



Unicorn HRO

Benefit Set-Up For LTD and STD

This document gives examples of how to set up coverage calculations and costing rules for Long Term Disability (LTD) and Short Term Disability (STD) benefit plans.

If you are adding a new plan, refer to the Benefit Set-Up document for a full explanation of all fields.

In this document, we will describe the set-up of a Long Term Disability plan that provides the employee with 60% of his or weekly pay, up to \$1,000 a week. The cost to the employer is \$.1667 per \$10.

Defining the Coverage Calculation

The benefit amounts of LTD and STD plans are typically expressed as a percentage of the employee's weekly pay, such as 60%. Convert your percentage into a Salary Multiplier by dividing it by 100:

$$60 / 100 = 0.6$$

Enter this amount in the Salary Multiplier field.

If there is a maximum benefit amount per pay period, annualize the amount and enter it in the Maximum Coverage field. In this example, there is a maximum benefit of \$1,000 per week.

Add Benefit Plans

* = Required

* Group: CINC Group * Category: Disability

* Plan: Long Term Dis. * Option: Employee Only

Click on each tab to enter information about the benefit plan. When you have entered all information, click on the Submit button to save the data. The system will also save the benefit plan when you click on either the Zip Code Availability or Benefit Costs tabs.

Plan Definition **Coverage Calc.** Eligibility G/L & Admin. Costs On-Line Enroll. Options Zip Code Avail. Benefit Costs

Coverage Calculation:

Method:

Increments

Fixed Amount 0

Salary Multiplier 0.6000

Custom *no value

Available Coverage for:

Employee: *no value

Spouse: *no value

Children: *no value

For Increments and Salary Multiplier:

Minimum Amount: 0

Maximum Amount: 52000

Limit Increase of Increments

Limit Maximum Coverage by Salary Multiple

Apply Guaranteed Issue Amount

For Salary Multiplier:

Salary Rounding Option: *no value

Coverage Rounding Option: *no value

Max. Add'l Incr. Allowed: 0

Max. Salary Multiples Allowed: 0

Guaranteed Issue Amount: 0.00

submit cancel

If the employee's annual salary is to be rounded before applying the Salary Multiplier, select a value from the Salary Rounding Option drop down list. If the desired option is not shown, go to the Common Object Dictionary and add a value to the Rounding Index common object. In this example, a value is being added to round to the nearest dollar. If the amount should be rounded up to the next increment, select the Round Up checkbox.

Add Common Object Dictionary for Rounding Index

* Rounding Option Code:	<input type="text" value="5"/>
* Short Description:	<input type="text" value="Nearest Dollar"/>
Long Description:	<input type="text" value="Nearest Dollar"/>
Required?:	<input type="radio"/> Yes <input checked="" type="radio"/> No
Coverage Rounding Amount:	<input type="text" value="1"/>
Round Up?:	<input type="radio"/> Yes <input checked="" type="radio"/> No

If the annual amount of coverage should be rounded, select a value from the Coverage Rounding Option drop down list. If the desired value is not found, right click on the down arrow next to this field, and add a value to the Rounding Index common object as described in the previous step. If no rounding should occur, leave this field blank. This is typically used for life insurance coverage rather than disability plans.

Add Benefit Plans

* = Required

* Group: CINC Group	* Category: Disability
* Plan: Long Term Dis.	* Option: Employee Only

Click on each tab to enter information about the benefit plan. When you have entered all information, click on the Submit button to save the data. The system will also save the benefit plan when you click on either the Zip Code Availability or Benefit Costs tabs.

