benefit amount of \$3,880.

After receiving partial disability benefits for a period of time, Larry returns to work full-time and is performing all the duties of his occupation. However, his time away from work has impacted his earnings. He expects it will take a few years to rebuild his client base and, as a result, his income. During this time Larry will benefit from the **Recovery Benefit** built into the Enhanced Plus Residual Disability rider. He returns to work full-time and resumes all duties, yet he is still demonstrating a 25% loss of earnings.

Ameritas will continue to pay the monthly residual disability benefit using the same calculation as before:

$$\text{residual montly benefit} = \frac{\text{loss of monthly earnings}}{\text{prior monthly earnings}} \text{ (times)} \times \text{base monthly benefit}$$

With a 25% loss of earnings, Larry will receive a monthly residual disability benefit of \$2,425 (25% x \$9,700) even though he is back to work. This **Recovery Benefit** will continue until:

- 1) A demonstrable relationship between the loss of monthly earnings and the disability no longer exists; or
- 2) Two consecutive months in which his loss of monthly earnings is less than 15%; or
- 3) Three non-consecutive months in which his loss of monthly earnings is less than 15%; or
- 4) He is working fewer hours than he worked before the start of his disability; or
- 5) He becomes disabled again; or
- 6) The date the residual maximum benefit period ends.

The Return-to-Work Incentive, the minimum Residual Monthly Benefit and our Recovery Benefit, all work together to provide your clients like Larry with a transition between the potential changes they may experience while going through a health issue that impacts their ability to work.

If you have more questions about the Enhanced Plus Residual rider or need help designing a Cornerstone product and riders for your clients, contact your Ameritas sales team.



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