

# Group Long Term Disability Insurance

Safeguarding Your Employees' Income



Standard Insurance Company



# Your Proposed Group Insurance Plan

Standard Insurance Company (The Standard) appreciates the opportunity to provide you with a proposal for Group Long Term Disability (LTD) insurance. This booklet and the Employee Benefits Proposal together outline the basic features of your proposed LTD insurance plan. They are not a contract.

Establishing group LTD insurance coverage with The Standard requires your completed, signed application for group insurance and our acceptance of it. When we approve your application, we will issue you a group policy containing our customary language. It will not duplicate the language of any existing policies you may have.

Your group policy with The Standard will contain provisions and defined terms not described in this booklet or your Employee Benefits Proposal. If any discrepancies exist between the group policy, the Employee Benefits Proposal and this booklet, your group policy will control.

Your group policy will become effective on the date determined by The Standard, which will be clearly stated in your policy. We will also supply you with certificates of insurance, describing the coverage in detail, for you to deliver to your insured employees.

The proposed premium rate and plan design for your LTD coverage are based on the underwriting data we received from you. We will determine final premium rates and plan provisions based on:

- State law
- Policyholder contributions
- Confirmation of occupations
- The actual composition of the group of employees who become insured
- Our current underwriting rules and practices

The proposal will expire on the date shown in your Employee Benefits Proposal.

Thank you for considering The Standard for your group LTD insurance needs. Group Life and Disability are our primary business. Having this level of focused expertise means our people understand your needs better and our employee benefits work harder to support your goals. With tools designed to help reduce your workload and a proactive approach to help you maintain a more productive and efficient workplace, we're here to partner with you for the long term.

# Group Long Term Disability Insurance

## A Vital Part Of Your Employee Benefits Package

Long Term Disability insurance from The Standard provides a monthly benefit to eligible employees who are partially or totally disabled due to a covered physical disease, injury, pregnancy or mental disorder. It is key to smart financial planning for both employers and employees.

Employees most likely purchase home, automobile and life insurance to safeguard themselves against the threat of loss. Yet they may not understand the importance of insuring a portion of their incomes against the threat of disability. The risk of disability is greater than most people might think. Recent statistics have shown:

- 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.

National Safety Council, Injury Facts 2011

- Three in 10 workers entering the workforce today will become disabled before retiring.

Social Security Administration Fact Sheet 2011

LTD insurance from The Standard provides benefits to replace a portion of lost income for eligible employees who meet the definition of disability under the group policy. This helps disabled employees recuperate with fewer financial worries.

## Financial Support For Employees, A Recruitment Tool For Employers

Savings, sick leave, workers’ compensation, Social Security, friends and family are some of the sources used to replace income lost due to disability. However, the financial impact of a long term disability often exceeds these limited resources. The Standard’s LTD insurance supplements other sources of income and provides incentives and assistance to facilitate a return to work whenever possible.

LTD coverage also helps employers by enhancing their benefits package – one of the best ways to attract and retain high-caliber employees. The Standard offers LTD insurance with flexible plan designs and claims management expertise, all at competitive group rates.



## Plan Design Information

### LTD Benefit Schedule

LTD benefits replace a specified percentage of a disabled employee’s predisability earnings, as defined in the group policy. The percentage can range from 30 to 70 percent, subject to minimum and maximum LTD benefit amounts. As part of an income-replacement program, LTD benefits will be reduced by other amounts, called deductible income, which the employee receives or is eligible to receive.

Coverage up to a certain level, the guarantee issue amount, is available without submitting evidence of insurability. Evidence may be required for higher amounts. For detailed information about this plan’s design, please refer to the Employee Benefits Proposal.

