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Voluntary Long Term Disability Insurance

EMPLOYEES OF THE STATE OF MONTANA

Answers to your questions about coverage from Standard Insurance Company



About This Booklet

This booklet is designed to answer some common questions about the group Voluntary Long Term Disability (LTD) insurance coverage being offered by the *State of Montana* to eligible employees. It is not intended to provide a detailed description of the coverage. The controlling provisions will be in the *group policy* issued by Standard Insurance Company. Neither the certificate nor the information presented in this booklet modifies the *group policy* or the insurance coverage in any way.

If you elect coverage, you will receive a group insurance certificate containing a detailed description of the insurance coverage including the definitions, exclusions, limitations, reductions and terminating events. If you have additional questions, please contact the Employee Benefits Bureau.

Please note that defined terms and provisions from the *group policy* are italicized in this booklet.



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Voluntary Long Term Disability Insurance Features

Chances are you already purchase home, auto and life insurance to protect yourself against the threat of loss. And you have health insurance to guard against costly medical bills.

So, what steps have you taken to help shield yourself, your lifestyle and those who count on you from an unexpected loss of income? Would you be able to meet your financial obligations if you became disabled and unable to work?

LTD insurance is designed to pay a monthly benefit to you in the event you cannot work because of a covered illness or injury. This benefit replaces a portion of your income, thus helping you to meet your financial commitments in a time of need.

By sponsoring group Voluntary LTD insurance from Standard Insurance Company, the State of Montana offers you an excellent opportunity to help protect yourself and your lifestyle. The advantages to you include:

- **Convenience.** With premiums deducted directly from your paycheck, you don't have to worry about mailing monthly payments.
- **Savings.** Typically, group insurance rates are lower than the rates of individual insurance plans, generally providing you with coverage at a lower cost.
- **Peace of Mind.** You can take comfort and satisfaction in knowing that you have taken a step toward securing your income during a period of disability.

Commonly Asked Questions

The following information provides details to give you a better understanding of group Voluntary LTD insurance available from The Standard. Written in non-technical language, this is not intended as a complete description of the coverage.

Do I need LTD insurance?

If you are not certain that you need LTD coverage, consider if you will be able to meet your financial obligations if you become disabled and unable to work for an extended period of time. The risk of disability may be greater than you think. Recent statistics have shown:

- On average, about 2,340 disabling injuries occur every hour during the year. (Source: *Injury Facts*, National Safety Council, 2001)
- About 30 percent of Americans from ages 35 to 65 will suffer a disability for at least 90 days. (Source: Health Insurance Association of America; *The New York Times*, February 2000)
- About one in seven Americans can expect to become disabled for five or more years. (Source: Health Insurance Association of America; *The New York Times*, February 2000)

To help determine your need for disability income protection, complete the worksheet on the following page. Fill in amounts for your monthly expenses and income and compare the two. If you depend on your regular paycheck to pay your bills, what will happen if you become sick and unable to work? Are you prepared for the unexpected? Voluntary LTD insurance from The Standard may be part of the solution.

Monthly Expenses	
Food	\$ _____
Mortgage/rent	_____
Childcare/education	_____
Utilities	_____
(electricity, gas, cable, phone, etc.)	
Clothing	_____
Debts	_____
(credit cards, student & auto loans, etc.)	
Insurance	_____
(health, life, auto, home, etc.)	
Taxes	_____
Other	_____
Total Monthly Expenses	\$ _____
Monthly Income	
Take home pay	\$ _____
Spouse income	_____
Other income	_____
Total Monthly Income	\$ _____

Am I eligible for this coverage?

To be a *member* and eligible for Voluntary LTD insurance coverage, you must be an active State of Montana employee, excluding members of the Legislature, who are enrolled in the State of Montana's medical plan.

When does my insurance go into effect?

The effective date of your coverage depends on when you become a member and when you elect coverage.

If you elect coverage during the Annual Change Period and agree to pay premiums, your coverage becomes effective on January 1, 2008. If you are a new employee in 2008 and you elect coverage, agree to pay premiums and if you apply within 31 days of your date of hire, your insurance becomes effective on your choice of either (1) the date you become a member, or (2) the first day of the full pay period following the receipt of your application.

In every case, you must meet an active work requirement before your insurance becomes effective.

What is the active work requirement?

Active work means performing with reasonable continuity, the *material duties* of your *own occupation* at your *employer's* usual place of business. You must be capable of *active work* on the day before the scheduled effective date of your insurance or your insurance will not become effective as scheduled. If you are not *actively at work* on the day before the scheduled effective date of insurance, your insurance will not become effective until the day after you complete one full day of *active work* as an eligible employee.

When do LTD benefits become payable?

If you become *disabled* and your claim for *LTD benefits* is approved by The Standard, *LTD benefits* become payable after you have been continuously *disabled* for 180 days and remain continuously *disabled*. *LTD benefits* are not payable during this *benefit waiting period*.

