

NJSA's Group Temporary Disability Benefits Insurance Program

NEW JERSEY **NJSA**
STAFFING ALLIANCE

April 2006

New Jersey Staffing Alliance:
Providing Value to its Members —
Making Membership a Business Advantage!

A MEMBER SERVICE THAT MAY SAVE YOU MONEY!

All New Jersey employers are required to have the state-mandated Temporary Disability Benefits Plan (TDB). Even though alternative private insurance plans are possible in New Jersey, this is not well known. Eighty insurance plans are possible in New Jersey, this is not well known. Eighty five percent (85%) of New Jersey employers are still in the state sponsored program. Though there are several insurance carriers writing this alternative coverage in New Jersey, NJSA choose to work with Two River Benefits Consultants LLC/Zurich North America because of their previous experience serving several NJ staffing firms and their willingness to work with our industry.

Due to the unique nature of the staffing industry, an opportunity for your staffing firm (whether you are large or small OR a temporary, direct hire, or full service firm, but you need a minimum of 25 w-2's issued at year-

end) may exist to save money by moving to a private insurance program from the state plan. By participating in NJSA's Group TDB program, you can help save your company money. The NJSA Group TDB Program as offered by Zurich North America may also provide smaller firms the unique, added advantage of being treated collectively as a group and help stabilize your premiums over time by virtue of being part of a larger group.



If you are in a private plan already, you can still get a quotation/savings assessment with no obligation from the NJSA Group TDB Program to see if it is advantageous to move your coverage.

UPDATE: NJSA's Group Temporary Disability Benefits Program from Zurich Continues To Be A Success...Saving Member Firms Thousands of Dollars!

In just its first 10 months since being launched in February 2005:

- Twenty NJSA member firms have benefited by becoming part of the NJSA Group Temporary Disability Benefits Program
- Four staffing firms have joined NJSA just to have access to this program
- The NJSA Group Temporary Disability Benefits Program's annual premiums have grown to almost \$600,000 and has pro-

vided its participants over \$200,000 in cost savings compared to their previous insurance/state mandated program

- The NJSA Group Temporary Disability Benefits Program will cover now BOTH New Jersey and New York employment!

All New Jersey and New York employers must either pay into the state TDB program or have a private plan alternative.

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Special Points of Interest:

- **All Employers have to provide state-mandated Temporary Disability Benefits for their NJ and NY Employees**
- **If you can reduce your payroll-related expenses... The savings goes straight to the *BOTTOM LINE!***
- **A GROUP Plan brings special advantages to NJSA Member Firms over non-member staffing firms!**

Frequently Asked Questions (FAQ's)

What is TDB?

This state-mandated Short Term Disability plan provides benefits to eligible NJ employees who are unable to work due to a non-occupational illness or injury. Even employers who are located outside of NJ but have NJ employees must provide TDB insurance to their NJ workers. New Jersey allows employers to privatize their TDB coverage. Employers can opt for coverage with the State plan or with a private carrier.

Which employers are covered under TDB?

In general, all employers who are covered under Unemployment must also offer TDB to its employees. **All staffing firms operating in New Jersey are subject to the TDB Law.**

Who is eligible for TDB benefits?

In order to be eligible for TDB benefits, an employee must have had at least 20 base weeks of NJ covered employment, *OR* earned at least \$5,200 in covered employment during the 52 week period immediately preceding the week in which the Disability began. A base week is a calendar week in the base year during which the employee earned \$103 or more in covered earnings.

Do employees have to live in New Jersey to receive TDB?

No, where employees live has no bearing on whether they can receive TDB benefits. Employees must work in New Jersey for an employer (can be for an employer based in New Jersey or based outside New Jersey) in order to be eligible for TDB.

Who pays for New Jersey TDB?

Generally, the plan is funded by both employer and employee contributions. **Employees contribute the first 0.50% up to the taxable wage base.** For 2005, the maximum taxable wage base is \$24,900, making the maximum employee contribution for this year \$124.50. **Employers contribute premium in excess of 0.50%. For plans insured through the State, the employer rate ranges from 0.10% to 0.75%.**

Are Disability benefits taxable?

The taxability of TDB benefits depends on the employer/employee contribution arrangement. The portion of premium that employees contribute is non-taxable. For example, if employees contribute 50% of the premium and employers pay the other 50%, then their benefit is 50% non-taxable, which reduces the employer's payroll tax burden accordingly.

What are the Rules for establishing a Private Plan?

