

# Voluntary Long Term Disability Insurance

For Employees of Broward County Board of County Commissioners  
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 Broward County to eligible employees. It is not intended to provide a detailed description of the coverage.

If coverage becomes effective and you become insured, you will receive a group insurance certificate containing a detailed description of the insurance coverage including the definitions, exclusions, limitations, reductions and terminating events. The controlling provisions will be in the group policy issued by Standard Insurance Company (The Standard). Neither the certificate nor the information presented in this booklet modifies the group policy or the insurance coverage in any way. If you have additional questions, please contact your Employee Benefits representative.

Features of the group Voluntary LTD insurance coverage may vary by state.

## 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 probably 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 The Standard, your employer 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:

- A disabling injury occurs nearly every second of each day - on and off the job. That's more than 70,000 every day, more than 25 million every year.<sup>1</sup>
- Over 1 in 4 of today's 20 year-olds will become disabled before they retire.<sup>2</sup>
- Every 90 seconds someone files for bankruptcy in the wake of a serious illness.<sup>3</sup>

<sup>1</sup> National Safety Council, *Injury Facts 2011*

<sup>2</sup> Social Security Administration, *Fact Sheet July 30, 2012*

<sup>3</sup> *The American Journal of Medicine*, Vol 122, No 8, August 2009



## Disability Needs Calculator

To help determine your need for disability income protection, complete the worksheet below. 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, cable, phone, etc.)	_____
Clothing	_____
Debts (credit cards, car and student 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 employee in a position which is included in the Broward County Personnel Cap, excluding temporary and seasonal employees;
- Regularly working at least 20 hours each week; and
- A citizen or resident of the United States or Canada.

### When Does My Insurance Go Into Effect?

The effective date of your coverage depends on when you become an eligible member, when you apply and whether you are required to provide evidence of insurability.

- If you apply for Voluntary LTD coverage on or before the date you become eligible, and agree to pay premiums, your Voluntary LTD coverage becomes effective on the date you become eligible.
- If you apply for Voluntary LTD coverage after the date you become eligible, and agree to pay premiums, your Voluntary LTD coverage becomes effective on the first day of the calendar month following the date The Standard approves your evidence of insurability.

In every case, you must meet the 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.

- For employees hired on or after July 1, 2007: 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.
- For employees hired prior to July 1, 2007: 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 five full days of active work as an eligible employee.

## Will I Have To Provide Information Regarding My Medical History?

If you apply for Voluntary LTD insurance on or before the date you become eligible and meet the active work requirement, you will automatically qualify to insure predisability earnings up to the guarantee issue amount of 60 percent of the first \$10,000 of your monthly predisability earnings, reduced by deductible income. This means that you will not have to submit satisfactory evidence of insurability to purchase coverage up to this amount.

If you apply 31 days after becoming eligible satisfactory evidence of insurability is required. You will need to complete and submit a Medical History Statement. In some cases, we may request additional medical information or a physical exam.

Evidence of insurability is also required for reinstatement of terminated coverage and for members eligible but not insured under your company's prior LTD insurance plan, if any. Visit to access the form: [http://www.standard.com/mybenefits/mhs\\_ho.html](http://www.standard.com/mybenefits/mhs_ho.html)

## 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 90 days and remain continuously disabled. LTD benefits are not payable during this benefit waiting period.

## When Am I Considered Disabled?

During the first 24 months for which LTD Benefits are paid (60 months for elected officials, administrators, executive managers or professional employees), 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. You are not disabled merely because your right to perform your own occupation is restricted, including a restriction or loss of license.

Thereafter, 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 which you are able to perform, whether due to education, training or experience.





### **What Is Partial Disability?**

During the benefit waiting period and the own occupation period, you are partially disabled when you work in your own occupation but, as a result of physical disease, injury, pregnancy or mental disorder, you are unable to earn at least 80 percent of your indexed predisability earnings.

During the any occupation period, you are partially disabled when you work in an occupation but, as a result of physical disease, injury, pregnancy or mental disorder, you are unable to earn at least 60 percent of your indexed predisability earnings in that occupation and in all other occupations for which you are reasonably fitted under the any occupation definition of disability.

### **How Much Is The LTD Benefit Amount?**

Your monthly LTD benefit is 60 percent of the first \$10,000 of your monthly insured predisability earnings reduced by deductible income. The plan minimum and maximum LTD benefit amounts are indicated below.

