



TheStandard®

Voluntary Long Term Disability Insurance

Answers to your questions about coverage from Standard Insurance Company



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 offered to the eligible employees in your company. It is not intended to provide a detailed description of the coverage.

If coverage becomes effective and you become insured, you will receive a *certificate* containing a detailed description of the insurance coverage including the definitions, exclusions, limitations, restrictions and terminating events. The controlling provisions will be in the *group policy*. Neither this booklet nor the *certificate* modify the *group policy* or the insurance coverage in any way.

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



Voluntary Long Term Disability Insurance (LTD)

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 Standard Insurance Company, the City of Fort Worth 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:

- Nearly one person in five, about 49.7 million Americans, has some type of long lasting condition or disability. (Source: US Census Bureau, *Disability Status: 2000*, March 2003)
- On average, about 2,329 disabling injuries occur every hour during the year. (Source: National Safety Council, *Injury Facts*, 2003)
- 21.3 million or 11.9 percent of all Americans aged 16 to 65 have a disabling condition that affects their ability to work at a job or business. (Source: US Census Bureau, *Disability Status: 2000*, March 2003)

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 The City of Fort Worth excluding temporary and seasonal employees, full-time members of the armed forces, leased employees and independent contractors
- Regularly working at least 30 hours each week
- A citizen or resident of the United States or Canada

You are eligible on the first day of the calendar month following the first month for which you receive a paycheck on the first two paydays in one month.

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*, your 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*, your 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 full day of *active work* as an eligible employee.

Will I have to provide information regarding my medical history?

If you apply more than 31 days after becoming eligible to apply or if you determine that you want to become insured for a greater LTD Benefit or shorten your Benefit Waiting Period, 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.

Why do I need Voluntary Long Term Disability?

If you are not vested in the City's Retirement Plan, you would have no disability benefit under the Retirement plan in the event you become disabled unless the disability is work-related.

If you are vested, the Retirement Plan pays 2.75% of monthly earnings per year of service with your Employer in the event of a disability.

The shorter your period of service, the smaller your disability benefit under the City's Retirement Plan. Seriously consider electing a plan that will provide the level of income replacement necessary to cover your monthly expenses.

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 or 180 days, depending upon the plan option you choose, and remain continuously *disabled*.

LTD benefits are not payable during the *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* choices are 20, 40 or 60 percent of the first \$15,000 of your *predisability earnings*. If you receive disability income, your LTD benefit will be reduced so that your total income from disability income and LTD benefits do not exceed 70% of your *predisability earnings*. The plan minimum *LTD benefit* is 10% of *predisability earnings* or \$100, 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*. The total benefit from all sources will not exceed 70%.

In the examples below, the *LTD benefit* amount is 60 percent of insured *predisability earnings*. Assume your monthly earnings (or *predisability earnings*) before becoming *disabled* were \$2,000. Example A reflects an *LTD benefit* if you did not have *Deductible Income*. Example B shows the *LTD benefit* if you did have *Deductible Income* and a Retirement benefit of \$800.

| Example A: Without Deductible Income | | Example B: With Deductible Income | |
|--------------------------------------|----------------|------------------------------------|----------------|
| Insured predisability earnings | \$2,000 | Insured predisability earnings | \$2,000 |
| LTD benefit percentage | x 60% | LTD benefit percentage | x 70% |
| | <u>\$1,200</u> | | <u>\$1,400</u> |
| | | Less Retirement disability benefit | - \$800 |
| Amount of LTD benefit | \$1,200 | Amount of LTD benefit | \$600 |
| | | Total benefits from all sources = | \$1,400 |

What are predisability earnings?

Predisability earnings are your monthly earnings of the prior year used for determining benefits under the City's Retirement Plan, or your current monthly basic rate of earnings from the City, whichever is greater.

Benefits are based on your *predisability earnings* in effect on the last full day of *active work*. Please contact your human resources 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) payable by the City of Fort Worth
- 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.
- Disability or retirement benefits under the City'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 62, *LTD benefits* may continue during *disability* until you reach age 65*. 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 <i>disability</i> begins | <i>Maximum benefit period</i>* |
|--|---------------------------------------|
| 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 |

* or to Social Security Normal Retirement Age, if longer

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.
- 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.
- 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 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, diseases or disorder of the cervical thoracic, or lumbosacral back and its surrounding soft tissue, and sprains or strains of joints or muscles.

