

Voluntary Long Term Disability Insurance

For Employees of Prince William County Public Schools

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 to the full time eligible employees of Prince William County Public Schools. 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 benefits office.

Voluntary Long Term Disability Insurance Features

Chances are you have already purchased 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 Standard Insurance Company, 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:

- More than 25% of today's 20-year-olds will become disabled during their career. (Source: U.S. Social Security Administration, Facts. <https://www.ssa.gov/disabilityfacts/facts.html>. Accessed June 2, 2017)
- The top 5 causes of Long Term Disability Claims - 28.6% Muscle/bone disorders, 15.1% Cancer, 10.3% Accidents, 8.7% Cardiovascular and 8.3% Mental disorders. (Source: Council for Disability Awareness, 2014 Long Term Disability Claims Review)
- Over half of Americans are financially unprepared for a period of disability. 52% of adult Americans have no savings earmarked for emergencies. (Source: U.S. Federal Reserve Board, Report on the Economic Well-Being of U.S. Households in 2016, May 2017)





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, 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 employee of Prince William County Public Schools eligible for VRS
- Regularly working at least 30 hours each week

Member does not include a temporary or seasonal employee, a full-time member of the armed forces of any country, a leased employee, or an independent contractor.

When is the Prince William County Public Schools' Voluntary LTD plan effective?

The Group Policy Effective Date is February 1, 2007.



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 are not required to provide evidence of insurability, and you apply and agree to pay premiums, your Voluntary LTD coverage becomes effective on:

- The date you become eligible if you apply on or before that date or
- The date you apply if you apply within 31 days after you become eligible

If you are required to provide evidence of insurability, and you apply and agree to pay premiums, your Voluntary LTD coverage becomes effective on 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. 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 day of active work as an eligible employee.



Will I have to provide information regarding my medical history?

If you apply for Voluntary LTD insurance within 31 days of becoming eligible to apply and meet the active work requirement, you will automatically qualify to insure predisability earnings up to the guarantee issue amount of \$12,500. This means that you will not have to submit satisfactory evidence of insurability to purchase coverage up to this amount.

If you apply more than 31 days after becoming eligible to apply, 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.

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?

Own Occupation Period: 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.

Any Occupation Period: 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 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 LTD benefit	Plan minimum monthly LTD benefit
\$7,500	\$100 or 10% of your LTD Benefit before reduction by Deductible Income, 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 state disability benefit of \$200, your monthly LTD benefit would be calculated as follows:

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



What are predisability earnings?

Predisability earnings are your earnings from your employer and typically include:

- Contract Salary
- Shift differential pay
- Contributions you make through a salary reduction agreement with your employer to an IRC Section 403(b) or 457 deferred compensation arrangement
- Amounts contributed to fringe benefits according to salary reduction agreements under an IRC Section 125 plan

Predisability earnings generally exclude bonuses, commissions, overtime pay, your employer's contribution 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 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, 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 you receive or are eligible to receive from any other group insurance
- 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
- 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 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
- 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.
- You make premium payments through payroll deduction.
- Premium payments are made with “after-tax” dollars, therefore 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.
- 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.
- While you are disabled and LTD benefits are payable, you may be eligible for an Assisted Living Benefit if:
 - You, due to loss of functional capacity as a result of physical disease or injury, become unable to safely and completely perform two or more activities of daily living without hands-on assistance or standby assistance; or
 - You require substantial supervision for your health or safety due to severe cognitive impairment as a result of physical disease or injury; and
 - The conditions described above is expected to last 90 days or more as certified by a physician in the appropriate specialty as determined by The Standard. If you qualify, you may receive an additional 20 percent of the first \$12,500 of your predisability earnings, which would not be reduced by deductible income.

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?

At any time during a specified period just before your insurance becomes effective, a preexisting condition is a mental or physical condition, whether or not diagnosed or misdiagnosed:

- 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 or
- Which was discovered or suspected as a result of any routine or other medical examination at any time during the preexisting condition period.

The preexisting condition period is the 90-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 premium rates for the group Voluntary LTD coverage are indicated in the table below.

Employee age on January 1	Rate % of insured earnings
Under age 40	\$ 0.120
Age 40 to 49	\$ 0.290
Age 50 to 59	\$ 0.590
Age 60 to 69	\$ 0.690
Age 70 and above	\$ 0.990





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

1. Enter your annual salary not to exceed \$150,000. 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: _____
4. Divide line 3 by the number of pay periods you receive (24 or 20 pays) Line 4: _____

The amount shown on Line 4 is your estimated semi-monthly payroll deduction. If you have questions regarding your salary, please contact your Benefits representative.

Premium is based on your age at the time of application. An age change may move you to a new age bracket and cause an increase in premium. This increase will go into effect on January 1st, after your age change.

How do I apply for Voluntary LTD insurance coverage?

Direct your browser to www.eelect.com or dial 800.547.8474. You can apply at any time, but remember if you apply more than 31 days after becoming 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 additional questions, please contact your 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 employee benefits and Individual Disability insurance. We provide insurance to more than 25,700 groups, covering approximately 6 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 benefits office or visit us at **www.standard.com**.

* As of December 31, 2016, based on internal data developed by Standard Insurance Company.

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