

Group Voluntary Long Term Disability Insurance

Answers To Your Questions About Coverage From The Standard



INDIANA UNIVERSITY





About This Booklet

This booklet is designed to answer some common questions about the group Voluntary Long Term Disability (LTD) insurance coverage being offered by Indiana University to eligible employees. It is not intended to provide a detailed description of the coverage.

Insured employees may obtain a certificate of coverage from the University Human Resources Office, 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 (The Standard). 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 University Human Resources Office.

Voluntary Long 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?

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. You may also elect an LTD coverage option that includes an annuity contribution benefit. This option allows contributions to a retirement annuity account while also receiving monthly income benefits, helping disabled employees to also protect their future retirement income.

By sponsoring group Voluntary LTD insurance from The Standard, Indiana University 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:

- More than 25% of today's 20 year-olds will become disabled during their career. (Source: U.S. Social Security Administration, Facts. www.ssa.gov/disabilityfacts/facts.html. June 2, 2017)
- The top 5 causes of Long Term Disability Claims - 28.6% Muscle/bone disorders, 15.1% Cancer, 10.3% Accidents, 8.7% Cardiovascular and 8.3% Mental disorders. (Source: Council for Disability Awareness, 2014 Long Term Disability Claims Review)
- Over half of Americans are financially unprepared for a period of disability. 52% of adult Americans have no savings earmarked for emergencies. (Source: U.S. Federal Reserve Board, Report on the Economic Well-Being of U.S. Households in 2016, May 2017)





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 full-time appointed employee of Indiana University.

When does my insurance go into effect?

To become insured, you must be eligible for insurance and must enroll within 30 days after the date you become eligible. 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, if you apply and agree to pay premiums, and you're actively at work on the date you become eligible, your Voluntary LTD coverage becomes effective on:

- The date you become eligible, if written election is given to Indiana University on or before that date, or

- The date Indiana University receives enrollment, if it is given within 30 days after the date you become eligible, and

If you are required to provide evidence of insurability, if you apply and agree to pay premiums, your Voluntary 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. If an employee is incapable of active work on the date insurance is to begin, it will not become effective until the day after the employee has completed one full day of active work.

What is the active work requirement?

Active work means performing with reasonable continuity, for wages that are paid regularly by Indiana University, the material duties of the employee's normal occupation at the usual place of work or at any alternate place of work required by Indiana University. For purposes of becoming eligible for insurance, becoming insured and increasing insurance, actively at work will include regularly scheduled days off, holidays or vacation days, so long as the employee is capable of active work on those days and was actively at work on the last day required to be at the workplace.

Will I have to provide information regarding my medical history?

If you give written election for Voluntary Long Term Disability insurance within 30 days of becoming eligible to apply, you will not have to submit evidence of insurability.

If you give written election more than 30 days after becoming eligible to apply, or if you give written election for a lesser benefit waiting period and/or addition of Annuity Contribution Benefit, 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 and for members eligible but not insured under your company's prior LTD insurance plan, if any.

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 the benefit waiting period. LTD benefits are not payable during the benefit waiting period. Depending on the coverage option elected when you enrolled in the group LTD plan, your benefit waiting period may be 90 or 180 days. This is the number of days during which the employee must remain continuously disabled. Monthly income benefits are not payable during the benefit waiting period.

Note: Claims for monthly income benefits should be submitted immediately after you stop working without waiting until the end of the benefit waiting period.



What is the Annuity Contribution Benefit?

You may select a benefit option that includes an annuity contribution benefit which is payable while you are disabled and receiving a monthly income benefit. The amount of the annuity contribution benefit is a specified percentage of the predisability earnings (budgeted base salary) as shown in the chart below. Benefit payments to begin on April 1st, if you have been disabled for the preceding 24 months. A lump sum payment equal to 24 months of annuity contribution benefit will be paid and monthly payments will continue while receiving LTD benefits, or until annuity contribution benefit funds are transferred or withdrawn.