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*

How much will the Voluntary LTD coverage cost?

The monthly premium rates for the group Voluntary LTD coverage are indicated in the table below.

90-Day Benefit Waiting Period

20% to a \$3,000 Maximum benefit

AGE (as of January 1st)

| | |
|---------|---------|
| 0 - 29 | \$ 0.16 |
| 30 - 34 | \$ 0.19 |
| 35 - 39 | \$ 0.21 |
| 40 - 44 | \$ 0.30 |
| 45 - 49 | \$ 0.45 |
| 50 - 54 | \$ 0.64 |
| 55 - 59 | \$ 0.89 |
| 60 - 64 | \$ 1.00 |
| 65 - 69 | \$ 1.08 |
| 70 - 74 | \$ 1.23 |
| 75 + | \$ 1.60 |

90-Day Benefit Waiting Period

40% to a \$6,000 Maximum benefit

AGE (as of January 1st)

| | |
|---------|---------|
| 0 - 29 | \$ 0.30 |
| 30 - 34 | \$ 0.34 |
| 35 - 39 | \$ 0.41 |
| 40 - 44 | \$ 0.56 |
| 45 - 49 | \$ 0.84 |
| 50 - 54 | \$ 1.20 |
| 55 - 59 | \$ 1.66 |
| 60 - 64 | \$ 1.86 |
| 65 - 69 | \$ 2.00 |
| 70 - 74 | \$ 2.29 |
| 75 + | \$ 3.00 |

90-Day Benefit Waiting Period

60% to a \$9,000 Maximum benefit

AGE (as of January 1st)

| | |
|---------|---------|
| 0 - 29 | \$ 0.54 |
| 30 - 34 | \$ 0.61 |
| 35 - 39 | \$ 0.73 |
| 40 - 44 | \$ 1.00 |
| 45 - 49 | \$ 1.49 |
| 50 - 54 | \$ 2.14 |
| 55 - 59 | \$ 2.96 |
| 60 - 64 | \$ 3.31 |
| 65 - 69 | \$ 3.56 |
| 70 - 74 | \$ 4.08 |
| 75 + | \$ 5.33 |

180-Day Benefit Waiting Period

20% to a \$3,000 Maximum benefit

AGE (as of January 1st)

| | |
|---------|---------|
| 0 - 29 | \$ 0.11 |
| 30 - 34 | \$ 0.13 |
| 35 - 39 | \$ 0.16 |
| 40 - 44 | \$ 0.24 |
| 45 - 49 | \$ 0.36 |
| 50 - 54 | \$ 0.53 |
| 55 - 59 | \$ 0.74 |
| 60 - 64 | \$ 0.80 |
| 65 - 69 | \$ 0.86 |
| 70 - 74 | \$ 1.06 |
| 75 + | \$ 1.53 |

180-Day Benefit Waiting Period

40% to a \$6,000 Maximum benefit

AGE (as of January 1st)

| | |
|---------|---------|
| 0 - 29 | \$ 0.20 |
| 30 - 34 | \$ 0.24 |
| 35 - 39 | \$ 0.30 |
| 40 - 44 | \$ 0.43 |
| 45 - 49 | \$ 0.66 |
| 50 - 54 | \$ 0.98 |
| 55 - 59 | \$ 1.36 |
| 60 - 64 | \$ 1.49 |
| 65 - 69 | \$ 1.59 |
| 70 - 74 | \$ 1.99 |
| 75 + | \$ 2.84 |

180-Day Benefit Waiting Period

60% to a \$9,000 Maximum benefit

AGE (as of January 1st)

| | |
|---------|---------|
| 0 - 29 | \$ 0.34 |
| 30 - 34 | \$ 0.41 |
| 35 - 39 | \$ 0.51 |
| 40 - 44 | \$ 0.73 |
| 45 - 49 | \$ 1.13 |
| 50 - 54 | \$ 1.65 |
| 55 - 59 | \$ 2.30 |
| 60 - 64 | \$ 2.51 |
| 65 - 69 | \$ 2.68 |
| 70 - 74 | \$ 3.34 |
| 75 + | \$ 4.79 |