Plan Definition
Coverage Calc.
Eligibility
G/L & Admin. Costs
On-Line Enroll. Options
Zip Code Avail.
Benefit Costs

Coverage Calculation:

<p>Method:</p> <p><input type="radio"/> Increments</p> <p><input type="radio"/> Fixed Amount <input type="text" value="0"/></p> <p><input checked="" type="radio"/> Salary Multiplier <input type="text" value="0.6000"/></p> <p><input type="radio"/> Custom <input type="text" value="no value"/></p> <p>For Increments and Salary Multiplier:</p> <p>Minimum Amount: <input type="text" value="0"/></p> <p>Maximum Amount: <input type="text" value="52000"/></p> <p><input type="checkbox"/> Limit Increase of Increments</p> <p><input type="checkbox"/> Limit Maximum Coverage by Salary Multiple</p> <p><input type="checkbox"/> Apply Guaranteed Issue Amount</p>	<p>Available Coverage for:</p> <p>Employee: <input type="text" value="no value"/></p> <p>Spouse: <input type="text" value="no value"/></p> <p>Children: <input type="text" value="no value"/></p> <p>For Salary Multiplier:</p> <p>Salary Rounding Option: <input type="text" value="Nearest Dollar"/></p> <p>Coverage Rounding Option: <input type="text" value="no value"/></p> <p>Max. Add'l Incr. Allowed: <input type="text" value="0"/></p> <p>Max. Salary Multiples Allowed: <input type="text" value="0"/></p> <p>Guaranteed Issue Amount: <input type="text" value="0.00"/></p>
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→ submit
cancel ←

Defining the Costing Rules

Costs for LTD and STD plans are typically expressed as an amount per \$10 of the weekly benefit. Since the system annualizes the employee's coverage amount, the pay period benefit amount must also be annualized. In our example, this would be:

\$10 x 52 weeks = \$520 Units of Coverage

Enter the Cost, whether it is employer-paid, employee-paid, or both, along with the Frequency of the Cost. The Cost may be entered as an amount such as Weekly, Monthly, etc. In our example, the cost is \$.1667 per week.

Enter the annual amount in the Units of Coverage field, in this case \$520.

Update Benefit Plans

* = Required

* Group: CINC Group * Category: Disability

* Plan: Long Term Dis. * Option: Employee Only

To add a record, enter information and click Done. Click Reset if you need to clear the data that was entered. To update a record, click on the information in the left column. This will highlight the record and display the information in the right hand section where it can be modified. When you have finished changing the data, click Done to save your changes. When you are finished entering all data, you may click on another tab to work with other areas of the benefit plan, or click on either the Submit or Cancel button to go to the main list page.

Plan Definition Coverage Calc. Eligibility G/L & Admin. Costs On-Line Enroll. Options Zip Code Avail. **Benefit Costs**

Benefit Costs by Amount:

Effective Date	Action

* Effective Date: 01/01/2010

Employer Cost per Employee	Employer Cost per Dependent
Cost: 0.1667	0.00
Frequency: Weekly	*no value
Units of Coverage: 520.00	0.00

Employee Cost per Employee	Employee Cost per Dependent
Cost: 0.0000	0.00
Frequency: *no value	*no value
Units of Coverage: 0.00	0.00

done reset

submit cancel

Benefit Enrollment

When you enroll an employee in this benefit, the system will annualize the employee's compensation, apply any Salary Rounding rule that has been set up, multiply this amount times the Salary Multiplier, and then apply any Coverage Rounding rule that has been set up.

For this employee whose annual compensation is \$36,000.00, the system multiplies this amount times .6 for a result of \$21,600.00.

Aurora C Canfield			
Employee Number:	325		
Job Title:	Office Manager		
Dept:	Alpine Ski		
Employment Status:	Active		
Update Benefit Enrollment			
* = Required			
Benefit Details			
Benefit Group:	F/T Employees	Employee Age:	40
Benefit Plan:	Long Term Dis.		
Benefit Option:	Employee Only		
Enrollment Date:	01/01/2010	Taxable Purchase:	<input type="radio"/> Yes <input checked="" type="radio"/> No
Initial Enrollment Date:	01/01/2010	Calculated Coverage Amt.:	21,600
Date Entered:	05/24/2010	Override Coverage Amt.:	<input type="text" value="0"/>
Coverage End Date:	<input type="text"/>	Annual Employee Cost:	0.000
*Eligibility Date:	<input type="text" value="01/01/2002"/>	Annual Dependent Cost:	0.00
*Benefit Change Reason:	<input type="text" value="*no value"/>	Total Annual Cost:	0.00

