



TheStandard®
Positively different.

Buy-up Long Term Disability Insurance

FOR EMPLOYEES OF APOLLO GROUP, INC.

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 Buy-up Long Term Disability (LTD) insurance policy offered by Apollo Group, Inc. to its eligible employees. It is not intended to provide a detailed description of the coverage.

If the *group policy* 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 found in the *group policy*. Neither this booklet nor the certificate modifies the *group policy* or the insurance coverage in any way. If you have additional questions, please refer to the Certificate of Insurance available to you at www.standard.com/mybenefits/apollo.

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



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Buy-up Long Term Disability Coverage Insurance Features

Chances are that 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. But 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?

Long Term Disability (LTD) insurance from Standard Insurance Company is designed to pay a benefit in the event you cannot work because of a covered illness or injury. This benefit replaces a portion of your monthly income, thus helping you to meet your financial commitments in a time of need.

At no cost to its eligible employees, Apollo Group, Inc. provides LTD coverage under a Basic LTD Plan to help protect a certain level of income. The amount of the Basic Plan is equal to 60 percent of the first \$12,500 of *predisability earnings*, reduced by *deductible income*.

Since every employee's needs are different, Apollo Group, Inc. is providing eligible employees the opportunity to apply for coverage under a Buy-up LTD Plan from The Standard. The Buy-up Plan benefit is equal to 70 percent of the first \$14,286 of *predisability earnings*, reduced by *deductible income*.

The advantages of the Buy-up LTD coverage include:

- **Choice.** You decide which LTD plan meets your specific needs.
- **Flexibility.** If your needs change, you may request to enroll in the other available plan.
- **Convenience.** With premiums for the Buy-up LTD Plan deducted directly from your paycheck, you don't have to worry about mailing monthly payments.
- **Peace of Mind.** You can take comfort and satisfaction in knowing that you have done something positive to help protect your income and lifestyle in the event of a disability.

Commonly Asked Questions

The following information provides details to give you a better understanding of the Buy-up LTD insurance available from The Standard.

What is Buy-up LTD coverage?

Buy-up LTD insurance offers you the opportunity to choose one of two levels of LTD coverage:

- The Basic LTD Plan is fully paid by Apollo Group, Inc. and provides a basic level of coverage to a maximum monthly benefit of \$7,500.
- The Buy-up LTD Plan is paid for by both you and Apollo Group, Inc. and provides a higher level of coverage. The maximum monthly benefit under the Buy-up LTD Plan is \$10,000.

The minimum monthly LTD benefit for each plan is \$100 or 10% of your LTD benefit before reduction by *deductible income*, whichever is greater.

You have the option to become insured under the Basic LTD Plan or the Buy-up LTD Plan to meet your individual needs for income protection.

Am I eligible for this coverage?

To be a *member* and eligible for LTD coverage, you must be:

- A full-time employee of Apollo Group, Inc., excluding Lead Faculty members, temporary and seasonal employees, full-time members of the armed forces, leased employees, and independent contractors
- *Actively at work* and compensated at 40 hours per week
- A citizen or resident of the United States or Canada

When does my insurance coverage become effective?

The effective date of your coverage depends on when you satisfy the *eligibility waiting period* and whether you apply for the Buy-up LTD Plan.

What Is the Eligibility Waiting Period?

The *eligibility waiting period* is the period you must be a *member* before you can become eligible for insurance. You become eligible on the first day of the calendar month following 60 consecutive days as a *member*.

What Is the Effective Date of the Basic LTD Coverage?

Your LTD coverage under the Basic LTD Plan will go into effect on the day after you complete your *eligibility waiting period*, provided you meet the *active work* requirement explained below.

What Is the Effective Date of the Buy-up LTD Coverage?