### Definition Of Predisability Earnings

Most definitions of predisability earnings include:

- Salary
- Shift differential pay
- Commissions averaged over the preceding 12-month period or over the period of employment if less than 12 months
- Employee contributions made through a salary reduction agreement with the employer to an Internal Revenue Code (IRC) Section 401(k), 403(b), 408(k), 408(p) or 457 deferred compensation arrangement, or an executive non-qualified deferred compensation arrangement
- Amounts contributed to fringe benefits according to salary reduction agreements under IRC Section 125 plans



The definition of predisability earnings generally excludes bonuses, overtime or any other extra compensation. However, these items may be included if approved by The Standard. If so, they will be shown in the Employee Benefits Proposal. An employer's contributions on the employee's behalf to any deferred compensation arrangement or pension plan are also generally excluded from the definition of predisability earnings.

Coverage up to a certain level, the guarantee issue amount, is available without submitting evidence of insurability. Evidence may be required for higher amounts.

#### **When LTD Benefits Begin**

When LTD benefits are payable, they begin at the end of the benefit waiting period. Benefits are not payable during the benefit waiting period.

For disabilities subject to the Preexisting Condition Limitation described on pages 8 and 9, the benefit waiting period is the longer of (a) and (b):

- (a) the 12-month period beginning on the date the employee becomes insured under the group policy; and
- (b) from 30 – 180 days of continuous disability (the most common selection is 90 days of continuous disability). Periods (a) and (b) run concurrently.

For disabilities not subject to the Preexisting Condition Limitation or Exclusion, the benefit waiting period is from 30 – 180 days of continuous disability. The most common selection is 90 days of continuous disability; however, the period can range from 30 days to one year depending on the specific needs of the employer.

For more information about benefit waiting period options, please refer to the Employee Benefits Proposal.

#### **When LTD Benefits End**

LTD benefits end automatically on the date the employee:

- Ceases to be disabled or dies
- Fails to provide proof of continuing disability
- Becomes eligible for benefits under another LTD plan during a period of temporary recovery
- Reaches the end of the maximum benefit period for which LTD benefits are payable for any one period of continuous disability, whether from one or more causes

LTD benefits are not payable after the end of the maximum benefit period, even if the employee remains disabled.

For employees who become disabled after age 60, The Standard offers three age-graded reduction schedules that provide benefits beyond age 65. If the proposed plan design has a shorter maximum benefit period, such as two or five years, the maximum benefit period is adjusted accordingly for older employees.

## Definitions Of Disability

The definition of disability determines whether benefits are payable and the extent to which disabilities are covered. The Standard's definitions of disability offer flexibility in designing a benefit program to meet each organization's specific needs.

Some employees will meet the applicable definition and also retain the ability to perform some of their work duties full-time or part-time, or be able to work in another occupation. The Standard's disability definitions provide coverage for individuals who work while disabled, as defined by the group policy.

### **Material Duties And Indexed Predisability Earnings**

The Standard offers own occupation and any occupation definitions of disability. Most plans include both definitions, but they can be separated, and the time periods when they apply may vary in order to meet the needs of the organization and its employees. Our basic plan includes a 24-month own occupation period followed by an any occupation period.

Both own occupation and any occupation definitions refer to material duties and indexed predisability earnings. Material duties are the essential tasks, functions, operations, skills, abilities, knowledge, training and experience generally required by employers from those engaged in a particular occupation that cannot be reasonably modified or omitted. However, in no event would a requirement to work an average of more than 40 hours per week be considered a material duty.

Indexed predisability earnings are based upon predisability earnings and the U.S. Consumer Price Index, and are calculated strictly for purposes of determining disability. Indexed predisability earnings may apply in determining whether an employee meets the own occupation or any occupation definition of disability.

### **Own Occupation Disability**

During the benefit waiting period and the first 24 months of the own occupation period thereafter, employees are disabled if, as a result of physical disease, injury, pregnancy or mental disorder they:

- Are unable to perform with reasonable continuity the material duties of their own occupation, and
- Suffer a loss of at least 20 percent in their indexed predisability earnings when working in their own occupation.

Own occupation means any employment, business, trade, profession, calling or vocation that involves material duties of the same general character as the occupation the employee is regularly performing for the employer when the disability begins. However, own occupation is not limited to how the employee specifically performs the job for the employer. Rather, The Standard may view how the occupation is generally performed in the national economy. If the own occupation involves the rendering of professional services and requires a professional or occupational license in order to work, the definition of own occupation is as broad as the scope of the license.