The employer cost is calculated as:

21600 annual benefit divided by 520 = 41.5385 increments x .1667 = 6.9245 per week times 52 = 360.07 per year. The system then divides this amount by the number of pay periods per year for this employee. In this example, this is 360.07 divided by 24 = 15.0029, which is rounded up to the next penny to be 15.01.

Aurora C Canfield			
Employee Number:	325		
Job Title:	Office Manager		
Dept:	Alpine Ski		
Employment Status:	Active		
Update Employer Deduction		Legal Entity:	Olympics, Inc.
* = Required			
* Payroll Deduction:	LTD	Active:	<input checked="" type="radio"/> Yes <input type="radio"/> No
* Start Date:	01/01/2002	End Date:	12/31/9999
* Frequency:	Semi Monthly		
Fixed Amount:	15.01	Fixed Amount - Supplemental:	0.00
Adjustment Amount:	0.00	Adjustment Effective Date:	
Percent of Regular Wages:	0.0000	Percent of Supplemental Wages:	0.0000
Percent of Employee Contribution:	0.0000	Up To Percent of Employee Wages:	0.0000
Minimum Per Pay Period:	0.00	Maximum Per Pay Period:	999,999,999.99
Maximum Per Month:	999,999,999.99	Maximum Per Quarter:	999,999,999.99
Maximum Per Year:	360.07	Maximum Per Fiscal Year:	999,999,999.99
Maximum Total:	999,999,999.99	Use Tier Formula:	No
<input type="button" value="→ submit"/> <input type="button" value="cancel ←"/>			

Additional Examples

The benefit cost may also be expressed as an amount per \$1,000 of coverage. Examples are given to illustrate this method.

Example 1

In this scenario, the employee receives Short Term Disability of 67% of his or her weekly pay, up to a maximum of \$500.

Set up the salary multiplier as .67, with a maximum of 500×52 weeks = 26,000 Maximum Coverage.

Add Benefit Plans

* = Required

* Group: F/T Employees * Category: Short Term Dis. ▼

* Plan: Short Term Dis. ▼ * Option: Employee Only ▼

Click on each tab to enter information about the benefit plan. When you have entered all information, click on the Submit button to save the data. The system will also save the benefit plan when you click on either the Zip Code Availability or Benefit Costs tabs.

Plan Definition **Coverage Calc.** Eligibility G/L & Admin. Costs On-Line Enroll. Options Zip Code Avail. Benefit Costs

Coverage Calculation:

Method:

Increments

Fixed Amount

Salary Multiplier

Custom

Available Coverage for:

Employee:

Spouse:

Children:

For Increments and Salary Multiplier:

Minimum Amount:

Maximum Amount:

For Salary Multiplier:

Salary Rounding Option:

Coverage Rounding Option:

Limit Increase of Increments Max. Add'l Incr. Allowed:

Limit Maximum Coverage by Salary Multiple Max. Salary Multiples Allowed:

Apply Guaranteed Issue Amount Guaranteed Issue Amount:

→ submit cancel ←

For an annual cost of \$2 for \$100 of coverage, multiply both numbers times 10 to get the cost per \$1,000. This results in \$20 per \$1,000 of coverage. Divide this cost by 12 months to arrive at \$1.666 per Month per \$1,000.

Update Benefit Plans

* = Required

* Group: F/T Employees	* Category: Short Term Dis. ▼
* Plan: Short Term Dis. ▼	* Option: Employee Only ▼

To add a record, enter information and click Done. Click Reset if you need to clear the data that was entered. To update a record, click on the information in the left column. This will highlight the record and display the information in the right hand section where it can be modified. When you have finished changing the data, click Done to save your changes. When you are finished entering all data, you may click on another tab to work with other areas of the benefit plan, or click on either the Submit or Cancel button to go to the main list page.

