



TheStandard®

**FLEXTRONICS**

## Short Term Disability Buy-up Insurance

FLEXTRONICS INTERNATIONAL USA, INC.  
FOR EMPLOYEES WORKING IN CALIFORNIA

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 Short Term Disability Buy-up (STD) insurance coverage being offered by Flextronics to eligible employees working in California. It is not intended to provide a detailed description of the coverage.

A group insurance certificate containing a detailed description of the insurance coverage will be made available to you, 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 your human resources representative.

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



## 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.

As a California employee, your STD Core benefits are provided through mandated State Disability Insurance (SDI). For additional information regarding the State Plan, you can contact any office of the California Employee Development Department. By sponsoring group STD Buy-up insurance from Standard Insurance Company, Flextronics offers you an excellent opportunity to help further protect yourself and your lifestyle. The advantages to you include:

- **Convenience.** With premiums for the STD Buy-up Plan 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 STD Buy-up 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 Buy-up insurance?

If you are not certain that you need the additional STD Buy-up 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:

- Every 90 seconds someone files for bankruptcy in the wake of a serious illness (The American Journal of Medicine, Vol. 122, No. 8, August 2009)
- Almost three in 10 of today's 20-year-olds will become disabled before reaching age 67 (Social Security Administration, Fact Sheet 2009)
- One in four Americans say they would have difficulty supporting themselves financially immediately following a disability; three out of four say they would face financial trouble within six months (Disability survey conducted by Kelton Research on behalf of the LIFE Foundation, April 2009)

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

## Am I eligible for this coverage?

To be an eligible employee you must be:

- A regular status employee of Flextronics International USA, Inc. or Flextronics America, LLC working in California (excluding temporary and seasonal employees, full-time members of the armed forces, leased employees and independent contractors).
- *Actively at work* and scheduled to work at least 30 hours each week.
- On the Flextronics U.S. payroll.

You become eligible for coverage on the first day of the calendar month following the date you become an employee described above.

You can apply for additional employee-paid STD Buy-up coverage, enabling you to increase your benefit to help replace approximately 60 percent of your *pre-disability earnings*, and increasing the maximum benefit amount to provide more complete income protection in the event of a covered *disability*. The employee-paid STD Buy-up benefit will work in conjunction with the California SDI Plan. The table and descriptions below highlight key features of your STD benefits and options.

## How do I apply?

As a regular status employee, you can apply for contributory Short Term Disability Buy-up coverage through the Flextronics Human Resources Self Service portal (HRSS). Employees who do not have intranet access will be required to complete and submit a timely Benefits Enrollment form.

As a new hire, you have 31 days from your benefits eligibility date (first of month following your date of hire) to elect STD Buy-up coverage without being subject to the late enrollment penalty. If you have additional questions or need more information about applying for coverage, please contact your Human Resources representative. You also may call The Standard's customer service line at 1.877.889.1332 or visit [www.standard.com/mybenefits/flextronics\\_a](http://www.standard.com/mybenefits/flextronics_a) to learn more about your benefit options.

## When does my insurance coverage become effective?

The effective date of your coverage depends on when you become eligible and when you apply for the STD Buy-up coverage. If you apply and agree to pay premiums, your STD Buy-up coverage becomes effective on the following applicable date:

- The date you become eligible, if you apply on or before that date.
- The date you apply, if you apply within 31 days after you become eligible.
- The January 1 following the date you apply, if you apply during an annual enrollment period.
- The later of (a) the date of a *family status change*, or (b) the date you apply, if you apply prior to or within 31 days of a *family status change*.

**Note:** You will be subject to a late enrollment penalty if you do not apply within 31 days after you become eligible.

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 *substantial and material acts* 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.

## 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 *substantial and material acts* of your *own occupation* and you are not working in your *own occupation*, or
- You are unable to earn 80 percent or more of your *indexed predisability earnings* while 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.

## What is the STD Buy-up benefit amount?

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

Plan maximum weekly <i>STD Buy-up benefit</i>	Plan minimum weekly <i>STD Buy-up benefit</i>
\$2,884.....	\$25

## When do STD Buy-up benefits become payable?

If you become *disabled* and your claim for STD Buy-up benefits is approved by The Standard, *STD benefits* become payable after the *benefit waiting period*. This is a specified number of days during which you must remain continuously *disabled*. STD Buy-up benefits are not payable during the *benefit waiting period*. The *benefit waiting period* is 7 calendar days.

However, if you do not apply within 31 days of the date you become eligible, you will be subject to a late enrollment penalty. This means that if you file a claim due to *physical disease, pregnancy or mental disorder* during the first 12 months after your STD Buy-up coverage takes effect, your benefits will not become payable until you complete a 60-day *benefit waiting period*.

