

# Taxability of Short Term and Long Term Disability Benefits

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If an employer contributes any portion of a Disability Benefit (Short Term\* or Long Term Disability) premium, that benefit is taxable when received by the employee.

On the other hand, if the employee pays the total Short Term\* or Long Term Disability premium, that benefit **is not** taxable when received by the employee. That is, employees can, by paying the disability premiums with after-tax dollars, avoid paying income tax on the benefit from the insurance company, if they become disabled!



\* Short Term Disability is often referred to as Weekly Income or Weekly Indemnity.

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