When am I considered disabled?

During the *benefit waiting period* and the *own occupation period*, you are considered *disabled* if, as a result of *physical disease, injury, pregnancy* or *mental disorder*.

- You are unable to perform with reasonable continuity the *material duties* of your *own occupation*, and
- You suffer a loss of at least 20 percent of your *indexed predisability earnings* when working in your *own occupation*.

The *own occupation period* for the Voluntary LTD coverage is the first 24 months for which *LTD benefits* are paid. You are not *disabled* merely because your right to perform your *own occupation* is restricted, including a restriction or loss of license. You may work in another occupation while you are *disabled* from your *own occupation*, however, you will not be considered *disabled* when your *work earnings* from another occupation exceed 80 percent of your *indexed predisability earnings*.

After the *own occupation period*, you are considered *disabled* if, as a result of *physical disease, injury, pregnancy or mental disorder*, you are unable to perform with reasonable continuity the *material duties of any occupation* that you are able to perform, whether due to education, training or experience:

- Which is available at one or more locations in the national economy, and
- In which you can be expected to earn at least 60 percent of your *indexed predisability earnings* within 12 months following your return to work, regardless of whether you are working in that or any other occupation.

How much is the LTD benefit amount?

Your monthly *LTD benefit* is 60 percent of your insured *predisability earnings* reduced by *deductible income*. The plan minimum and maximum *LTD benefit* amounts are indicated below.

Plan maximum monthly <i>LTD benefit</i>	Plan minimum monthly <i>LTD benefit</i>
\$9,200	\$100 or 10% of your <i>LTD benefit</i> before reduction by <i>deductible income</i> , whichever is greater.

How is the LTD benefit amount calculated?

The *LTD benefit* amount is determined by multiplying your insured *predisability earnings* by the specified benefit percentage. This amount is then reduced by other income you receive or are eligible to receive while *LTD benefits* are payable. This other income is referred to as *deductible income*.

In the example below, the *LTD benefit* amount is 60 percent of insured *predisability earnings*. If your monthly earnings (or *predisability earnings*) before becoming *disabled* were \$2,000 and you now receive a monthly Social Security disability benefit of \$600 and a monthly workers' compensation benefit of \$200, your monthly *LTD benefit* would be calculated as follows:

Insured <i>predisability earnings</i>	\$2,000
<i>LTD benefit</i> percentage	x 60%
	\$1,200
Less Social Security disability benefit	- 600
Less state disability income benefit	- 200
Amount of <i>LTD benefit</i>	\$ 400

What are predisability earnings?

Predisability earnings are your monthly rate of earnings from your *employer* and typically include:

- Salary
- Contributions you make to your deferred compensation plan with the State of Montana
- Amounts contributed to your medical and/or dependent care flexible spending account(s).

Predisability earnings generally exclude commissions, bonuses, shift differential pay, overtime pay, your *employer's* contribution to a pension plan or any other extra compensation. They are based on your earnings in effect on the last full day of *active work*. Please contact the Employee Benefits Bureau for additional information regarding what is included in *predisability earnings*.

What is deductible income?

Deductible income is income you receive or are eligible to receive while *LTD benefits* are payable. It is used to reduce the amount of your *LTD benefit* and includes, but is not limited to, the following:

- Sick pay, annual or personal leave pay, severance pay or other forms of salary continuation (including donated amounts) paid by your *employer*
- Benefits under any workers' compensation law, state disability income benefit law or similar law
- Amounts under unemployment compensation law or similar law
- Social Security disability or retirement benefits, including benefits for your spouse and children
- Disability benefits from any other insurance, including individual insurance for professionals
- Disability or retirement benefits under your *employer's* retirement plan
- Earnings from work activity while you are *disabled*, plus the earnings you could receive if you worked as much as you are able to considering your *disability*
- Earnings or compensation included in your *predisability earnings* and which you receive or are eligible to receive while *LTD benefits* are payable
- Amounts due from or on behalf of a third party because of your *disability*
- Any amount you receive by compromise, settlement or other method as a result of a claim for any of the above

What is the maximum benefit period?

If you become *disabled* before age 65, *LTD benefits* may continue during *disability* until you reach age 65. If you become *disabled* at age 65 or older, the benefit duration is determined by your age when *disability* begins as indicated in the table below.

Age When Disability Begins	Maximum Benefit Period
60 through 64	5 years
65 through 68	To age 70
69 and above	1 year

When do LTD benefits end?

LTD benefits end automatically on the earliest of:

- The date you are no longer *disabled*
- The date your *maximum benefit period* ends
- The date you die
- The date benefits become payable under any other LTD plan under which you become insured through employment during a period of *temporary recovery*
- The date you fail to provide proof of continued *disability* and entitlement to benefits

What are some of the other features of this coverage?