While this definition applies, employees who are disabled from their own occupation may work in another occupation and continue to qualify for LTD benefits as long as their work earnings do not meet or exceed 80 percent of their indexed predisability earnings. Work earnings will be used to reduce the LTD benefits as noted under "Return To Work Incentive" on page 6.

### **Any Occupation Disability**

During the any occupation period, after the 24 months of the own occupation period, employees are disabled if, as a result of physical disease, injury, pregnancy or mental disorder, they are unable to perform with reasonable continuity the material duties of any occupation.

Any occupation means any occupation or employment that the employee is 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 the employee could be expected to earn at least 60 percent of indexed predisability earnings within 12 months following his or her return to work, regardless of whether the employee is working in his or her own or any other occupation.

While this definition applies, disabled employees may work and continue to qualify for LTD benefits as long as they meet the any occupation definition of disability. Work earnings will reduce the LTD benefits as noted under "Return To Work Incentive."

### **Optional Definitions Of Disability**

The Standard understands the specialized training and financial investment required for many professional careers. We offer definitions of disability specifically

designed for professionals, key management employees and certain employer groups.

### **Own Occupation To Age 65**

The Standard offers a definition of disability that requires employees to be disabled from only their own occupations. This definition applies during the benefit waiting period and throughout the maximum benefit period. Employees who are disabled from their own occupations may work in another occupation. However, they will no longer meet the definition of disability when their work earnings meet or exceed 80 percent of indexed predisability earnings.

### **Own Specialty Protection**

For physicians and attorneys, The Standard offers two-year, five-year, and to end of maximum benefit period own specialty protection. For physicians, own occupation is defined as the medical specialty the physician is board-certified to practice. For attorneys, own occupation is defined as the one or two legal subject-matter areas or types of legal practice in which the attorney has specialized, provided the attorney has been in practice for at least five years.<sup>1</sup>

Certain percentages of the gross professional fee income must have been earned in those specialty areas or types of practice during the 24 months just before disability began. These percentages are at least 60 percent for physicians and 85 percent for attorneys. During the remainder of the maximum benefit period, the employee must meet the usual own occupation definition of disability. Those who meet this definition of disability may work in another occupation. However, they will no longer be considered as disabled when their work earnings exceed 100 percent of indexed predisability earnings.

<sup>1</sup> Trial attorney or trial practice will not be considered one of the specialty legal subject matter areas or types of legal practice unless the attorney personally appears and actively participates in legal proceedings on behalf of clients at least four hours per day on an average of at least 50 days per year during the 24 months just before disability begins. Time the attorney spends preparing to actively participate in legal proceedings can be included when calculating up to one-half of the hours-per-day and days-per-year requirement. Legal proceedings include civil or criminal trials, administrative rule-making or contested-case hearings, workers' compensation hearings, arbitration and mediation hearings, and the taking or defending of depositions.

## **Returning To Work**

Our claims management services have been carefully designed to promote and optimize the return of disabled employees to a productive life whenever possible. Our benefits analysts work with vocational experts, nurses and physicians to provide early screening, assess disability durations and identify return-to-work opportunities. As a result, disabled employees may return to work earlier than anticipated, which may reduce the likelihood of permanent disability. This helps employers regain valuable employees and contain disability claims costs.

### **Return To Work Incentive**

Providing incentives for disabled employees to return to work at their full potential is critical for any successful rehabilitation plan. The Standard's Return to Work Incentive is one of the most comprehensive in the employee benefits industry. It is automatically included in every LTD policy to provide valuable financial support to eligible employees in their efforts to return to work.

During the 12 (or optional 24) months immediately after a disabled employee first returns to work, the LTD benefit is reduced by only the amount of work earnings that, when added to the employee's maximum LTD benefit, exceeds 100 percent of indexed predisability earnings. Following 12 (or optional 24) months, The Standard will deduct one-half of work earnings while the employee remains disabled. This typically means that employees who return to work will receive more total income than those who do not. Work earnings will include amounts they could earn if they worked to their full potential in work that is reasonably available.

