

Qualified Sick Pay Program



**Some difficult
questions for
you and your
business**

Heather Bantle

What's Your Plan?

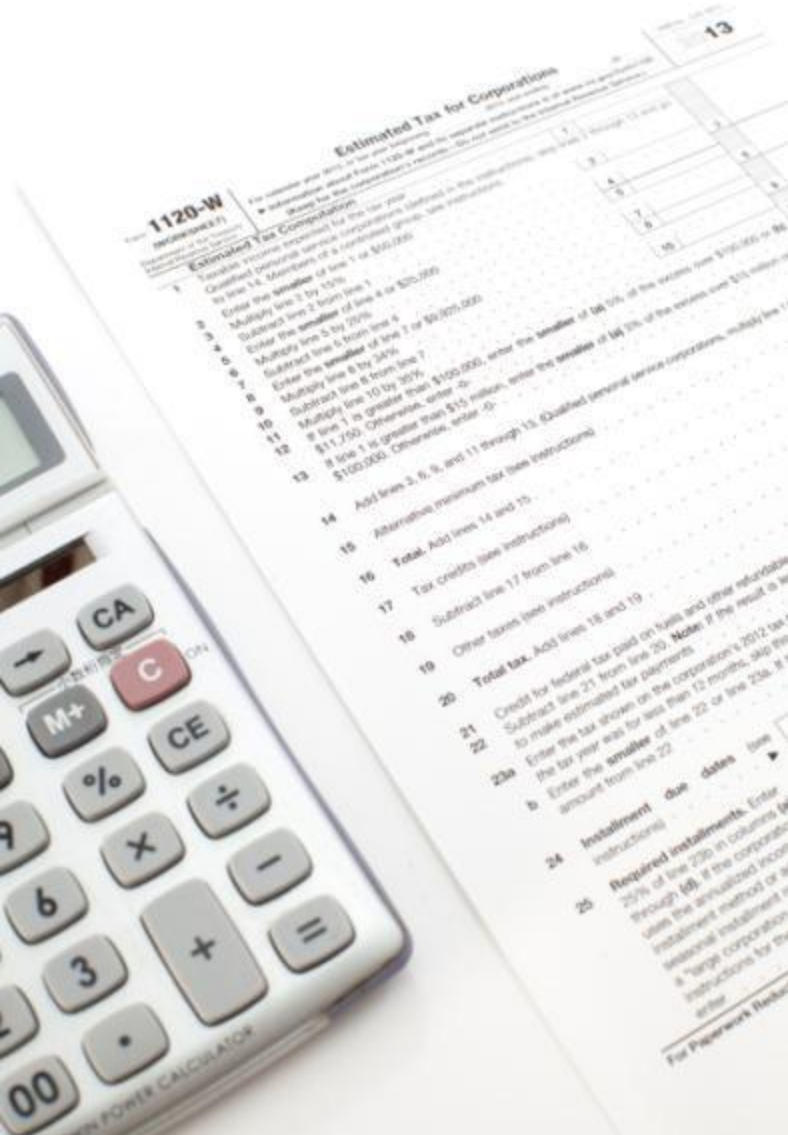


If one of your key employees, your partner, or even you became too sick or injured to work, would you:

- Continue to make salary payments?
- Want to take a tax deduction?
- Want to limit FICA contributions?



Do you have a written plan that assures you can do these things?



IRS Regulations

- Wages paid to disabled employee are deductible only if a “qualified” sick pay plan is in place
- Plan must be adopted **before** a disabling accident or illness occurs.



With a Qualified Sick Pay Plan:

- Wages paid to a disabled employee are deductible as a necessary business expense
- FICA contributions can be limited to the first 6 months of payment

Odds of a Disability



What are the odds?

1 in **4** of today's
20-year-olds will become
disabled before retiring.*

* U.S. Social Security Administration Fact Sheet, January, 2015



Easy plan set-up

- Simple written agreement
- Communicate to covered employees
- No need to file with IRS



You decide:

- Which employees to include
- Level of benefits
- Timing of benefits



Tough Questions

- How long could your business afford to make benefit payments?
- What constitutes a disability?
- Who makes that call?
- How will partial disabilities be handled?

Funding Options

- Don't fund at all
- Self Fund
- Use Disability Insurance
- Most common is a combination of the two. Self fund for a period then have the disability insurance take over.



Insurance Advantages



Under an Insured Plan

- Insurance premiums are tax-deductible expense (IRC 162 and 105)
- Premiums are not considered taxable compensation to employee (IRC 106)



Qualified Sick Pay Program:

- Assures financial stability
- Secures the tax deduction
- Rewards key people
- Helps reduce financial stress



Next Steps:

- Identify who will be covered
- Determine level of benefits
- Enroll participants
- Document the plan

Disability insurance products underwritten and issued by the Berkshire Life Insurance Company of America, Pittsfield, MA, a wholly owned stock subsidiary of The Guardian Life Insurance Company of America (Guardian), New York, NY or provided by Guardian. Product provisions and availability may vary by state.

This publication is provided for informational purposes only and should not be considered tax or legal advice. Please contact your tax or legal advisor regarding the tax treatment of the policy and policy benefits. You should consult with your own independent tax and legal advisors regarding your particular set of facts and circumstances. The information provided is not intended or written to be used, and cannot be relied upon, to avoid penalties imposed under the Internal Revenue Code or state and local tax law provisions.

Pub5877BL-PPT (05/15)
2015-6302 (Expires 05/17)