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# Voluntary Short Term Disability Insurance

STATE OF ARIZONA

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 Short Term Disability (STD) insurance coverage being offered by the State of Arizona to eligible employees and elected officials.

It is not intended to provide a detailed description of the coverage. If you become insured, you may access a group insurance certificate containing a detailed description of the insurance coverage including the definitions, exclusions, limitations, reductions and terminating events at [www.standard.com/mybenefits/arizona](http://www.standard.com/mybenefits/arizona). 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 Benefit Liaison or visit [www.standard.com/mybenefits/arizona](http://www.standard.com/mybenefits/arizona) or call **866.440.4846**.

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, the State of Arizona 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:

- On the 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)
- 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)

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.

## Am I eligible for this coverage?

To be a *member* and eligible for the Voluntary STD insurance coverage, you must be an active employee or elected official of the State of Arizona who is regularly working at least 20 hours each week.

A *member* does not include:

- a full-time member of the armed forces of any country
- an employee in a temporary or emergency position
- a clerical pool employee
- a patient or inmate employed in a state institution
- a non-state employee officer or enlisted personnel of the National Guard of Arizona
- an employee in a position established for rehabilitation purposes
- an employee of any state college or university who: a) works fewer than 20 hours each week; b) is engaged for fewer than six months; or c) for whom contributions are not made to a state retirement plan. This disqualification does not apply to a non-immigrant alien employee, an employee participating in a medical residency training program, or a Cooperative Extension Employee federal employee.

## When does my insurance go into effect?

The effective date of your coverage depends on when you become an eligible *member* and when you apply.

If you apply and agree to pay premiums, your Voluntary STD coverage becomes effective as follows:

If you apply within 30 days after you become eligible, your Voluntary STD coverage becomes effective on the pay period start date next following agency receipt of completed forms or successful Y.E.S. use.

If you apply within 31 days of a *change in family status*, your Voluntary STD coverage becomes effective on:

1. The date of the *change in family status* for changes resulting from births, adoptions and placements for adoption; or
2. The later of (a) the date of the *change in family status*, or (b) the pay period start date next following agency receipt of completed forms for any other *change in family status*.

However, in no event will coverage become effective prior to the date you apply.

3. If you apply during an annual enrollment period, your Voluntary STD insurance becomes effective on the following October 1.

You must meet the *active work* requirement before your insurance or an increase in 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.

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

If you do not apply for coverage within 30 days of the date you become eligible, a *late enrollment penalty* applies. This means that if you file a claim for anything other than an accidental injury during the first 12 months after your coverage becomes effective, *STD benefits* will become payable after you have been continuously *disabled* for 60 days and remain *disabled*.

## Will I have to provide information regarding my medical history?

Evidence of insurability is not required for coverage.

## 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 *sickness, injury, or pregnancy*, you are unable to perform with reasonable continuity the material duties of your own occupation.

## When do STD benefits become payable?

If you become *disabled* and your claim for *STD 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 benefits* are not payable during the *benefit waiting period*. The *benefit waiting period* is indicated below:

Cause of <i>disability</i>	<i>Benefit waiting period</i>
Accidental <i>injury</i>	None
<i>Sickness or pregnancy*</i>	30 days

\*If you apply for insurance more than 30 days after you become eligible and you were not continuously insured under the *group policy* for the entire 12 month period immediately preceding the date you became *disabled*, the *benefit waiting period* for *disability* caused by *sickness or pregnancy* 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 66 2/3% of the first \$1,154 of your weekly insured *predisability earnings* reduced by *deductible income*. The plan minimum and maximum *STD benefit* amounts are indicated below.

Plan maximum weekly <i>STD benefit</i>	Plan minimum weekly <i>STD benefit</i>
\$769.27	\$57.69

## 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 66 2/3% of insured *predisability earnings*. If your weekly earnings (or *predisability earnings*) before becoming *disabled* were \$500 and you are now partially *disabled* and earning \$100 per week, your weekly *STD benefit* would be calculated as follows:

Weekly insured <i>predisability earnings</i>	\$500
<i>STD benefit</i> percentage (66 2/3%)	x .6667
	\$333.35
Less 50% of \$100 in work earnings	- \$50
Amount of weekly <i>STD benefit</i>	\$ 283.35

## What are predisability earnings?

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

- Base 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 fringe benefits according to salary reduction agreements under an IRC Section 125 plan

*Predisability earnings* 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 Benefit Liaison 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 *STD benefits* are payable. It is used to reduce the amount of your *STD benefit*. It includes, but is not limited to, the following:

- Amounts under any state disability income benefit law or similar law
- Earnings from work activity while you are *disabled*
- Any amount you receive by compromise, settlement or other method as a result of a claim for any of the above, whether disputed or undisputed

## What is the maximum benefit period?

If you become *disabled*, *STD benefits* may continue during *disability* up to 26 weeks, minus the length of the *benefit waiting period*. This is the maximum period for which *STD benefits* are payable for any one period of continuous *disability*.

## 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 you begin working for the State of Arizona more than 80% of the number of hours you were regularly scheduled to work immediately prior to the date you became *disabled*
- The date long term disability (LTD) benefits become payable to you under a group LTD policy issued by The Standard

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

This STD coverage has the following features:

- It covers *disabilities* that occur off the job.
- Since 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 you are working 80% or less of the number of hours you were regularly scheduled to work immediately prior to the date you became *disabled*, and you otherwise qualify for *STD benefits*, you may receive *STD benefits* while you work for your *employer*.
- If the *group policy* terminates, *STD benefits* will continue as long as you are eligible to receive them.
- Insurance continues during school or legislative breaks and vacations and approved leaves of absence.

## What exclusions apply to this coverage?

You are not covered for a *disability* caused or contributed to by any or more of the following:

- Your involvement in any employment for wage or profit
- 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 under the ongoing care of a *physician*
- Working for the *employer* more than 80% of the number of hours you were regularly scheduled to work immediately prior to the date you became *disabled*
- Eligible to receive benefits under a workers’ compensation law 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 make a premium contribution
- 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 STD coverage cost?**

The monthly premium rates for the group Voluntary STD coverage is \$0.87 per \$100 of your monthly base salary.

To calculate the monthly payroll deduction for your Voluntary STD coverage, use the rates above and the formula below. You may also access a premium calculator at [www.standard.com/mybenefits/arizona](http://www.standard.com/mybenefits/arizona)

1. Enter your monthly *predisability earnings* on Line 1. . . . . Line 1: \$ \_\_\_\_\_  
 (Not to exceed \$5,000)

2. Multiply Line 1 by .0087 and enter on Line 2. . . . . Line 2: \$ \_\_\_\_\_

The amount shown on Line 2 is your estimated monthly payroll deduction. Premiums for the Voluntary STD coverage will be deducted directly from your paycheck. If you have questions regarding how to determine your *predisability earnings*, please contact your Benefits Liaison.

**How do I apply for Voluntary STD insurance coverage?**

You may apply for Voluntary STD insurance within 30 days after you become eligible, during an annual enrollment period, or within 31 days of a *change in family status*.

**What if I have additional questions?**

If you have any additional questions, please contact your Benefit Liaison or visit [www.standard.com/mybenefits/arizona](http://www.standard.com/mybenefits/arizona) or call **866.440.4846**.

## Standard Insurance Company

State of Arizona 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. Talk with your Benefit Liaison for more information about group Voluntary STD insurance from The Standard.



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