Option	Benefit Waiting Period	Annuity Contribution Benefit
A	180 days	None
B	90 days	None
C	180 days	12 percent for employees who enrolled before July 1, 1999 10 percent for employees who enrolled on or after July 1, 1999
D	90 days	12 percent for employees who enrolled before July 1, 1999 10 percent for employees who enrolled on or after July 1, 1999

Note: You are eligible for a cost of living adjustment on your Annuity Contribution Benefit if, on each April 1, you have been disabled for the preceding 3 calendar years and Annuity Contribution Benefits continue to be payable. The Annuity Contribution Benefit will be adjusted by 3 percent each April 1. The maximum payable cost of living adjustment will not exceed \$5,000.

When am I considered disabled?

For the benefit waiting period and the own occupation period, disabled or disability means being unable due to physical disease, injury, pregnancy or mental disorder to perform with reasonable continuity the material duties of the employee’s own occupation.

For the any occupation period, disabled or disability means being unable due to physical disease, injury, pregnancy or mental disorder to perform with reasonable continuity the material duties of any occupation for which the employee is reasonably qualified by education, training or experience.

During the benefit waiting period and the own occupation period, the employee will be partially disabled when he or she works in his or her own occupation but, as a result of physical disease, injury, pregnancy or mental disorder, the employee is unable to earn 80 percent or more of the indexed predisability earnings (or budgeted base salary), in that occupation.

The own occupation period is the first 24 months after the benefit waiting period. The any occupation period begins at the end of the own occupation period and continues while benefits are payable.

At the end of the own occupation period, a claim for monthly income benefits is evaluated to determine if the employee continues to meet the definition of disability applicable during the any occupation period and otherwise remains eligible for benefits. However, monthly income benefits will not be payable after the own occupation period if disability is caused or contributed to, by medical or surgical treatment of a mental illness.

How much is the LTD benefit amount?

Your monthly LTD benefit is 60 percent of your insured predisability earnings (budgeted base salary) reduced by deductible income. The plan minimum and maximum LTD benefit amounts are indicated below.

Plan maximum monthly LTD benefit	Plan minimum monthly LTD benefit
\$10,000	\$100 or 10 percent of the monthly income benefit before offsets, whichever is greater

How is the LTD benefit amount calculated?

The LTD benefit amount is determined by multiplying your insured predisability earnings (budgeted base salary) 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.

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

What is predisability earnings?

Predisability earnings (or budgeted base salary) is 1/12 of the basic annual wage payable by Indiana University at the start of a term of continuous disability. Any change in earnings after the last day of active work will not affect the predisability earnings (budgeted base salary). The basic annual wage includes:

- Salary
- Contributions you make through a salary reduction agreement with Indiana University to an Internal Revenue Code (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

If the basic annual wage consists of other than 12 monthly payments, the predisability earnings (budgeted base salary) will be 1/12 of the total annual amount of such payments. If paid hourly, the basic annual wage is based on the hourly pay rate multiplied by the number of hours regularly scheduled to work per month, but not more than 173 hours, multiplied by 12 months.

The basic annual wage excludes overtime pay, commissions, bonuses and other types of extra compensation.

What is deductible income?

Deductible income is income from other sources 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:

- Social Security or similar benefits that are payable to the employee and the employee's dependents for disability or retirement on the employee's wage record under the Social Security Act of the United States or any similar United States or foreign government program
- Workers' compensation or similar benefits, including amounts for partial or total disability, whether permanent, temporary or vocational, or whether paid either monthly or as a one sum amount, and any form of settlement that is payable under any workers' compensation law or similar law
- Benefit amounts that are payable for disability under any other group insurance coverage
- Benefit amounts that are payable for retirement under the Indiana State Public Employees Retirement Fund to which any employer contributed; amounts payable for retirement will not include those benefits payable based on contributions the employee made; regardless of how funds from the retirement plan are distributed, The Standard will consider all contributions by the employee and employer to be distributed simultaneously throughout the employee's lifetime
- Any amounts paid 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 before age 60, LTD benefits may continue during disability until you reach age 65. If you become disabled at age 60 or older, the benefit duration is determined by your age when disability begins as indicated in the table below.

Age when disability begins	Maximum benefit period
Less than age 60	To age 65
60 to 65	5 years
66	4 years
67	3 ½ years
68	3 years
69	2 ½ years
70	2 years
71	1 ¾ years
72	1 ½ years
73	1 ¼ years
74 and over	1 year





When do LTD benefits end?

LTD benefits end automatically on the first day of the month in which the earliest of these events occur:

- 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
- The date you attain the specified time limit (24 months) for disability cause or contributed to medical or surgical treatment of mental illness

What are some of the other features of this coverage?

