Buy-up Short Term Disability Insurance

Answers to your questions about coverage from Standard Insurance Company For the Employees of Douglas County School District
About This Booklet

This booklet is designed to answer some common questions about the group Short Term Disability (STD) insurance coverage being offered by your employer to eligible employees. It is not intended to provide a detailed description of the coverage.

Since everyone’s needs are different, your employer is making two different levels of STD coverage available to you. Both STD plans are designed to help protect your income in the event you are unable to work due to a covered disability.

The first option, called the Base STD Plan, is fully paid by your employer. The other option, the Buy up STD Plan, is paid by you and your employer. If you are an eligible employee but choose not to enroll in the Buy up STD Plan, you will automatically be insured under the Base STD Plan.

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. 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 employee benefits department.

Features of the group STD insurance coverage may vary by state.
Short Term Disability Insurance Features

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.

Your employer provides eligible employees with STD coverage under a Base STD Plan to help protect a certain level of income. Since every employee's needs are different, your employer also provides eligible employees with the opportunity to apply for coverage under a Buy-up STD Plan from The Standard.

The advantages of the Buy-up STD coverage include:

- **Choice** – You decide which STD plan meets your specific needs.
- **Flexibility** – If your needs change, you can request to enroll in the other available plan. Increases in coverage require proof of good health, referred to as evidence of insurability.
- **Convenience** – With premiums for the Buy-up STD Plan deducted directly from your paycheck, you don’t have to worry about mailing monthly payments.

Commonly Asked Questions

The following information provides details to give you a better understanding of the Base STD and Buy-up STD insurance available from The Standard.
What is Base STD coverage?
The Base STD Plan is fully paid by your employer and provides a basic level of STD coverage. You will be automatically insured under the Base STD Plan provided you are an eligible member and meet the active work requirement.

Note: Member means a benefits eligible employee

What is Buy-up STD coverage?
Buy-up STD insurance provides for a higher level of STD coverage. The Buy-up STD Plan is paid for by both you and your employer.

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

Am I Eligible For This Coverage?
To be a member and eligible for the STD insurance coverage, you must be a citizen or resident of the United States or Canada and one of the following:

- An active employee of Douglas County School District regularly working at least 0.5 full time equivalency (FTE); or
- An active classified employee of the employer actively at work a minimum of 676 hours per school year.

You are not a member and eligible for STD Insurance if you are a temporary and seasonal employees, full-time members of the armed forces, leased employees and independent contractors

Base STD Plan:
Your STD coverage under the Base STD Plan will go into effect on the day after you serve your eligibility waiting period, provided you meet the active work requirement explained elsewhere.

Buy-up STD Plan:
If you apply for the Buy-up STD Plan and agree to pay premiums for this coverage, your coverage becomes effective on the later of:

- The date you become eligible, if you apply on or before that date; or
- The date you apply, if you apply within 31 days after you become eligible; or
- The date The Standard approves your evidence of insurability, when required

Under each circumstance you must meet the active work requirement before your insurance becomes effective.

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 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 1 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 31 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?
The Standard may require you to provide information regarding your medical history, referred to as evidence of insurability, if you Terminate your coverage under the Buy-up STD Plan for any reason, but later apply to become insured again.

Contact your employee benefits department for a Medical History Statement when evidence of insurability is required.

Under some STD plans, a late enrollment penalty may apply instead of evidence of insurability if you do not apply for coverage within 31 days of the date you become eligible. If applicable, the late enrollment penalty affects the benefit waiting period.

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 material duties of your own occupation. You will no longer be considered disabled when your work earnings from another occupation exceed 80 percent of your predisability earnings.

You are considered partially disabled when you work and, as a result of physical disease, injury, pregnancy or mental disorder, you are unable to earn at least 80% of your predisability earnings.

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

Your weekly STD benefit is a percentage of your insured weekly predisability earnings reduced by deductible income. For information regarding predisability earnings and deductible income, refer to the Buy-up Short Term Disability insurance employee booklet or contact your employee benefits department. The STD benefit amount for each plan is indicated below.

<table>
<thead>
<tr>
<th></th>
<th>Base STD Plan</th>
<th>Buy up STD Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of weekly predisability earnings</td>
<td>50%</td>
<td>70%</td>
</tr>
<tr>
<td>Maximum weekly STD benefit</td>
<td>$1,000</td>
<td>$1,500</td>
</tr>
<tr>
<td>Minimum weekly STD benefit</td>
<td>$15</td>
<td>$15</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Base STD Plan</th>
<th>Buy up STD Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Enter your weekly predisability earnings $</td>
<td>$ (If your weekly predisability earnings exceed $2,000, enter $2,000 above.)</td>
<td>$ (If your weekly predisability earnings exceed $2143, enter $2,143 above.)</td>
</tr>
<tr>
<td>2. Percentage of predisability earnings</td>
<td>50%</td>
<td>70%</td>
</tr>
<tr>
<td>3. Multiply amount on Line 1 by percentage on Line 2 and enter total here. This is your weekly STD benefit amount before reduction for deductible income.</td>
<td>$_____________</td>
<td>$_____________</td>
</tr>
</tbody>
</table>
How is the Buy-up STD benefit amount calculated?
The monthly Buy-up 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 Buy-up STD benefits are payable. This other income is referred to as deductible income.

