



NJ State Disability Benefits (TDB)

An Employer Guide to how a private carrier can improve claims processing and lower costs.

The Program At A Glance

2018 NJ Standard TDB Coverage	
Eligible Groups	All NJ employers must maintain coverage, employers with 16-300 employees, generally are eligible for Private Plan coverage
Benefit Percentage	2/3 of employee's salary
Benefit Maximum	Up to \$637 per week
Benefit Duration	Up to 26 weeks
Benefit Elimination Period	Benefits begin on the 8th day of disability. The waiting week is payable if benefits were paid for the three weeks immediately following the waiting week.

Comparison of NJ State Plan vs. Private Plan			
Benefit	Private Plan	NJ State Plan	Advantages
Annual Assessment Fee	No	Yes	A Private Plan does not include the annual assessment fee which is estimated as .0005% of the taxable wage base. (approximately \$10.50 per employee)
Claims Turnaround	Average, within a week of receipt	Two weeks or more	Fast, fair and accurate claim decisions from a more empathetic, expert claim review panel, including nurses and vocational experts.
Claim Submission Options	Mail, Fax, Online	Mail only	Certain private carriers may also allow telephonic submission.
Dedicated Claims Services	Yes	No	Certain private carriers may provide a dedicated claims benefit analyst who acts as a reliable, single point of contact.
Benefit Taxable to Employee?	No	Yes	The employee portion of the Private Plan coverage is paid for with after-tax dollars generating a tax-free benefit.
Benefit Frequency	Weekly	Bi-Weekly	Allows for easier employee budgeting of disability income.
Benefit Payable	Via check	Via VISA pay card	Ease of use for the employee end-user.

Information about NJ State Disability (TDB)

What is TDB?

TDB is the New Jersey Temporary Disability Benefits Law. This state-mandated Short Term Disability plan provides a benefit of 66 2/3% of average weekly salary to a maximum of \$637 per week for 2018 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, so employers can opt to have coverage through the State plan or with a private insurance carrier.

What types of Groups are covered under TDB?

In general, all employer groups who are covered under Unemployment must also offer TDB to its employees. An exception to this rule is certain government entities. In most cases, employers who have at least one employee and pay wages of \$1,000 or more per calendar year are subject to TDB.

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 \$8,300 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 \$165 or more in covered earnings (this equates to 20 times the State minimum wage).

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 for a New Jersey covered employer in order to be eligible for TDB benefits.

Who pays for New Jersey TDB?

Generally, the plan is funded by both employer and employee contributions.

Employees contribute the first 0.19% up to the taxable wage base (2018). For 2018, the maximum taxable wage base is \$33,700, making the maximum employee contribution for this year \$64.03.

Employers contribute premium in excess of 0.19%. For plans insured through the State, the employer rate ranges from 0.10% to 0.75% or from \$33.70 to \$252.75 on the first \$33,700 earned by each employee in a calendar year.

An employer has the option to waive employee contributions when insuring through a private plan.

Information about Private Plans

What are the Rules for establishing a Private Plan?

Employers automatically participate in the State TDB plan, unless they elect coverage through an approved private plan. The State must approve all such plans. Only those carriers that are on file with the State of New Jersey as an approved insurance carrier for NJ TDB will be accepted.

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 AC-174. We will provide assistance with the completion of this form. If employee contributions are to be continued, an election must be held. 50% plus one employee must agree to the private plan on a consent form. We will mail the original consent form and AC-174 to the State of NJ on the employer's behalf. In addition, we 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 us of approval. Once approved, the State will issue a Certificate of Approval and assign a private plan number. In the unlikely event that the State does not approve the plan, we will work with the employer to resubmit the documents for approval.

Can an employee insure some employees through a Private Plan and others through the State? Yes, provided that the criteria for determining the split are not discriminatory. For example, an employer can elect to insure a union group through a private plan and keep the non-union employees with the State. They cannot, however, elect to cover employees less than 55 years old privately and 55 or older through the State plan.

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 remaining 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.

Frequently Asked Questions

What insurance companies do we use?

Although we use a wide variety of statutory disability insurance carriers, there is only a handful that we feel are specializing in this line of coverage. Our firm will select the best company in regard to financial ratings, guarantees, pricing and customer service feedback. We strive to make sure that our clients have a mutually beneficial relationship with their disability insurance carrier.

What are the Advantages of selecting a private insurer for my TDB business?

Private insurers offer several key advantages over the State plan: □ Competitive rates

- A reputation for claims excellence, with a dedicated and highly professional staff who is focused on timely and accurate claim payments
- Pays TDB-related assessment charges per employee of \$10.50
- Are easy to do business with, guiding you through the TDB process every step of the way
- Plan enhancements, such as higher maximum benefits, longer durations or shorter elimination periods can be considered
- Superior customer service

How do I request a Quote?

We require that interested employers fill out an AC.174.1 request form. This form allows us to pull an employer's last four years of AC.174.1 reports from the NJ Department of Labor. These forms are crucial to the insurance carriers for underwriting purposes.

Can I have more than one Disability claim during the year?

Yes, you can have more than one claim during the year.

Can I file my Disability claim in advance?

No. Even in the event of a scheduled surgery, you cannot file your claim until you actually stop working.