This LTD coverage has the following features:

- The Monthly income benefit will be adjusted by 3 percent by the annual benefit adjustment beginning on April 1st, if you have been disabled for the preceding calendar year.
- A survivor income benefit equal to three times the monthly income benefit will be paid in a lump sum to surviving dependent(s), if any, if the employee dies while monthly income benefits are payable, and on the date of death, the employee has been continuously disabled for at least 180 days.
- It covers disabilities that occur 24 hours a day, both on and off the job.
- If premium payments are made with after-tax dollars, monthly income benefits are federally tax-free under current federal tax law.

- Disabled employees may qualify for rehabilitation services that prepare them to work to the fullest extent of their abilities. This may include such services as vocational testing, job preparation, career counseling, retraining or workplace modification.
- If the group policy terminates while an employee is disabled, monthly income benefits will continue as long as the employee is 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, including medical or surgical treatment of the following:

- A mental or physical condition that is intentionally self-inflicted, while sane or insane
- A mental or physical condition that results from 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)
- A mental or physical condition that results from committing or attempting to commit an assault or felony, or actively participating in a violent disorder or riot
- A preexisting condition unless continuously insured under the group policy or the employer's prior long term disability plan for the 12-month period prior to the start of disability

What is a preexisting condition?

A preexisting condition is a mental or physical condition, whether or not diagnosed or misdiagnosed, for which the employee has done, or for which a reasonably prudent person would have done, any of the following:

- Received medical treatment, services or advice, underwent diagnostic procedures, took prescribed drugs or medicine, or consulted a physician or other licensed medical professional
- Which was discovered or suspected as a result of any medical examination including a routine examination at any time during the preexisting condition period.

The preexisting condition period is 180 days 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:

- Confined for any reason in a penal or correctional institution
- Not participating in good faith in a plan, program or course of medical treatment or vocational training or education approved by us unless your disability prevents you from participating
- Not under the ongoing care of a physician
- Attain the specified time limit (24 months) for disability caused by or contributed to medical or surgical treatment of mental illness





When does my Voluntary LTD insurance coverage end?

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

- The date the group policy terminates
- The date the last period ends for which a premium contribution is made
- The date your employment terminates
- The date you stop active work in an eligible class (which includes ceasing to meet any required work test)
- The date the group policy is changed to terminate insurance on the class of employees to which you belong

Can I convert my insurance when employment ends?

The group policy allows you to convert the group LTD coverage to an individual disability policy without submitting proof of good health. You must, however, complete the conversion application within 31 days from the date employment terminates. Additionally:

- You must have been insured under the group policy for at least 12 continuous months
- Insurance is ending for a reason other than termination or amendment of the group policy, or your failure to make a required premium contribution
- Insurance is not ceasing because of your retirement
- You are not disabled

How much will the Voluntary LTD coverage cost?

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

Employee Age on January 1	Rate %			
	Option A	Option B	Option C	Option D
39 and Under	0.059	0.069	0.083	0.100
40-44	0.143	0.186	0.192	0.249
45-49	0.241	0.310	0.311	0.401
50-54	0.387	0.499	0.501	0.645
55-69	0.474	0.616	0.617	0.800
70 and older	0.710	0.915	0.922	1.190

*The rates listed above are percentages of your Insured Earnings.

To calculate the monthly payroll deduction for your Voluntary LTD coverage, use the following formula:

1. Enter your predisability earnings (budgeted base salary), not to exceed \$16,667. Line 1: _____
2. Select your rate from the rate table and divide this by 100. Line 2: _____
3. Multiply Line 1 by the amount shown on Line 2. Line 3: _____

The amount shown on Line 3 is your estimated monthly payroll deduction. If you have questions regarding your predisability earnings (budgeted base salary), please contact your human resources representative.

How do I apply for Voluntary LTD insurance coverage?

To apply for Voluntary LTD insurance, you must give written election notice to Indiana University within 30 days after the date you become eligible. You can apply at any time, but remember if you apply more than 30 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 campus Human Resources office at askHR@iu.edu or call 812.856.1234.



Indiana University 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 campus Human Resources Office for more information about group Voluntary LTD insurance from The Standard.

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GPTC1002-LTD, GCTC1002-LTD