In the example below, the Buy-up STD benefit amount is 70 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 Buy-up STD benefit would be calculated as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insured predisability earnings</td>
<td>$2,000</td>
</tr>
<tr>
<td>STD benefit percentage</td>
<td>x 70%</td>
</tr>
<tr>
<td></td>
<td>$1,400</td>
</tr>
<tr>
<td>Less Social Security disability benefit</td>
<td>- 600</td>
</tr>
<tr>
<td>Less state disability benefit</td>
<td>- 200</td>
</tr>
<tr>
<td><strong>Amount of LTD benefit</strong></td>
<td><strong>$600</strong></td>
</tr>
</tbody>
</table>

Benefit Waiting Period
If you become disabled and your claim for STD benefits is approved by The Standard, the 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 for each plan is indicated below.

<table>
<thead>
<tr>
<th>Benefit Waiting Period</th>
<th>Base STD Plan</th>
<th>Buy up STD Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>For disability due to accidental injury</td>
<td>14 calendar days</td>
<td>14 calendar days</td>
</tr>
<tr>
<td>For disability due to physical disease, pregnancy or mental disorder</td>
<td>14 calendar days</td>
<td>14 calendar days*</td>
</tr>
</tbody>
</table>

*If you do not apply for this coverage within 31 days of becoming eligible, your benefit waiting period for non-accidents will be 60 days if you file a claim during the first 12 months after your coverage takes effect. This longer benefit waiting period will not apply to you if you were required to submit evidence of insurability for your coverage.

Maximum Benefit Period
If you become disabled, STD benefits may continue during disability up to the end of the maximum benefit period. The maximum benefit period for each plan is indicated below.

<table>
<thead>
<tr>
<th>Maximum Benefit Period</th>
<th>Base STD Plan</th>
<th>Buy up STD Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>90 days</td>
<td>90 days</td>
<td></td>
</tr>
</tbody>
</table>

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.
What are predisability earnings?

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

- Salary
- Longevity 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 generally exclude bonuses, 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 employee benefits department 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 workers’ compensation law, unemployment compensation law, state disability income benefit law or similar law
- Disability benefits from any other insurance, including individual insurance for professionals
- Disability or retirement benefits under your employer’s retirement plan
- Earnings from work activity while you are disabled, plus the earnings you could receive, if you worked as much as you are able considering your disability
- Earnings or compensation included in your predisability earnings and which you receive or are eligible to receive while STD benefits are payable
- Amounts due from or on behalf of a third party because of your disability
- Any amount you receive by compromise, judgment, settlement or other method as a result of a claim for any of the above
- Sick pay, annual or personal leave pay, severance pay or other forms of salary continuation including donated amounts paid by your employer that exceeds 100% of your Predisability Earnings. Please refer to your Group Short Term Disability Certificate for addition details.

What is the maximum benefit period?

If you become disabled, STD benefits may continue during disability up to 90 days. This is the maximum period for which STD benefits are payable for any one period of continuous disability. If you are eligible to receive benefits under any other disability plan, your STD benefits will end when the other disability benefits become payable, even if this occurs before the end of the maximum benefit period for the STD benefits.
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 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

What are some of the other features of this coverage?
This STD coverage has the following features:
  • If 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 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
  • 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

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 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 in your own occupation, but you elect not to work
When does my insurance coverage end?

STD insurance automatically ends on the earliest of the following:

- The date the last period ends for which a premium contribution is received
- 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 STD Plan ends because of your non-payment of the required premium, you will automatically be insured under the Base STD Plan provided the group policy remains in effect and you remain eligible for this coverage.

How much will the Voluntary STD coverage cost?

If you elect the Buy up STD Plan, your monthly premium rate for this plan is 0.102 percent of Insured Monthly Earnings. Premiums for the Buy up STD Plan will be deducted directly from your paycheck.

If you do not enroll in the Buy up STD Plan, you will automatically be insured under the Base STD Plan with no premium cost to you.

The monthly premium rates for the Buy-up STD plan is 0.102 percent of Insured Monthly Earnings. Insured Monthly Earnings means 4.333 times the total Predisability Earnings for all insured Members, up to $9,286 per month per Member.

To calculate the monthly payroll deduction for your Voluntary STD coverage, use the rates above and the formula below:

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.

Sample Employee Cost per Month – Buy-up STD Plan

1. Enter your monthly predisability earnings, not to exceed $9,286 on Line 1  
   Line 1: $___________

2. Multiply your monthly earnings on Line 1 by 0.00102 and enter on Line 2.  
   Line 2: $___________

The Buy-up STD Plan sample premium table is for your reference. Please go to http://www.standard.com/mybenefits/douglas_county_sd/premium_std.html to calculate your exact premium or contact your employee benefits department for additional information.

If you have questions regarding how to determine your predisability earnings, please refer to your Buy-up STD certificate.
How do I apply?
You will be automatically insured under the Base STD Plan, provided you are an eligible member and meet the active work requirement, unless you become insured under the Buy-up Enhanced STD Plan.

To apply for the Buy-up STD Plan, please go online at https://appsadp.dcsdk12.org/apex/f?p=147.

You may apply for the Buy-up STD Plan at any time as long as you meet the requirements to become insured. However, if you apply more than 31 days after the end of your eligibility waiting period, 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 employee benefits department.
Standard Insurance Company has earned a solid reputation for its quality products, expert resources, superior service, steady growth, innovation and strong financial performance. Founded in 1906, The Standard has become a leader in the group disability and life insurance market, while also offering individual disability, group dental, and retirement plans for groups and individuals.