

Group Long Term Disability Insurance

For Active Members of New Mexico Public Schools Insurance Authority
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 Long Term Disability (LTD) insurance coverage being offered by your employer to eligible employees. It is not intended to provide a detailed description of the coverage.

If coverage becomes effective and 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 (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 benefits office.

Group 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.

By sponsoring group Voluntary LTD insurance from Standard Insurance Company, your employer 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.

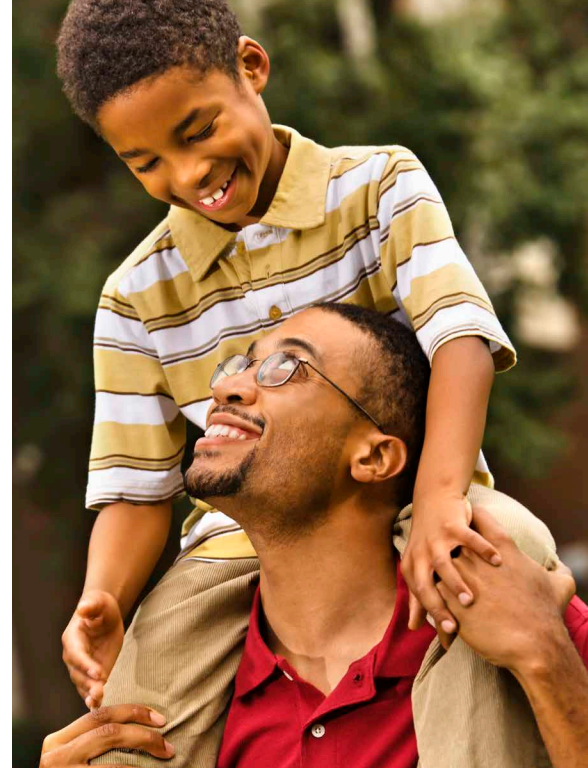
Commonly Asked Questions

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:

- Over 1 in 4 of today's 20 year-olds will become disabled before they retire. (Source: Social Security Basic Facts, July 26, 2013)
- A disabling injury occurs nearly every second of each day – on and off the job. That's more than 70,000 every day, more than 25 million every year. (Source: National Safety Council, Injury Facts 2011)



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 employee of a New Mexico Public Schools Insurance Authority (NMPSIA) participating employer
- Actively working at least the minimum number of hours per week required by your employer
- A citizen or resident of the United States or Canada

Seasonal employees, leased employees, people serving in a substitute capacity, independent contractors (other than single-bus owner operators), or full-time members of the armed forces of any country are not eligible.

When does my insurance go into effect?

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.

You are not required to provide evidence of insurability if you apply and agree to pay premiums within 31 days after you become eligible. Your Voluntary LTD coverage not subject to evidence of insurability becomes effective on the first day of the calendar month following the date your Employer begins payroll deductions for your coverage.

If you are required to provide evidence of insurability, if you apply and agree to pay premiums in writing, your Voluntary LTD coverage becomes effective on the first day of the calendar month next following the date The Standard approves your evidence of insurability. In every case, you must meet the active work requirement before your insurance becomes effective.

- To become insured, you must satisfy the eligibility requirements listed on the previous page, receive medical underwriting approval (if applicable) and be actively at work (able to perform all normal duties of your job) on the scheduled effective date of insurance.
- Please contact your benefits office for more information regarding the requirements that must be satisfied for your insurance to become effective.

What is the active work requirement?

Active work means being able to perform all the normal duties of your job at your employer's usual place of business. If you are not actively at work on the scheduled effective date of insurance, your insurance will not become effective until the day you return to active work as an eligible employee.

Will I have to provide information regarding my medical history?

If you apply more than 31 days after becoming eligible to apply, 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.

However, you are not required to submit evidence of insurability if you apply for insurance within 31 days following (a) a promotion that results in an increase in your predisability earnings, or (b) a change in your employment status from part-time to full-time that results in an increase in your predisability earnings.



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 30, 60 or 90 days, as determined by your employer, and remain continuously disabled. LTD benefits are not payable during this benefit waiting period.

When am I considered disabled?

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.

The own occupation period for the Voluntary LTD coverage is the first 24 months for which LTD benefits are paid. 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 indexed predisability earnings.

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 that 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 much is the LTD benefit amount?

Your monthly LTD benefit is 66 2/3 percent of your insured predisability earnings 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
\$5,000	\$100

How is the LTD benefit amount calculated?

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

In the example below, the LTD benefit amount is 66 2/3 percent of insured predisability earnings. If your monthly earnings (or 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 predisability earnings	\$2,000
LTD benefit percentage	x 66.67%
	<u>\$1,333</u>
Less Social Security disability benefit	- 600
Less state disability income benefit	- 200
Amount of LTD benefit	<u>\$ 533</u>

What are predisability earnings?