Plan Definition
Coverage Calc.
Eligibility
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On-Line Enroll. Options
Zip Code Avail.
Benefit Costs

Benefit Costs by Amount:

Effective Date	Action	* Effective Date:	Employer Cost per Employee	Employer Cost per Dependent
		01/01/2010	0.0000	0.0000
			Frequency: *no value ▼	Frequency: *no value ▼
			Units of Coverage: 0.00	Units of Coverage: 0.00
			Employee Cost per Employee	Employee Cost per Dependent
			Cost: 1.6660	Cost: 0.0000
			Frequency: Monthly ▼	Frequency: *no value ▼
			Units of Coverage: 1000.00	Units of Coverage:

done reset

submit
cancel

When this employee enrolls, the system multiplies her annual salary of \$36,000 times .67 to get \$24,120. This is the annualized amount of the short term disability benefit:

$36,000 \text{ annual salary} / 52 \text{ weeks} = \$692.31 \text{ weekly pay} \times 67\% = \$463.85 \text{ weekly STD benefit} \times 52 = \$24,120$. The system calculates all coverage amounts as annual amounts.

Aurora C Canfield			
Employee Number:	325		
Job Title:	Office Manager		
Dept:	Alpine Ski		
Employment Status:	Active		
Update Benefit Enrollment			
* = Required			
Benefit Details			
Benefit Group:	F/T Employees	Employee Age:	40
Benefit Plan:	Short Term Dis.		
Benefit Option:	Employee Only		
Enrollment Date:	01/01/2010	Taxable Purchase:	<input type="radio"/> Yes <input checked="" type="radio"/> No
Initial Enrollment Date:	01/01/2010	Calculated Coverage Amt.:	24,120
Date Entered:	05/24/2010	Override Coverage Amt.:	<input type="text" value="0"/>
Coverage End Date:	<input type="text"/>	Annual Employee Cost:	482.207
*Eligibility Date:	<input type="text" value="01/01/2002"/>	Annual Dependent Cost:	0.00
*Benefit Change Reason:	<input type="text" value="*no value"/>	Total Annual Cost:	482.21

To figure the annual cost: $24,120 / 1,000 \times \$1.6666$ per month $\times 12$ months = 482.21 Total Annual Cost.

$482.21 / 24$ pay periods per year = \$20.10 (system rounds to higher penny)

Aurora C Canfield

Employee Number: 325
Job Title: Office Manager
Dept: Alpine Ski
Employment Status: Active

Update Deduction Legal Entity: **Olympics, Inc.**

* = Required

* Payroll Deduction:	STD	Active:	<input checked="" type="radio"/> Yes <input type="radio"/> No
* Start Date:	01/01/2002	End Date:	12/31/9999
* Frequency:	Semi Monthly	* Arrears Option:	Part/Arr/No Pay
Fixed Amount:	20.10	Fixed Amount - Supplemental:	0.00
Percent of Regular Wages:	0.0000	Percent Based On:	*no value
Percent of Supplemental Wages:	0.0000	Priority (000 highest):	0
Annual Maximum:	482.21	Lifetime Maximum:	99999999.99
Default Annual Maximum:		Quarterly Maximum:	99999999.99
Monthly Maximum:	99999999.99	Maximum Per Payment:	99999999.99
Minimum Per Payment:	0.00	Pay Date for Adjustment:	
One Time Adjustment:	0.00	Algorithm Category:	*no value
Maximum EE/ER Combined:	99999999.99		

Example 2

The Short Term Disability benefit provides for 60% of the employee’s weekly pay. The cost is \$.76 per \$10 of the weekly benefit. Enter .6 in the Salary Multiplier field in Employer Benefit Plans.

