

Understanding Income Documentation



Income documentation is required for all disability insurance applications (except applications qualifying for Simplified Underwriting and select Students and New Professionals). Required documentation depends on the applicant’s business entity.

Entity	Documentation for			What Income Figure to Use	Employer-Paid Limits
	Platinum Advantage	Business Overhead Protector	Business Equity Protector		
Students, Residents, New Professionals	Not required unless requested by the underwriter	For new-in-practice professionals, please contact your underwriter	Not available	See Students and New Professionals in the Special Occupations of The Standard’s IDI Product Guide for benefit limits	Not eligible for employer-paid limits
Non-owner employee	Complete Form 1040 for most recent year including all schedules, W-2 of proposed insured OR If income is salary only, provide most recent paystub OR If 1099, complete 1040 and schedule C	Not available	Not available	W-2 box 5 labeled “Medicare wages and tips” OR Projected current annual salary and add year-to-date commission and bonus already earned and paid. Do not project commissions or bonuses OR If 1099, income filed under Schedule C, line 31	May apply for employer-paid limits. ¹ Independent contractors are not eligible for employer-paid limits
Owner of Sole Proprietorship	Complete Form 1040 and Schedule C	Schedule C from personal tax return	Not available	Schedule C line 31	Not eligible for employer-paid limits
C Corporation Owner	W-2 of the proposed insured. Business Tax Form 1120 is required if ≥20% owner	Business tax Form 1120	2 years’ complete business tax returns	W-2 box 5 “Medicare wages and tips” and owner’s share of Form 1120 line 30	May apply for employer-paid limits
S Corporation Owner	Complete 1040, W-2 and Schedule E OR Corporate Tax Return Form 1120S and Schedule K-1 and W-2	Business tax Form 1120S	2 years’ complete business tax returns	W-2 box 5 plus Schedule E Nonpassive income. Subtract nonpassive loss and Section 179 expense. ² Passive income may be counted as unearned income OR Add 1120S line 7 (owner’s share shown on W-2) and K-1 line 1, subtract line 11	May apply for employer-paid limits if the proposed insured owns 2% or less of the business ¹
Partnership	Complete 1040 and Schedule E OR Partnership Form 1065 and K-1	Business tax Form 1065	2 years’ complete business tax returns	Schedule E Nonpassive income. Subtract nonpassive loss and Section 179 expense. ² Passive income may be counted as unearned income OR Add 1065 K-1 lines 1 and 4, subtract line 12 ²	Not eligible for employer-paid limits
LLC or LLP	The type of business tax return filed for the LLC or LLP will govern the documentation required	See appropriate business entity above	2 years’ complete business tax returns	Refer to the appropriate requirements above for regular corporations and partnerships	See appropriate business entity above

The Standard reserves the right to require additional financial information on any applications regardless of amount, if necessary to reach an underwriting decision or to secure reinsurance. The Standard also reserves the right to limit or modify the amount of insurance coverage offered regardless of earned income, other financial information or other insurance in force. A minimum of two years’ tax returns are required for certain occupations to qualify for an occupation class; for business owners applying for the Business Owner Upgrade, Business Owner Discount or Earned Income Enhancer; or for bonus or commission income to be considered.

- 1 To be eligible for employer-paid limits, the premium cannot be included in taxable income and the employee may not reimburse the employer for the premium.
- 2 Up to 20% of Section 179 depreciation can be added to the income to allow for an additional benefit of up to \$1,000 a month.

Standard Insurance Company
The Standard Life Insurance Company of New York

standard.com

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