If you apply for the Buy-up LTD Plan and agree to pay premiums for the coverage, it will become effective on the latest of:

- The date you become eligible if you apply during your *employer's* enrollment window before that date;
- The date you apply if you apply within 31 days after you become eligible;
- The January 1 following an annual enrollment period during which you apply; or
- The later of: (a) the date you apply, and (b) the date of a Family Status Change, if you apply within 31 days following a *Family Status Change*

Family Status Change means family status change as defined in your Employer's Section 125 cafeteria plan.

Under each circumstance, you must meet the *active work* requirement before your insurance will become 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.

Will I have to provide information about my medical history?

Information about your medical history will not be required for coverage.

What is the Benefit Waiting Period?

If you become *disabled* and your claim for *LTD benefits* is approved by The Standard, *LTD benefits* become payable on the day after you complete your *benefit waiting period*. This is a specified number of days during which you must remain continuously *disabled*. The *benefit waiting period* for each plan is 90 days. Benefits are not payable during the *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*.

You are not *disabled* merely because your right to perform your *own occupation* is restricted, including a restriction or loss of license.

The *Own Occupation period* for the Basic and Buy-up LTD Plans is the first 24 months for which *LTD benefits* are payable.

Any Occupation Period

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* 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 is the LTD benefit amount calculated?

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

In the example below, the LTD benefit amount is 60 percent of insured *predisability earnings*. If your monthly earnings (*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 <i>predisability earnings</i>	\$2,000
LTD benefit percentage	<u>x 60%</u>
	\$1,200
Less Social Security disability benefit	-600
Less state disability benefit	<u>-200</u>
Amount of LTD benefit	\$400

To compare the amount of your *LTD benefit* under both plans, fill in the blanks below.

	Basic LTD Plan	Buy-up LTD Plan
1. Enter your monthly <i>predisability earnings</i>	\$ _____ (If your monthly <i>predisability earnings</i> exceed \$12,500, enter \$12,500 above.)	\$ _____ (If your monthly <i>predisability earnings</i> exceed \$14,286, enter \$14,286 above.)
2. Percentage of <i>predisability earnings</i>	60%	70%
3. Multiply amount on line 1 by percentage on line 2 and enter total here.	\$ _____	\$ _____
This is your monthly <i>LTD benefit</i> amount before reduction by <i>deductible income</i> .		

What is predisability earnings?

Predisability earnings is your monthly rate of earnings from your *employer* and typically includes:

- Salary
- Shift differential pay
- 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 your fringe benefits according to a salary reduction agreement under an IRC Section 125 plan

Predisability earnings generally excludes bonuses, commissions, overtime pay, your *employer's* contributions on your behalf to a deferred compensation arrangement or pension plan, if applicable, and any other extra compensation.

Predisability earnings will be based on your earnings in effect on your last full day of *active work*.

What is deductible income?

Deductible income is income you receive or are eligible to receive while LTD benefits are payable. It will reduce the amount of your LTD benefit. *Deductible income* 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 or similar law
- Amounts received under any unemployment 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 coverage
- Disability or retirement benefits under your *employer's* retirement plan, if applicable
- 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* that you receive or are eligible to receive while LTD benefits are payable
- Any amount you receive by judgment, compromise, settlement or other method as a result of a claim for any of the above

When do LTD benefits become payable and for how long?

LTD benefits become payable on the day after you complete your *benefit waiting period*. 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 is the Maximum Benefit Period?

The *maximum benefit period* is to Social Security Normal Retirement Age (SSNRA). The benefit duration is determined by your age when *disability* begins, as shown below:

Age	Maximum Benefit Period
62 or younger	To SSNRA, or 48 months, whichever is greater
63	To SSNRA, or 42 months, whichever is greater
64	36 months
65	30 months
66	27 months
67	24 months
68	21 months
69 or older	18 months

Are my LTD benefits subject to federal income tax and FICA?

If you elect the Basic LTD Plan, your entire LTD benefit is subject to taxes. This is because Apollo Group, Inc. pays the entire cost of this plan.