Employers in New Jersey automatically participate in the State TDB plan, unless they elect coverage through an approved private plan. The State must approve all such plans. **The private plan cannot be more restrictive, offer lower benefits, or require more employee contributions than the State plan.** A

TDB plan can only move from the State on calendar quarters: January 1st, April 1st, July 1st, or October 1st.

The State must be notified of the potential move prior to the effective date of the move. The employer must complete the State's form DP-1 and an election must be held with 50% plus one employee agreeing to the private plan on a consent form. Zurich will assist you in holding this election, generally having your employees sign the consent form(s) when they come in to receive their paycheck during one pay period. Since there is no change to the employee, having them sign the consent form is generally not an issue. Zurich will then mail the original consent form and DP-1 to the State of NJ on the employer's behalf. In addition, Zurich will mail a copy of the prepared TDB policy and Notice of Compliance to both the State and the employer. The employer must post the Notice in a conspicuous location at the worksite. The State will review all documents and notify the employer and Zurich of approval. Once approved, the State will issue a Certificate of Approval and assign a private plan number. NOTE: Zurich will perform all the administrative actions necessary to implement this program so you and your staff can focus on business!

What if a Group is already insured with a Private Carrier?

The process to move from one private carrier to another is similar. However, no election is necessary provided the plan of benefits is the same.

What if I change my mind and want to go back to the State Plan?

Any employer may terminate their insured private plan by providing 30 days notice to the State of New Jersey. Re-enrollment in the State plan is automatic and no new forms will need to be completed.

How do I request a Quote from Zurich through the New Jersey Staffing Alliance TDB Plan?

In order to provide a quote, Zurich will require your AC-174.1 forms for the past three years. An AC-174.1 is a form issued by the State of New Jersey that contains an employer's Unemployment and TDB information. Please see the attached sample AC-174.1 for further detail. The years needed are dated: July 1, 2002- June 30, 2003, July 1, 2003- June 30, 2004, July 1 2004- June 30, 2005. The dates are noted in the upper portion of the form. To make it easy for you, Two River Benefits Consultants can obtain these forms for you. A form is attached that will give Two River Benefits Consultants authorization to obtain these forms for you from the state.

Why did NJSA select Zurich for this TDB Program?

Zurich is an insurance-based financial services provider, and the leader in the statutory Disability marketplace. Zurich has over

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Frequently Asked Questions Continued (FAQ's)

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50 years experience writing statutory Disability coverage. Its worldwide gross written premium is in excess of \$48 billion and Zurich has an A+ (Strong) rating by Standard & Poor's, and an A (Excellent) rating by A.M. Best.

Who is Two River Benefits Consultants LLC?

Two River Benefits is owned and operated by Dave Koch. Dave has over 20 years experience in the Insurance Industry, many coming as the Manager of Cigna's special risk operation in New Jersey, which handled over 4 million dollars of New Jersey TDB Disability Premium. David and his staff are specialists focusing on providing private plan alternatives to the State TDB plans for New Jersey and New York.

NJSA and This Program:

NJSA is a trade association for the staffing industry in New Jersey. NJSA has identified Zurich North America and Two River Benefits Consultants as an alternative provider of Short Term Disability Benefits based on the positive experience of some of its member firms. Two River Benefits will pay a marketing fee to NJSA for providing its members the opportunity to take advantage of this program. By offering its members access to this program, NJSA is not providing any legal, business, or insurance advice to its members. Members are encouraged to consult their professional advisors regarding their individual choices and circumstances.

You Only Have to FAX This Page To Start the "No Obligation" Process

FAX TO: Two River Benefits Consultants at 732-517-0260

Request for New Jersey Temporary Disability Quote/Savings Assessment

Legal Account Name: _____

Employer Federal ID#: _____

(NOTE: Fill out separate forms for all Federal Employment Identification Numbers, if more than one, you use in New Jersey)

Address: _____

Contact Information:

Name: _____ Title: _____

Telephone #: _____

If you use a third party payroll services company, please provide its name: _____

Authorization for State Plan experience:

I hereby authorize Two River Benefits Consultants LLC to contact the state of New Jersey and request the most recent AC-174.1 forms.

Name: _____

Title: _____

Signature _____

Please copy form onto your letterhead, fill out and fax back to Two River Benefits at 732.517.0260. For additional information, contact Dave Koch at Two River Benefits Consultants LLC: Phone: 732-517-0220 and email: Dkoch@tworiverbenefits.com

If you prefer to call the state, call 609-633-6400, press 1 when prompted, and then press 5 and request the past 3 years forms, or fax the request to the state at 609-633-7813.

Once you have received the forms from the state, contact Dave Koch.

I am interested in receiving information regarding New York temporary disability benefits as well.