This LTD coverage has the following features:

- It covers *disabilities* that occur 24 hours a day, both on and off the job.
- It covers your inability to do your own occupation for the first 24 months you are disabled; whereas, many other benefits require you to be totally disabled from all occupations.
- If your employer makes an approved work-site modification that enables you to return to work while *disabled*, The Standard will reimburse your employer up to a pre-approved amount for some or all of the cost of the modification.
- While *LTD benefits* are payable, you may qualify to participate in a *rehabilitation plan* that prepares you to return to work. If you qualify, The Standard may pay for return to work expenses you incur, such as job search, training and education and family care expenses.
- If you die while *LTD benefits* are payable, and on the date you die you have been continuously *disabled* for at least 180 days, a *survivors benefit* equal to three times your unreduced *LTD benefit* may be payable. Any *survivors benefit* payable will first be applied to any overpayment of your claim due to The Standard.
- If the *group policy* terminates, *LTD benefits* will continue as long as you are eligible to receive them.

What exclusions apply to this coverage?

You are not covered for a *disability* caused or contributed to by any of the following:

- Your committing or attempting to commit an assault or felony, or your active participation in a violent disorder or riot
- An intentionally self-inflicted *injury*, while sane or insane
- *War* or any act of *war* (declared or undeclared, and any substantial armed conflict between organized forces of a military nature)
- The loss of your professional or occupational license or certification
- A *preexisting condition* or the medical or surgical treatment of a *preexisting condition* unless on the date you become *disabled*, you have been continuously insured under the *group policy* for the 12-month *exclusion period* and *actively at work* for at least one full day after the end of the *exclusion period*

What is a preexisting condition?

A *preexisting condition* is a mental or physical condition, whether or not diagnosed or misdiagnosed:

- Which was discovered or suspected as a result of any routine or other medical examination at any time during the *preexisting condition period* or
- For which you have (or a reasonably prudent person would have) consulted a physician or other licensed medical professional, received medical treatment, services or advice, undergone diagnostic procedures, including self-administered procedures, or taken prescribed drugs or medications at any time during the *preexisting condition period*.

The *preexisting condition period* is the 180-day period just before your Voluntary LTD insurance becomes effective.

What limitations apply to this coverage?

LTD benefits are not payable for any period when you are:

- Not under the ongoing care of a *physician* in the appropriate specialty as determined by The Standard
- Not participating in good faith in a plan, program or course of medical treatment or vocational training or education approved by The Standard, unless your *disability* prevents you from participating
- Confined for any reason in a penal or correctional institution
- Able to work and earn at least 20 percent of your *indexed predisability earnings*, but you elect not to work; during the *own occupation period*, the responsibility to work is limited to work in your *own occupation*; thereafter, the responsibility to work includes work in *any occupation*

In addition, payment of *LTD benefits* is limited in duration:

- To 12 months if you reside outside the United States or Canada
- To 24 months in your lifetime if your disability is caused or contributed to by *mental disorders, substance abuse or other limited conditions*, including but not limited to chronic fatigue conditions, allergy or sensitivity to chemicals or the environment, chronic pain conditions, carpal tunnel or repetitive motion syndrome, temporomandibular joint disorder or craniomandibular joint disorder

When does my Voluntary LTD insurance coverage end?

The Voluntary LTD insurance ends automatically on the earliest of the following:

- The date the last period ends for which you make a premium contribution (except if premiums are waived while *disabled*)
- The date your employment terminates
- The date the *group policy* terminates
- The date you cease to be a *member*, however, insurance may continue for limited periods under certain circumstances as described in the *group policy*
- If applicable, the date your *employer* ceases to participate under the *group policy*

How much will the Voluntary LTD coverage cost?

The monthly premium rate for the group Voluntary LTD coverage is \$22.52 per month through December 31, 2008.

How do I enroll for Voluntary LTD insurance coverage?

To enroll for Voluntary LTD insurance during the Annual Change Period, complete the LTD section of your Individual Benefits Statement form, place it in a confidential envelope and submit it to the Employee Benefits Bureau.

If you are a new employee, you can enroll for Voluntary LTD insurance by completing the State Employees' Group Benefit Plan Life Insurance and Long Term Disability Enrollment/Change form. This form can be found in your New Employee Benefits Packet.

What if I have additional questions?

If you have any additional questions, please contact the Employee Benefits Bureau.

Standard Insurance Company

The *State of Montana* has chosen Standard Insurance Company to provide group Voluntary LTD coverage to eligible employees. The Standard has earned a solid reputation for its quality products, superior customer service, expert resources, steady growth, innovation and strong financial performance. Founded in 1906, The Standard has developed a national presence in the employee benefits industry, providing customers with group and individual disability insurance and retirement plans, and group life and dental insurance.

Just as others count on you, you can count on The Standard for Voluntary LTD insurance in a time of need. Talk with the Employee Benefits Bureau for more information about group Voluntary LTD insurance from The Standard.



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