

## **New Jersey Temporary Disability Benefits Law – TDB**

### **Frequently Asked Questions**

#### **General Questions - 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 \$650 per week for 2019 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 \$8,600 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 \$172 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 0.17% up to the taxable wage base. For 2019, the maximum taxable wage base is \$34,400, making the maximum employee contribution for this year \$58.48.

Employers contribute premium in excess of 0.17%. For plans insured through the State, the employer rate ranges from 0.10% to 0.75%.

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

### **Private Plan Questions**

#### **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 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup>, or October 1<sup>st</sup>.

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 employer 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.

## **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 up to \$8.19
- 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 our clients fill out an AC.174.1 request form. This form allows us to pull our clients 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.

The most recent AC-174.1 is required to issue a quote. The most recent form is currently for fiscal period 7/18-7/19.

## **Claims Questions**

### **Is there a time limit for filing a Disability claim?**

Yes, you have 30 days from the first day of Disability in which to file your claim. If received after 30 days you must show good cause as to why the claim was not filed on time.

### **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.

**What if I still have questions?**

**Contact Nelligan Associates at 908-307-4844 or email  
chris@nelliganassociates.com**