To calculate the cost per pay period for your Voluntary LTD coverage, use the following formula:

1. Enter your monthly *predisability earnings*, not to exceed \$15,000 Line 1: _____
2. Select your rate from the rate table, based on your age and the plan you elect. Then divide that number by 100. Line 2: _____
3. Multiply Line 1 by the amount shown on Line 2. Line 3: _____
4. Divide line 3 by 2 for the cost per pay period.

The amount shown on Line 4 is your estimated per pay period payroll deduction. If you have questions regarding your *predisability earnings*, please contact your human resources representative.

How do I apply for Voluntary LTD insurance coverage?

To apply for Voluntary LTD insurance, complete the Enrollment Form in this enrollment packet, place it in a confidential envelope and submit it to the City's Human Resources Department/Benefits Division. You can apply at any time, but remember if you apply or elect to increase your coverage 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 any additional questions, please contact your Human Resources Representative at (817) 392-7782 or benefits@fortworth.gov

About Standard Insurance Company

The City of Fort Worth 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 your employer's human resources representatives for more information about group Voluntary LTD insurance from The Standard.



TheStandard®

Standard Insurance Company

City of Fort Worth
Voluntary Long Term Disability
Enrollment Form

| | | |
|----------------------|---------------|-------------------------------|
| Member Name | | Group Number 644013 |
| Address | | |
| City | State | Zip |
| Job Title/Occupation | | Division/Dept. |
| Date of Hire | Date of Birth | Gender |

You have the opportunity to enroll in the City of Fort Worth’s Voluntary Long Term Disability (LTD) insurance plan. Long Term Disability insurance helps to replace your income in the event you become ill or injured and cannot work. The City’s plan provides you with several options of income protection to replace 20, 40 or 60% of your earnings, to a maximum monthly benefit of \$3,000, \$6,000 or \$9,000, depending on the plan option you choose.

The cost of each plan available to you is based upon your age and predisability earnings as of September 1. To determine the amount of income replacement you need and the cost associated with the chosen option, please visit our Web site at www.standard.com/mybenefits/fortworth or refer to the Voluntary LTD Brochure located on the Web site or from your Human Resources department.

180-Day Benefit Waiting Period

- 60% of predisability earnings to a \$9,000 mo. maximum benefit
- 40% of predisability earnings to a \$6,000 mo. maximum benefit
- 20% of predisability earnings to a \$3,000 mo. maximum benefit

90-Day Benefit Waiting Period

- 60% of predisability earnings to a \$9,000 mo. maximum benefit
- 40% of predisability earnings to a \$6,000 mo. maximum benefit
- 20% of predisability earnings to a \$3,000 mo. maximum benefit

I am **electing** to enroll in the Voluntary LTD policy and confirm I have read the booklet highlights for the coverage. I have indicated the plan option above.

I am **declining** to enroll in the Voluntary LTD coverage at this time. I understand that in order to enroll in the future, I will be required to provide The Standard with satisfactory Evidence of Insurability, and that The Standard will have the right to refuse my request for insurance. I understand that coverage(s) not specifically elected will not become effective, even if not marked as declined above.

If electing coverage, I authorize deductions from my wages to cover my contribution towards the cost of insurance. I understand that my deduction amount will change if my coverage or costs change.

| | |
|------------------------------------|------------------|
| Member/Employee Signature Required | Date (Mo/Day/Yr) |
|------------------------------------|------------------|

Please return to Human Resource Department/Benefit Division.

Standard Insurance Company

Standard Insurance Company has earned a solid reputation for its quality products, expert resources, superior service, steady growth, innovation and strong financial performance. Founded in 1906, Standard Insurance Company is a leader in the group disability, life and dental insurance market, while also offering individual disability and retirement plans for groups and individuals.

For more information about group Voluntary LTD insurance coverage, or for assistance, please contact your human resources department.



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