### **Reasonable Accommodation Expense Benefit**

To help employers return employees with disabilities to active work whenever possible, The Standard automatically includes a Reasonable Accommodation Expense Benefit in its LTD policies. This reimburses an employer up to \$25,000 for worksite modifications made on behalf of a disabled employee, when the modifications enable the employee to return to work. Reimbursable modifications are subject to The Standard's prior approval.

### Rehabilitation Plan Provision

To help employees with disabilities prepare to return to active work, The Standard automatically includes a Rehabilitation Plan Provision in all LTD policies. Subject to The Standard's prior approval, employees may participate in a rehabilitation plan at any time, and in doing so, may receive an additional 10 percent of their predisability earnings, not to exceed the maximum LTD benefit as a result of this increase. Some or all of the expenses incurred by employees that are intended to support a return to work, include:

- Training and education
- Family (child and elder) care
- Job-search and other job-related expenses

### Temporary Recovery

The Standard automatically includes a Temporary Recovery provision in every LTD policy to further encourage employees to return to work. Our flexible policy language enables us to work with employees to make permanent recoveries out of temporary ones. Employees who recover from a disability for a period of time, but later suffer a relapse and become disabled again from the same cause or causes, may not have to serve a new benefit waiting period if the period of recovery does not exceed 90 days during the benefit waiting period or 180 days during the maximum benefit period.

In either case, the recovery period does not count toward the benefit waiting period, the maximum benefit period or the own occupation period. LTD benefits are not payable during the recovery period. Predisability earnings used to determine the LTD benefits will not change. No LTD benefits will be payable after benefits become payable under any other disability plan under which the employee became insured during the recovery period. Otherwise, the group policy is applied as if the disability were uninterrupted.

### Return To Work Responsibility

In addition to providing financial incentives to return to work, The Standard's LTD policy also establishes clear expectations for those who are able to return to work. Disabled employees who are capable of part-time work have a responsibility to take advantage of available work



opportunities. They must accept part-time work in their own occupation during the own occupation period and in any occupation during the any occupation period, if they are able to earn at least 20 percent of indexed predisability earnings. LTD benefits will not be payable for any period when partially disabled employees fail to meet this return to work responsibility.

### Workplace Possibilities<sup>SM</sup>

To help employers proactively manage absence and disability, this innovative program aims to keep employees at work by addressing and reducing the causes of absence and disability. For employers with 1,000 or more employees, we offer to place a Workplace Possibilities Consultant onsite, as part of their group disability insurance through The Standard. The Consultant – a certified case manager who may be a nurse or vocational rehabilitation specialist – works to keep employees on the job and get them back to work quicker. The goal is a more productive workplace with measurable reductions in absence and disability-related costs. And it takes a big burden off the HR team.

## Cost Containment Features

### Disabilities Subject To Limited Pay Periods

Payment of LTD benefits is limited to 24 (or optional 12) months during the employee's lifetime for disabilities caused or contributed to by any one or more of the following, or medical or surgical treatment of one or more of the following:

- Any mental, emotional or psychological disorder regardless of cause (such as depression, anxiety, stress, bipolar affective disorder, organic brain syndrome, schizophrenia); at the end of the limited pay period, benefits may continue if the employee is continuously confined in a hospital solely because of a mental disorder, however; hospital does not include a rest home, nursing home, convalescent home, home for the aged or a facility primarily affording custodial, educational or rehabilitative care
- The use of alcohol or any drug (including hallucinogens), alcoholism or drug addiction
- Other limited conditions include chronic fatigue conditions (such as chronic fatigue syndrome and post viral syndrome), any allergy or sensitivity to chemicals or the environment (such as sick building syndrome and multiple chemical sensitivity syndrome), chronic pain conditions (such as fibromyalgia, reflex sympathetic dystrophy and myofascial pain), carpal tunnel or repetitive motion syndrome, temporomandibular or craniomandibular joint disorder<sup>2</sup>

