

For Immediate Release

Media Contact:
Jacquie Hill
Public Relations Specialist
External Communications
Assurant Employee Benefits
2323 Grand Blvd.
Kansas City, MO 64108
Ph: 816.881.8968
jacquie.hill@assurant.com



Assurant Employee Benefits creates kit to help employers understand tax-advantaged disability insurance plans

Kansas City, Mo., (September 24, 2009) – Assurant Employee Benefits is making available a new informational kit on issues employers may want to consider in the design and maintenance of their short- and long-term disability programs.

The kit, scheduled to be available early fourth quarter 2009, has been designed to fill an information void on available plan design choices for employers seeking information about establishing tax-advantaged disability plans. It will contain copyrighted documents including a sample election form, sample employee announcement, employer checklist, a description of Internal Revenue Service Revenue Ruling 2004-55 and employer FAQs that include steps to designate a disability plan as a “2004-55 arrangement.”

A common question for employers and their employees is whether disability benefits paid from a disability plan are taxable when received. The short answer is, if the disability premium is paid with after-tax dollars, then all or a portion of the disability benefit may be received tax free. However, there are certain disability plan design choices that employers may make in establishing and maintaining a disability plan that will ensure that the tax free status of a disability benefit is achieved.

These choices have been underutilized, due in part to lack of understanding by both employers and producers. Revenue Ruling 2004-55, issued in 2004, provided more clarity around the IRS’s position about disability plan designs that enable employers to achieve tax free status of disability benefits for their employees.

While the kit created by Assurant Employee Benefits will provide important general information, employers are urged to work with their own employee benefits counsel to

ensure that the desired tax result is achieved for their employees. To obtain a copy of the informational kit, please email a request to Scott Horstman at scott.horstman@assurant.com.

IRS Circular 230 Notice

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