## How much will this coverage cost me?

The monthly premium rate for the group STD Buy-up coverage is .13% of insured *predisability earnings*. To calculate the monthly payroll deduction for your STD Buy-up coverage, use the rate above and the formula below:

### To calculate your monthly premium

Example

1. Enter your <b>monthly</b> <i>predisability earnings</i> , not to exceed \$20,828 on Line 1.	Line 1: _____	\$7.083.00
2. Multiply Line 1 by the STD Buy-up rate of .13 and enter on Line 2.	Line 2: _____	\$920.79
3. Divide the amount entered on Line 2 by 100 and enter on Line 3.	Line 3: _____	\$9.21

The amount shown on Line 3 is your estimated monthly payroll deduction. Premiums for the STD Buy-up coverage will be deducted directly from your paycheck. If you have questions regarding how to determine your *predisability earnings*, please contact your Human Resources representative.

Employees paid on a semi-monthly basis can determine their semi-monthly premium deductions by calculating the monthly cost (from Line 3. above), then dividing by 2.

Employees paid on a bi-weekly basis can determine their bi-weekly premium deductions as follows: Calculate the monthly cost (from Line 3. above), then multiply that amount by 12, and divide it by 26.

Employees paid on a weekly basis can determine their weekly premium deductions as follows: Calculate the monthly cost (from line 3 above), then multiply that amount by 12, and divide it by 52.

## How long are STD Buy-up benefits payable?

If you become *disabled*, *STD benefits* may continue during *disability* up to the end of the *maximum benefit period*. The *maximum benefit period* is 180 calendar days.

If you are eligible to receive benefits under a Long Term Disability (LTD) plan sponsored by your *employer*, your *STD benefits* will end when your *LTD benefits* become payable, even if this occurs before the end of the *maximum benefit period* for the *STD benefits*.

## How is the STD Buy-up benefit amount calculated?

The STD Buy-up benefit amount is determined by multiplying your insured weekly *predisability earnings* by 60 percent. This amount is then reduced by other income you receive or are entitled to receive while *STD benefits* are payable. This other income is referred to as *deductible income*.

For example, if your weekly earnings (or *predisability earnings*) before becoming *disabled* were \$950 and you now receive a weekly state disability benefit of \$523, your weekly STD Buy-up benefit would be calculated as follows:

Insured <i>predisability earnings</i> . . . . .	\$950
STD Buy-up benefit percentage . . . . .	x 60%
	\$570
Less state disability income benefit . . . . .	- 523
Amount of weekly STD Buy-up benefit . . . . .	\$47*

\*Please note your *STD benefit* amount may vary based on your own circumstances including earnings and whether your *employer* participates in SDI.

### What are Predisability Earnings?

*Predisability earnings* are your monthly base earnings from your *employer* in effect on the last full day of *active work* 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, differential pay, overtime pay, your *employer's* contribution to a deferred compensation arrangement or pension plan, or any other extra compensation.

**Note:** For purposes of calculating premium owed, *predisability earnings* will be frozen each January 1.

### What is deductible income?

*Deductible income* is income you receive or are entitled to receive while *STD benefits* are payable. It 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* that exceed 100 percent of your *indexed predisability earnings* when added to your *STD benefit*.
- Disability benefits from any other group insurance, which, when added to the *STD benefit*, exceed 80 percent of your *indexed predisability earnings*
- Benefits you receive because of your *disability* under any state disability income benefit law or similar law
- Any disability benefits you receive from your *employer's* retirement plan
- Any retirement benefits received from your *employer's* retirement plan which are not attributable to your contributions
- Earnings from work activity while you are *disabled*
- Amounts due from or on behalf of a third party because of your *disability*, whether by judgment, settlement or otherwise (less attorneys' fees)
- Any amount you receive by compromise, settlement or other method as a result of a claim for any of the above

## When do STD Buy-up 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 under any other disability plan under which you become insured through employment during a period of *temporary recovery*
- The date Long Term Disability (LTD) benefits become payable to you under an LTD policy sponsored by your *employer*
- The date you fail to provide proof of continued *disability* and entitlement to benefits
- The date your work earnings equal or exceed 80 percent of your *predisability earnings*

## What are some of the other features of this coverage?

This STD Buy-up coverage has the following features:

- Since premium payments are made with “after-tax” dollars, *STD benefits* are federally tax-free under current federal tax law.
- If an employer makes an approved work-site modification that enables you to return to work while *disabled*, The Standard will reimburse the 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 involvement in any employment for wage or profit
- 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)

## What limitations apply to this coverage?

*STD benefits* are not payable for any period when you are:

- Not receiving appropriate care from a *physician* until maximum point of recovery
- Eligible to receive benefits for your *disability* under a workers’ compensation law or similar law
- 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

### **When does my STD Buy-up insurance coverage end?**

The STD Buy-up insurance ends automatically on the earliest of the following:

- The date the last period ends for which you make 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*

### **What if I have additional questions?**

If you have any additional questions, please contact your local human resources representative, or you may contact The Standard's customer service line at 1-877-889-1332 to learn more about your benefits options.

## About Standard Insurance Company

Flextronics has chosen Standard Insurance Company to provide group STD Buy-up 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 STD Buy-up insurance in a time of need. Talk with your Benefits Department for more information about group STD Buy-up insurance from The Standard.



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