If you elect to enroll in the Buy-up LTD Plan, both you and Apollo Group, Inc. share the cost of insurance and at least a portion of your LTD benefit is subject to taxes. Under current federal tax law, the taxable portion of your LTD benefit under the Buy-up LTD Plan is dependent on whether you pay your portion of premium with pre- or post-tax dollars.

If you pay your portion of the premiums with pre-tax dollars, your entire LTD benefit is subject to taxes.

If you pay your portion of the premiums with after-tax dollars, only a portion of your LTD benefit is subject to taxes. The taxable portion is based on the percentage of the total group premium that Apollo Group, Inc. contributes for the Buy-up LTD Plan. For example, if Apollo Group, Inc. contributes 40 percent of the total group premium for the Buy-up LTD Plan, then 40 percent of your LTD benefit is taxable. The remaining 60 percent of the LTD benefit would not be taxable.

How much will the LTD coverage cost?

Effective January 1, 2009, the monthly premium rates for the Buy-up LTD coverage will be as shown in the table below.

Employee age on January 1	Premium rate as percentage of insured <i>predisability earnings</i>
Age 24 and under	.065
Age 25 to 29	.156
Age 30 to 34	.169
Age 35 to 39	.234
Age 40 to 44	.429
Age 45 to 49	.416
Age 50 to 54	.559
Age 55 to 59	.754
Age 60 and above	.728

To calculate the semi-monthly payroll deduction for Buy-up LTD coverage, use the rates above and the formula below:

To calculate your semi-monthly payroll deduction for your LTD coverage, use the worksheet to the right or use the Premium Calculator found at www.standard.com/mybenefits/apollo.

1. Enter your monthly *predisability earnings*, not to exceed \$14,286 on Line 1. Line 1: \$ _____
2. Select your rate from the rate table above and enter on Line 2. Line 2: \$ _____
3. Multiply Line 1 by the amount shown on Line 2 and enter on Line 3. Line 3: \$ _____
4. Divide the amount entered on Line 3 by 2 and enter on Line 4. Line 4: \$ _____

The amount shown on Line 4 is your estimated semi-monthly payroll deduction. Premiums for the LTD Buy-up coverage will be deducted directly from your paycheck.

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 for the Buy-up LTD Plan through payroll deduction.
- 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 preapproved amount for some or all of the cost of the modification.
- While you are *disabled*, 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, whether civil or international, 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 12 months and have been *actively at work* for at least one full day after that 12 months

What is a preexisting condition?

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

- For which you 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; and
- Which, as a result of any medical examination, including routine examination, was discovered or suspected at any time during the 90-day period just before your coverage became effective

Preexisting condition exclusions apply to both the Basic and Buy-up LTD Plans.

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*
- Residing outside of the United States or Canada for more than 12 months

When does my insurance coverage end?

LTD insurance automatically ends on the earliest of the following:

- The date the last period ends for which a premium contribution was made for your insurance
- 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 described in the *group policy*

If your coverage under the Buy-up LTD Plan ends because of your non-payment of the required premium, you will automatically be insured under the Basic LTD Plan provided the *group policy* remains in effect and you remain eligible for this coverage.

How do I apply?

To enroll, employees must:

1. Go to and open the New Source (*our Company intranet*)
2. Click the HR tab
3. Log on to My HR (*enter employee ID number and password*)
4. Click My Benefits
5. Click on the enrollment link, “you may enroll for your benefits online” and follow the directions

When the enrollment process is successfully completed, employees will see a message saying that a confirmation statement will be mailed to them within 24 hours.

What if I have additional questions?

If you have any additional questions or for more information, please contact The Standard’s customer service line at 800.239.6989. You may also access information at www.standard.com/mybenefits/apollo.

About Standard Insurance Company

Apollo Group, Inc. has chosen Standard Insurance Company to provide group LTD coverage to its 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 LTD insurance in a time of need.



Standard Insurance Company
1100 SW Sixth Avenue
Portland OR 97204
www.standard.com

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