

The Importance of Correctly Reporting Salaries

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Death benefit payments and short- and long-term disability benefit payments are typically based on plan members' salaries. It is vital that members' salaries be accurately reported on a regular basis, otherwise their benefit payments could be improperly paid.

As plan administrator, you have the responsibility of providing salaries according to the definition of salary stipulated under your contract and maintaining accurate and current information for all of your insured plan members. You must inform your insurance company of any salary changes as soon as possible. Failure to properly report salary increases will result in benefit payments to your plan members being lower than they should be.

Your insurer will pay benefits based on the salary for which premiums were paid. There will be no adjustments of benefits at the time of claim if there is a discrepancy between the salary declared and the salary paid. Administrators that neglect to maintain and report accurate salary information--and therefore do not pay premiums based on their plan members' real salaries could create potential liabilities for their employers.

If you have any questions or concerns regarding this matter, please contact your benefits advisor or your group account executive.