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Voluntary Short Term Disability Insurance

FOR ACTIVE MEMBERS OF THE STATE OF NEVADA
PUBLIC EMPLOYEES' BENEFITS PROGRAM

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 Short Term Disability (STD) insurance coverage being offered by the State of Nevada Public Employees' Benefits Program (PEBP) to eligible employees. It is not intended to provide a detailed description of the coverage.

If 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. 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 888.288.1270 or access www.standard.com/mybenefits/nevada.

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



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Voluntary Short 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?

STD insurance is designed to pay a weekly 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 STD insurance from Standard Insurance Company, PEBP 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 STD insurance available from The Standard. Written in non-technical language, this is not intended as a complete description of the coverage.

Do I need STD insurance?

If you are not certain that you need STD coverage, consider if you would be able to meet your financial obligations if you became 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 every 1.3 seconds – on and off the job. That's over 63,000 every day, more than 23 million every year.¹
- Three in 10 workers entering the workforce today will become disabled before retiring.²
- Over 6.8 million workers are receiving Social Security disability benefits; almost half are under age 50.²

If you depend on your regular paycheck to pay your bills, what would happen if you became sick and couldn't work? Voluntary STD insurance from The Standard may be part of the solution.

¹ National Safety Council, *2005-2006 Injury Facts*

² Social Security Administration, *Fact Sheet 2007*

Am I eligible for this coverage?

To be eligible for the Voluntary STD insurance coverage, you must be covered under the PEBP sponsored Medical Plan, a citizen or resident of the United States or Canada, and one of the following:

- An active full-time employee of the State of Nevada (or any non-State agency approved by the PEBP Board), regularly working at least 80 hours each month;
- An active professional full-time employee under contract with the Nevada System of Higher Education;
- An active member of the Nevada Senate or Assembly; or
- An active employee of any other organization that provides benefits under the State of Nevada Public Employees' Benefits Program and regularly working at least 80 hours each month.

You are not eligible for this insurance if you are insured under another short term disability insurance plan, a temporary or seasonal employee, a full-time member of the armed forces of any country, a leased employee, or an independent contractor.

When does my insurance go into effect?

The effective date of your coverage depends on when you become eligible, when you apply and whether you meet the *active work* requirement.

If you apply and agree to pay premiums, your Voluntary STD coverage becomes effective on the later of the date you become eligible and the date you apply. However, if you apply during an annual enrollment period, coverage will become effective on the following July 1.

Note: You must meet the *active work* requirement before your insurance will become effective, and you may be subject to a *late enrollment penalty* if you do not apply within 60 days after you become eligible.

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. This *active work* requirement also applies to any decrease in your *benefit waiting period*.

What if I don't apply for this coverage now?

Late enrollment penalties will apply as follows:

- For employees who become eligible for coverage under this plan on or after July 1, 2007, and who apply more than 60 days after becoming eligible (late application): A *disability* caused by anything other than an accidental *injury* that begins during your first year of coverage will be subject to a *benefit waiting period* of 60 days, regardless of the *benefit waiting period* Option you selected.

- For employees who become insured under this plan and then later wish to reduce the length of their *benefit waiting period* (change from Option C to Option B or Option A; change from Option B to Option A): If you become *disabled* during your first year of coverage under the new Option, and your *disability* is caused by anything other than an accidental *injury*, your *benefit waiting period* will be the *benefit waiting period* that would have applied to your *disability* if you had not elected to change your Option.

When am I considered disabled?

During the *benefit waiting period* and to the end of the *maximum benefit 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*.

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 *predisability earnings*.

When do STD benefits become payable?

If you become *disabled* and your claim for *STD benefits* is approved by The Standard, *STD benefits* will become payable after the *benefit waiting period*. This is a specified number of days during which you must remain continuously *disabled*. *STD benefits* are not payable during the *benefit waiting period*. When you apply for coverage, you select one of the *benefit waiting period* Options below:

Option	Benefit waiting period
Option A	7 days
Option B	14 days
Option C	30 days

If the *late enrollment penalty* applies, the *benefit waiting period* for *disability* caused by *physical disease, pregnancy or mental disorder* is 60 days during the first year you are insured under the Voluntary STD plan.

How much is the STD benefit amount?

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

Plan maximum weekly <i>STD benefit</i>	Plan minimum weekly <i>STD benefit</i>
\$1,500	\$15

How is the STD benefit amount calculated?

The *STD 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 *STD benefits* are payable. This other income is referred to as *deductible income*.

In the example below, the *STD benefit* amount is 60 percent of insured *predisability earnings*. If your weekly earnings before becoming *disabled* were \$500 and you now receive a weekly *deductible income* benefit of \$50, your weekly *STD benefit* would be calculated as follows:

Insured <i>predisability earnings</i>	\$500
<i>STD benefit</i> percentage	x 60%
	\$300
Less any applicable <i>deductible income</i> benefit	- 50
Amount of <i>STD benefit</i>	\$250

What are predisability earnings?