<b>Plan Maximum Monthly LTD benefit</b>	<b>Plan Minimum Monthly LTD benefit</b>
\$6,000	\$100

## 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 \$4,500 and you now receive a monthly Social Security disability benefit of \$1,200 and a monthly state disability benefit of \$900, your monthly LTD benefit would be calculated as follows:

Insured predisability earnings	\$4,500
LTD benefit percentage	<u>x60%</u>
	\$2,700
Less Social Security disability benefit	- \$1,200
Less retirement benefit	<u>- \$900</u>
<b>Amount of LTD benefit</b>	<b>\$600</b>

## What Are Predisability Earnings?

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

- Salary
- Contributions you make through a salary reduction agreement with your employer to an IRC Section 401(k), 403(b), 408(k), or 457 deferred compensation arrangement, or an executive nonqualified deferred compensation arrangement
- Amounts contributed to fringe benefits according to salary reduction agreements under an IRC Section 125 plan

Predisability earnings exclude bonuses, renewal commissions, overwriting renewal commissions, service fees, shift differential pay, overtime pay, your employer's contribution on your behalf to a deferred compensation arrangement or 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 your Employee Benefits representative 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, vacation pay, or other salary continuation paid by your employer
- Benefits under any workers' compensation law, state disability income benefit law or similar law
- Social Security disability or retirement benefits, including benefits for your spouse and children
- Disability benefits from any other group insurance
- Disability or retirement benefits under your employer's retirement plan
- Benefits under any state disability income benefit law or similar law
- Earnings from work activity while you are disabled
- Earnings or compensation included in your predisability earnings and which you receive or are eligible to receive while LTD benefits are payable
- Any amount you receive by compromise, settlement or other method as a result of a claim for any of the above
- Benefits payable for disability caused or contributed to by military service while insured under the group policy

## What Is The Maximum Benefit Period?

If you become disabled before age 62, LTD benefits may continue during disability until you reach age 65, or 3 years 6 months, if longer. If you become disabled at age 62 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
62	3 years 6 months
63	3 years
64	2 years 6 months
65	2 years
66	1 year 9 months
67	1 year 6 months
68	1 year 3 months
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

## 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.
- If premium payments are made with “after-tax” dollars, LTD benefits are federally tax-free under current federal tax law.
- 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.
- 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.
- Waiver Of Premium while LTD benefits are payable.

## What Exclusions Apply To This Coverage?

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

- An intentionally self-inflicted injury
- War or any act of war (declared or undeclared, and any substantial armed conflict between organized forces of a military nature)
- 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 a specified period of time, and you have been actively at work for at least one full day after the end of the exclusion period. This exclusion applies to employees hired on or after July 1, 2007.

## What Is A Pre-Existing Condition?

A pre-existing condition is a mental or physical condition, for which you have done any of the following at any time during the pre-existing condition period

- Consulted a physician;
- Received medical treatment or services; or
- Taken prescribed drugs or medications.

For Members hired on or after July 1, 2007: the pre-existing condition period is the 90-day period just before your Voluntary LTD insurance becomes effective.

Members hired before July 1, 2007: you are not subject to a pre-existing condition period before 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.

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

- To 24 months for each continuous disability caused or contributed to by mental disorders.
- To 24 months during your entire lifetime for a disability caused or contributed to by your use of alcohol, alcoholism, use of any drug, including hallucinogens, or drug addiction.

Please contact your Employee Benefits representative for more information regarding these limitations.

### **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 meet the eligibility requirements (coverage may continue for limited periods under certain circumstances)
- If applicable, the date your employer ceases to participate under the group policy

## How Much Will The Voluntary LTD Coverage Cost?

The bi-weekly premium rates for the group Voluntary LTD coverage are indicated in the table below.

Employee age on last January 1	Premium rate per \$100 of predisability earnings
< 40	\$0.150
40 to 49	\$0.280
50 to 59	\$0.490
60 to 64	\$0.800
65 and above	\$1.090

To calculate the bi-weekly payroll deduction for your Voluntary LTD coverage, use the following formula:

1. Enter your average monthly earnings, not to exceed \$10,000	Line 1: _____
2. Select your rate from the rate table and divide this by 100	Line 2: _____
3. Multiply Line 1 by the amount shown on Line 2	Line 3: _____

The amount shown on Line 3 is your estimated bi-weekly payroll deduction.

## How Do I Apply For Voluntary LTD Insurance Coverage?

To apply for Voluntary LTD insurance, contact your Employee Benefits department. You can apply at any time, but remember if you apply any time after the date you are initially eligible, satisfactory evidence of insurability is required. Coverage subject to evidence of insurability is not effective until approved by The Standard.

## What If I Have Additional Questions?

If you have any additional questions, please contact your Employee Benefits representative.





For more than 100 years we have been dedicated to our core purpose: to help people achieve financial well-being and peace of mind. We have earned a national reputation for quality products and superior service by always striving to do what is right for our customers.

Headquartered in Portland, Oregon, The Standard is a nationally recognized provider of group Disability, Life, Dental and Vision insurance and Individual Disability insurance. We provide insurance to more than 24,800 groups, covering over 8 million employees nationwide.\* Our first group policy, written in 1951 and still in force today, stands as a testament to our commitment to building long-term relationships.

To learn more about products from The Standard, Contact your human resources department or visit us at [www.standard.com](http://www.standard.com).

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