Multiply the cost times 100, and then divide by 52. This is the cost per Month per \$1,000.

$$$.76 \times 100 / 52 = \$1.4615 \text{ per Month per } \$1,000.$$

Update Benefit Plans

* = Required

* Group: F/T Employees * Category: Short Term Dis. ▼

* Plan: Short Term Dis. ▼ * Option: C.H. ▼

To add a record, enter information and click Done. Click Reset if you need to clear the data that was entered. To update a record, click on the information in the left column. This will highlight the record and display the information in the right hand section where it can be modified. When you have finished changing the data, click Done to save your changes. When you are finished entering all data, you may click on another tab to work with other areas of the benefit plan, or click on either the Submit or Cancel button to go to the main list page.

Plan Definition Coverage Calc. Eligibility G/L & Admin. Costs On-Line Enroll. Options Zip Code Avail. **Benefit Costs**

Benefit Costs by Amount:

Effective Date	Action

* Effective Date: 01/01/2010

Employer Cost per Employee	Employer Cost per Dependent
Cost: 0.0000	
Frequency: *no value ▼	*no value ▼
Units of Coverage:	

Employee Cost per Employee	Employee Cost per Dependent
Cost: 1.4615	0.0000
Frequency: Monthly ▼	*no value ▼
Units of Coverage: 1000.00	0.00

done reset

submit cancel

For an employee who is paid \$41,600 per year:

$$41600 \times .6 = 24960 / 1000 \times 1.4615 = 36.48 \text{ per month} \times 12 \text{ months} = \$437.75 \text{ annual cost.}$$

Juanita Lopez			
Employee Number:	323		
Job Title:	Payroll Manager		
Dept:	Alpine Ski		
Employment Status:	Active		
Update Benefit Enrollment			
* = Required			
Benefit Details			
Benefit Group:	F/T Employees	Employee Age:	35
Benefit Plan:	Short Term Dis.		
Benefit Option:	C.H.		
Enrollment Date:	01/01/2010	Taxable Purchase:	<input type="radio"/> Yes <input checked="" type="radio"/> No
Initial Enrollment Date:	01/01/2010	Calculated Coverage Amt.:	24,960
Date Entered:	05/24/2010	Override Coverage Amt.:	<input type="text" value="0"/>
Coverage End Date:	<input type="text"/>	Annual Employee Cost:	437.748
*Eligibility Date:	<input type="text" value="12/30/2001"/>	Annual Dependent Cost:	0.00
*Benefit Change Reason:	<input type="text" value="no value"/>	Total Annual Cost:	437.75

If the employee is paid semi-monthly, the system will take $437.75 / 24 = 18.24$ per pay period.

Juanita Lopez			
Employee Number:	323		
Job Title:	Payroll Manager		
Dept:	Alpine Ski		
Employment Status:	Active		
Update Deduction		Legal Entity:	Olympics, Inc.
* = Required			
* Payroll Deduction:	STD	Active:	<input checked="" type="radio"/> Yes <input type="radio"/> No
* Start Date:	12/30/2001	End Date:	12/31/9999
* Frequency:	Semi Monthly	* Arrears Option:	Part/Arr/No Pay
Fixed Amount:	18.24	Fixed Amount - Supplemental:	0.00
Percent of Regular Wages:	0.0000	Percent Based On:	*no value
Percent of Supplemental Wages:	0.0000	Priority (000 highest):	0
Annual Maximum:	437.75	Lifetime Maximum:	99999999.99
Default Annual Maximum:		Quarterly Maximum:	99999999.99
Monthly Maximum:	99999999.99	Maximum Per Payment:	99999999.99
Minimum Per Payment:	0.00	Pay Date for Adjustment:	
One Time Adjustment:	0.00	Algorithm Category:	*no value
Maximum EE/ER Combined:	99999999.99		
<input type="button" value="→ submit"/>		<input type="button" value="cancel ←"/>	