As an additional cost-containment option, employers may elect to limit payment of LTD benefits for disabilities caused or contributed to by musculoskeletal or connective tissue disorders, such as arthritis, diseases or disorders of the cervical, thoracic or lumbosacral back and its surrounding soft tissue, and strains or sprains of joints or muscles. This expanded limitation would not apply to rheumatoid or psoriatic arthritis, herniated disks with neurological abnormalities that are documented by electromyogram and computerized tomography or magnetic resonance imaging, scoliosis, traumatic spinal cord injuries, diseases or inflammations of the spinal cord, overlapping vertebrae (grade II or higher), osteoporosis, discitis or Paget's disease.

<sup>2</sup> This limitation does not apply to neoplastic diseases, neurologic diseases, endocrine diseases, hematologic diseases, asthma, allergy-induced reactive lung disease, tumors, malignancies, vascular malformations, demyelinating diseases or lupus.

<sup>3</sup> Employers may choose a plan design that offsets LTD benefits by part or none of the dependent's benefits.

### Deductible Income

The Standard's LTD insurance helps replace part of the income lost as a result of disability. Often employees are eligible for other sources of income, such as workers' compensation or Social Security. To prevent overinsurance, LTD benefits are reduced by an employee's deductible income, which generally includes the following, although these may vary depending on if the employer is a public or private entity:

- Work earnings, as described under "Return To Work Incentive"
- Sick pay, annual or personal leave pay, severance pay or other salary continuation, including donated amounts (but not vacation pay), which, when added to the maximum LTD benefit, exceed 100 percent of indexed predisability earnings
- Benefits from the Federal Social Security Act, the Canada Pension Plan, the Quebec Pension Plan, the Railroad Retirement Act or similar plans or acts providing benefits that the employee or the employee's dependents receive or are eligible to receive<sup>3</sup>
- Benefits the employee receives or is eligible to receive from workers' compensation, state disability income benefits law, the Jones Act; Maritime Doctrine of Maintenance, Wages or Cure; Longshore and Harbor Workers' Act; or any similar acts or law
- Any earnings or compensation included in predisability earnings which an employee receives or is eligible to receive while LTD benefits are payable
- Any amount an employee receives or is eligible to receive under any unemployment compensation law or similar act or law
- Any amount an employee receives or is eligible to receive from or on behalf of a third party
- Any disability or retirement benefits an employee receives from a private employer's retirement plan
- Any disability or retirement benefits an employee receives or is eligible to receive from a public employer's retirement plan and any lump sum refund, withdrawal or distribution of contributions and earnings received<sup>4</sup>
- Any amount received by compromise, settlement or other method, as a result of a claim for any of the above, disputed or undisputed

<sup>4</sup> If the employee receives a lump sum refund, withdrawal or distribution of contributions and earnings, LTD benefits are determined using a lifetime monthly annuity amount with no survivor income. Employee and employer contributions are considered as distributed simultaneously throughout the employee's lifetime, regardless of how funds are distributed from the retirement plan.

### Exceptions To Deductible Income

The following are generally not considered deductible income, although exceptions may vary depending on if the employer is a public or private entity:

- Any amounts attributable to the employee's contributions to the employer's retirement plan or which the employee could have received upon termination of employment without being disabled or retired
- Benefits from a profit-sharing plan, thrift or savings plan, deferred-compensation plan, 401(k), 408(k) or 457 plan, IRA, tax-sheltered annuity under IRC Section 403(b), stock ownership plan or Keogh (HR-10) plan
- Any lump-sum refund, withdrawal or distribution of the employee's contributions and earnings received from the employer's retirement plan because the employee is not vested under the plan
- Social Security early-retirement benefits not received by the insured employee
- Group credit, mortgage disability insurance benefits and accelerated death benefits paid under a life insurance policy
- Any cost-of-living increases in deductible income, other than work earnings
- Reimbursement for hospital, medical or surgical expenses
- Reasonable attorney fees incurred in connection with a claim for deductible income

### Limitations

No LTD benefits will be paid for any period when the disabled employee is:

- Not under the ongoing care of a physician in an appropriate specialty as determined by The Standard
- Not participating in good faith in a plan of medical treatment, vocational training or education approved by The Standard, unless the disability prevents the employee from participating
- Able to work part time, but elects not to (i.e., the employee fails to meet his return to work responsibility)
- Confined for any reason in a penal or correctional institution

In addition, payment of LTD benefits is limited to 12 months for any period when the employee resides outside the United States or Canada.

