



## Reporting disability benefit payments (i.e., sick pay) on an employee's W-2 form

Tax time is near so we want to remind each group policyholder that it is the employer's responsibility to provide a W-2 form to the insured (and the I.R.S.) reporting the disability benefit payments the employee collected in 2015. AICK provides the employer with a monthly and an annual summary of benefits paid and taxes withheld; which contains the information necessary for the insured's W-2.

I.R.S. Publication 15-A, Employer's Supplemental Tax Guide, [2016]) is a good resource if you need more information on reporting sick pay.

## Continuation of coverage

Insured employees can only be covered on your group's life insurance with AICK until the end of the month in which they fail to work the minimum required hours unless they are:

- a) unable to work due to illness or injury;
- b) out on approved FMLA leave;
- c) covered by USERRA (military leave); or
- d) on an approved leave of absence.

Is the insured employee under age 60 and not working because they are Totally Disabled? After 6 months, the employee (and their spouse and eligible children if they have dependent coverage) may be eligible for the Waiver of Premium benefit. The group must submit a Waiver claim for AICK to make that determination.

If an insured is not working because they are disabled due to an injury or an illness, coverage cannot be extended for more than 12 months after they last worked the required minimum hours at their normal

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workplace. Tracking this information is the employer's responsibility so that your group can provide a Notice of Conversion Privilege form at the appropriate time.

An employee that is absent because of an approved FMLA leave may continue to be carried on your group life billing for 3 months from the date they last worked the required minimum hours at their normal workplace.

Employees that are subject to USERRA generally can be continued for 3 months from the date they leave for their call-up.

Most leaves of absence continue coverage for 1 month or 3 months, so you will have to consult your group's policy to verify that continuation period. One of our Claims Representatives at AICK would be glad to help you find that provision in your policy.

If you have an employee that is not working, and you are not sure if coverage can be continued (or for how long), AICK's Claims Representatives are always glad to help you review the options for continuation of coverage. You may contact them by phone at 1-800-530-5989 or by e-mail by directing your inquiry to:

[claims@advanceinsurance.com](mailto:claims@advanceinsurance.com)



## The employer's FICA liability in the event of a disability claim

Determining the tax-reportability of a disability benefit payment involves looking at: 1) the percentage of premium the employer funds for an insured employee's disability coverage (not included in a cafeteria or flex benefits plan); and 2) whether or not the employee is still within the withholding period.

The withholding period is the first six months of the disability; however it can be extended if the employee returns to work (even part-time for one day) during that period.

If a disability benefit payment is taxable, AICK is required by law to deduct the insured employee's share of the FICA tax. AICK's initial approval letter will indicate whether or not the disability benefit payment is taxable. This correspondence will also advise the employer how much of the FICA tax that AICK is paying on behalf of

the insured employee. The remainder of the FICA tax, the employer's portion, is payable by the employer on receipt of the notice from AICK (i.e., the Summary of Benefits) reflecting that the employee's liability has been accounted for by our company.

The I.R.S. Publication 15-A, Employer's Supplemental Tax Guide, [2016]] is a good resource if you need more information on reporting FICA tax or call on your company's accountant for assistance.

## Dependents are not rostered

If your group has elected to offer Dependent Life, your employees will need to let you know when they no longer have an eligible spouse or unmarried child under 23 years of age. AICK does not roster dependents and therefore does not track those persons who may no longer be eligible for the coverage. Keep in mind, as long as your employee has either a spouse or unmarried Child under age 23, there is still someone covered under the family unit.

## Reminders:

- Your employer (the group policyholder/participating employer) is responsible for providing terminated employees with the notice to offer them individual conversion coverage. The AICK 12, the Notice of Conversion Privilege form, can be found on our website [advanceinsurance.com](http://advanceinsurance.com) under Miscellaneous section of the Forms tab.
- The most up-to-date versions of AICK's forms can be found on our website [advanceinsurance.com](http://advanceinsurance.com) under the Forms tab.

## Quick Tips

Tip No. 1- Email enrollment forms, change forms and claim forms to AICK as attachments at: [csc-advance@advanceinsurance.com](mailto:csc-advance@advanceinsurance.com)

Tip No. 2 - to call AICK, our toll-free phone number is 1.800.530.5989 and AICK's fax number is 785.290.0727

## RESOURCES

- 1) your Policyholder Rep at AICK (their name is on your premium billing);
- 2) the Group Administrator's Manual - the most recent version is on our website at [advanceinsurance.com](http://advanceinsurance.com); and
- 3) your AICK group policy.