Are Alcoholism and Alcoholism-related Disabilities covered under TDB?

Yes, alcoholism-related Disabilities are payable provided the claimant is under the care of a licensed physician and meets all other eligibility requirements.

Are Drug-related Disabilities covered under TDB?

Yes, as long as the claimant is no longer using illegal drugs and is being treated for their substance abuse.

May an employee collect TDB benefits if he/she was injured on the job?

No, TDB covers non-occupational illnesses or injuries only. Please refer to your Workers' Compensation coverage to determine benefit eligibility under that program.

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, then their benefit is 50% non-taxable.

Sample of NJ Form AC-174.1

Sample of

New Jersey form AC-174.1



**Sample
AC 174.1**

STATE OF NEW JERSEY
DEPARTMENT OF LABOR
EMPLOYMENT SECURITY AGENCY
**NOTICE OF EMPLOYER
CONTRIBUTION RATES**

This documentation shall be final
if not presented in writing within
30 days. N.J.A.C. 17:27-26.3.

ABC Company EMPLOYER ACCOUNT NO: MAILING DATE: FISCAL YEAR:

THIS IS NOT A BILL

UNEMPLOYMENT INSURANCE CONTRIBUTION RATE CALCULATION	
A. EMPLOYER CONTRIBUTIONS PAID FOR ALL PAST YEARS.....	00
B. BENEFITS CHARGED FOR ALL PAST YEARS.....	00
C. RESERVE BALANCE AS OF JANUARY 31, 2003.....	00
D. AVERAGE OF WAGES UPON WHICH EMPLOYER CONTRIBUTIONS FOR UNEMPLOYMENT INSURANCE HAVE BEEN PAID LAST 3 YEARS..... LAST 5 YEARS.....	00 00
E. UNEMPLOYMENT TRUST FUND RATIO.....	0%
F. IF A NUMBER IS SHOWN IN THE BOX TO THE RIGHT, YOUR RATE IS NOT BASED UPON A RESERVE RATIO (SEE NOTE BELOW) <input type="text"/>	
<small>1. THE BASIC RATE HAS BEEN ASSIGNED BECAUSE YOU HAVE NOT BEEN SUBJECT TO THE LAW DURING SOME PERIOD OF THE LAST THREE (3) CALENDAR YEARS. 2. YOUR RATE HAS BEEN ASSIGNED BECAUSE, DURING THE PAST THREE (3) CALENDAR YEARS, THERE HAS BEEN AT LEAST ONE (1) CALENDAR YEAR WITH RESPECT TO WHICH NO CONTRIBUTIONS WERE PAID.</small>	
G. RESERVE RATIO.....	0%
FINAL UNEMPLOYMENT EXPERIENCE RATE.....	0%
DISABILITY INSURANCE CONTRIBUTION RATE CALCULATION	
H. EMPLOYER AND WORKER DISABILITY CONTRIBUTIONS PAID FOR ALL PAST YEARS.....	0
I. DISABILITY BENEFITS CHARGED FOR ALL PAST YEARS.....	0
J. RESERVE BALANCE AS OF JANUARY 31, 2003.....	0
K. AVERAGE OF WAGES UPON WHICH EMPLOYER CONTRIBUTION FOR DISABILITY INSURANCE HAVE BEEN PAID: LAST 3 YEARS..... LAST 5 YEARS.....	0 0
L. IF A NUMBER IS SHOWN IN THE BOX TO THE RIGHT, YOUR RATE <input type="text"/> IS NOT BASED UPON A RESERVE RATIO (SEE NOTE BELOW)	
<small>1. THERE WERE ONE OR MORE YEARS DURING THE LAST THREE (3) CALENDAR YEARS WITH RESPECT TO WHICH YOU PAID NO CONTRIBUTIONS TO THE DISABILITY BENEFIT FUND. 2. YOUR EXCESS OR DEFICIT BALANCE IS \$500.00 OR LESS.</small>	
M. EXCESS OR DEFICIT RESERVE BALANCE.....	0.0%
N. PRELIMINARY RATES:	
UNADJUSTED CURRENT YEAR.....	0.0%
UNADJUSTED PRIOR YEAR.....	0.0%
ADJUSTED CURRENT YEAR.....	0.0%
O. DISABILITY BENEFITS FUND	
RESERVE.....	0.0%
FACTOR.....	0.0%
FINAL DISABILITY INSURANCE RATE.....	0.100%
A "P" IN THE BOX TO THE RIGHT INDICATES A CONSOLIDATED RATE <input type="text"/>	

This is a sample of New Jersey's AC-174.1 form, issued by the State of New Jersey after the close of the fiscal year, which is sent directly to employers.

Lines A through G pertain to Unemployment Insurance.

This is the employer's final disability rate for TDB insurance. This rate does NOT include the employee's rate, which is typically an additional 0.50% of taxable wages.

For questions or to obtain a proposal, please contact:

Jeffrey Ingalls, PHR

Certified PPACA/Healthcare Reform Professional



The Stratford Financial Group, Inc.

Phone: (866) 217-9053 ext. 203

Fax: (877) 890-8831

Email: JIngalls@getStratford.com

This Employer Guide was prepared with information provided by:



Phone: (732) 842-4563

Email: James@nelliganassociates.com