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

- Salary
- Contributions you make through a salary reduction agreement with your *employer* to an IRC Section 401(k), 403(b), 408(k), 408(p) 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, commissions, overtime pay, your *employer's* contributions on your behalf to a deferred compensation arrangement or pension plan, and any other extra compensation. Your *predisability earnings* are based on your earnings in effect on your last full day of *active work*.

If you are a legislator, *predisability earnings* means one fifty-second (1/52nd) of your *annual salary*. *Annual salary* is your total salary over the preceding two-year period divided in half, and includes pay for normal legislative sessions plus income received for attending interim committee meetings or special sessions.

What is deductible income?

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

- Amounts under any unemployment compensation law, state disability income benefit law or similar law
- Disability or retirement benefits under your *employer's* retirement plan including PERS, STRS, and a plan arranged and maintained by a union or employee association for the benefit of its members
- Earnings from work you perform while you are *disabled*, plus the earnings you could receive if you worked as much as you are able to, considering your *disability*
- Amounts due from or on behalf of a third party because of your *disability*
- Any amount you receive by compromise, judgment, 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*, *STD benefits* may continue during *disability* up to 180 days. This is the maximum period for which *STD benefits* are payable for any one period of continuous *disability*. However, *STD benefits* will end on the date long term disability (LTD) benefits become payable to you under a group plan provided by your *employer*, even if that occurs before the end of the *maximum benefit period*.

When do STD benefits end?

STD 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 to you under any other disability plan under which you become insured through employment during a period of *temporary recovery*
- The date LTD benefits become payable to you under a group LTD policy
- The date you fail to provide proof of continued *disability* and entitlement to STD benefits

What are some of the other features of this coverage?

This STD coverage has the following features:

- Because premium payments are made with after-tax dollars, *STD 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 the *group policy* terminates, *STD 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

Additionally, you are not covered for *disability* arising out of or in the course of any employment for wage or profit.

What limitations apply to this coverage?

STD 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* in your *own occupation*, but you elect not to work
- Eligible to receive sick leave pay, annual or personal leave pay or other salary continuation, including donated amounts from your *employer*
- Eligible to receive benefits for your *disability* under a workers' compensation or similar law

When does my Voluntary STD insurance coverage end?

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

- The date the last period ends for which you made a premium contribution
- The date your employment terminates
- The date the *group policy* terminates
- The date you cease to be an eligible employee; however, insurance may continue for limited periods under certain circumstances as described in the *group policy*

Note: If you are not working because of a school break or vacation, your insurance will be continued during that period.

How much will the Voluntary STD coverage cost?

The monthly premium rates for the group Voluntary STD coverage are shown in the table below. These rates are effective July 1, 2009. If you have questions regarding how to determine your *predisability earnings*, please contact 888.288.1270 or access www.standard.com/mybenefits/nevada.

Age (as of July 1)	Rate per \$10 of <i>STD benefit</i>		
	Option A (7-day <i>benefit</i> waiting period)	Option B (14-day <i>benefit</i> waiting period)	Option C (30-day <i>benefit</i> waiting period)
<30	\$1.21	\$0.47	\$0.24
30-34	\$1.44	\$0.55	\$0.28
35-39	\$1.22	\$0.45	\$0.23
40-44	\$1.17	\$0.42	\$0.21
45-49	\$1.38	\$0.50	\$0.25
50-54	\$1.53	\$0.55	\$0.27
55-59	\$2.03	\$0.73	\$0.37
60+	\$2.55	\$0.92	\$0.46

To calculate the monthly payroll deduction for your Voluntary STD coverage, use the rates above and the formula below:

1. Enter your weekly <i>predisability earnings</i> , not to exceed \$2,500 on Line 1.....	Line 1: \$ _____
2. Multiply the figure on Line 1 by 0.60 and enter on Line 2.....	Line 2: \$ _____
3. Select your rate from the rate table and enter on Line 3.....	Line 3: \$ _____
4. Multiply Line 2 by the rate shown on Line 3.....	Line 4: \$ _____
5. Divide the amount on Line 4 by 10 and enter on Line 5.....	Line 5: \$ _____

The amount shown on Line 5 is your estimated monthly payroll deduction. Premiums for the Voluntary STD coverage will be deducted directly from your paycheck.

How do I apply for Voluntary STD insurance coverage?

To apply for Voluntary STD insurance, complete the Enrollment Form and return it to the address on the form, or contact 888.288.1270 or access www.standard.com/mybenefits/nevada. You can apply at any time, but remember if you apply more than 60 days after becoming eligible, you may be subject to the *late enrollment penalty*.

What if I have additional questions?

If you have any additional questions, please contact 888.288.1270 or access www.standard.com/mybenefits/nevada.

About Standard Insurance Company

PEBP has chosen Standard Insurance Company to provide group Voluntary STD 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 STD insurance in a time of need. Contact 888.288.1270 or access www.standard.com/mybenefits/nevada for more information about group Voluntary STD insurance from The Standard.



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