Predisability earnings are your monthly rate of earnings from your employer and include:

- 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, stipends for extracurricular activities or any other extra compensation. They are based on your earnings in effect on the last full day of active work. Please contact your benefits office 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 LTD benefits are payable. It is used to reduce the amount of your LTD benefit and 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, state disability income benefit law or similar law
- Amounts under unemployment compensation law or similar law
- Social Security disability or retirement benefits, including benefits for your spouse and children
- Disability or retirement benefits under your employer's retirement plan
- Any amount you receive or are eligible to receive because of your disability under insurance coverage sponsored by an association and/or union
- 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 and which you receive or are eligible to receive while LTD benefits are payable
- Amounts due from or on behalf of a third party because of your disability
- Any amount you receive by compromise, 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 before age 62, LTD benefits may continue during disability until you reach age 65, or to Social Security Normal Retirement Age (SSNRA), or 3 years 6 months, whichever is longest. If you become disabled at age 62 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
62	To SSNRA, or 3 years 6 months, whichever is longer
63	To SSNRA, or 3 years, whichever is longer
64	To SSNRA, or 2 years 6 months, whichever is longer
65	2 years
66	1 year 9 months
67	1 year 6 months
68	1 year 3 months
69 and above	1 year

When do LTD benefits end?

LTD benefits end automatically on the earliest of:

- The date you are no longer disabled
- The date your maximum benefit period ends, unless LTD benefits are continued by the Lifetime Security Benefit
- 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 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.
- If premium payments are made with “after-tax” dollars, LTD 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.
- While LTD benefits are payable, 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 training and education, job search 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 of \$1,000 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.
- When you are unable to perform two or more Activities of Daily Living or suffering severe cognitive impairment an Assisted Living Benefit is available. Your benefit will be increased by 13 1/3 percent of the first \$7,500 of your predisability earnings. The maximum benefit amount cannot exceed \$1,000 of your predisability earnings, in addition to the LTD benefit.



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
- 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 the 12-month exclusion period and actively at work for at least one full day after the end of the exclusion period

What is a preexisting condition?

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

- Which was discovered or suspected as a result of any routine or other medical examination at any time during the preexisting condition period; or
- For which you have (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 at any time during the preexisting condition period.

The preexisting condition period is the 90-day period 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:

- 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

In addition, payment of LTD benefits is limited in duration:

- To 24 months in your lifetime if your disability is caused or contributed to by mental disorders, substance abuse or other limited conditions, including but not limited to chronic fatigue conditions, allergy or sensitivity to chemicals or the environment, chronic pain conditions, carpal tunnel or repetitive motion syndrome, temporomandibular joint disorder or craniomandibular joint disorder

When does my Voluntary LTD insurance coverage end?

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

- The date the last period ends for which you make a premium contribution (except if premiums are waived while disabled)
- 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
- The date your employer ceases to participate under the group policy



How much will the Voluntary LTD coverage cost?

If you have questions regarding how to determine your earnings, please contact your human resources representative. Premiums for this coverage will be deducted directly from your paycheck.

The monthly premium rates for the group Voluntary LTD coverage are indicated in the table below. Ask your employer which LTD option is available to you.

Benefit Waiting Period	Monthly Rate: Percent of Insured Predisability Earnings
30 days	0.57 %
60 days	0.37 %
90 days	0.30 %

To calculate your monthly payroll deduction, use the formula indicated below:

1. Enter your average monthly predisability earnings, not to exceed \$7,500, on Line 1
Line 1 _____
2. Rate divided by 100.
Line 2 _____
3. Multiply Line 1 by the amount shown on Line 2
Line 2 _____

The amount shown on Line 3 is your estimated monthly payroll deduction. If you have questions regarding your predisability earnings, please contact your benefits office.

How do I apply for Voluntary LTD insurance coverage?

To apply for Voluntary LTD insurance, complete the Enrollment Form, place it in a confidential envelope and submit it to your benefits office. You can apply at any time, but remember if you apply more than 31 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 benefits office.



For more than 100 years we have been dedicated to our core purpose: to help people achieve financial well-being and peace of mind. We have earned a national reputation for quality products and superior service by always striving to do what is right for our customers.

Headquartered in Portland, Oregon, The Standard is a nationally recognized provider of group Disability, Life, Dental and Vision insurance and Individual Disability insurance. We provide insurance to more than 24,800 groups, covering over 8 million employees nationwide.* Our first group policy, written in 1951 and still in force today, stands as a testament to our commitment to building long-term relationships.

To learn more about products from The Standard, contact your benefits office or visit us at **www.standard.com**.

* As of June 30, 2013, based on internal data developed by Standard Insurance Company.

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GP399-LTD/Trust
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