### Exclusions From Coverage

Disabilities are not covered when caused or contributed to by:

- War or any act of war
- An intentionally self-inflicted injury, whether the insured employee is sane or insane<sup>5</sup>
- Loss of professional or occupational license or certification
- Committing or attempting to commit an assault or felony
- Active participation in a violent disorder or riot
- A preexisting condition or treatment of a preexisting condition, unless, on the date disability begins, the employee has been continuously insured under the group policy for the entire 12 months for groups with 20 or more lives and 24 months for groups with fewer than 20 lives and has been actively at work for at least one full day after the end of that exclusion period

Diagnosed or misdiagnosed, a preexisting condition is a mental or physical condition:

- That 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 the employee has (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 three- or six-month period just before the employee's insurance becomes effective, as specified in the Employee Benefits Proposal. The Standard grants credit for time served toward satisfying the preexisting condition exclusion period for eligible employees insured under the employer's prior group LTD plan that was replaced by The Standard.

<sup>5</sup> For Colorado and Missouri residents, "insane" is not applicable.

## Additional LTD Plan Provisions And Services

### **Employee Assistance Program<sup>6</sup>**

An Employee Assistance Program (EAP) can help increase productivity by assisting employees with their attempts to balance work and personal life. An EAP can address concerns such as health, marital, family, financial, alcohol, drug, legal, emotional and other personal issues that may adversely affect employee job performance. EAP and Worklife services are included with The Standard's Long Term Disability policies and are offered as optional enhancements with our group Life insurance.

A specialist will provide consultation by phone as well as arrange for up to three face-to-face assessments and short-term counseling from a network provider when necessary. The services also include Critical Incident Stress Debriefings in which a counselor will provide on-site, group counseling for employees if a traumatic event occurs in the workplace. The services also include referrals to community resources and educational materials.

### **Coverage For New Disabilities**

If a period of disability is extended by a new cause while LTD benefits are payable, benefits will continue while the employee remains disabled, but not beyond the end of the original maximum benefit period. In addition, all policy limitations and exclusions apply to the new cause of disability.

### **Survivors Benefit**

If an employee who has been continuously disabled for at least 180 days dies while LTD benefits are payable, The Standard will pay a Survivors Benefit. The benefit is a lump sum equal to three times the employee's monthly LTD benefit without reduction by deductible income. The Survivors Benefit is intended to meet a portion of a family's financial needs in the event of the employee's death. The benefit is paid to the surviving spouse<sup>7</sup>

or unmarried children under age 25. As an option, it may also be paid to the deceased employee's estate. However, The Standard will first use the Survivors Benefit to reduce any overpayment on the employee's claim.

### **Direct Deposit**

The Standard offers direct deposit (also known as Electronic Funds Transfer or EFT), a convenient and secure benefit payment option. With direct deposit, employees' LTD benefit payments will be automatically deposited into their designated checking or savings account on their payment due date, even if that date falls on a weekend or a holiday.

### **Social Security Assistance**

The Standard offers eligible disabled employees assistance with Social Security benefits starting with the initial application. Each of our claims management teams includes a specialist who helps administer our Social Security assistance program and acts as a liaison to our nationwide network of contracted specialists.

### **Payment Of FICA Taxes**

The Standard automatically pays the employer's portion of FICA (Social Security and Medicare) taxes for all LTD claims. Also, The Standard prepares and mails W-2 forms and reports yearly totals to the IRS and Social Security Administration for all LTD claims. This service saves the employer time and helps to expedite tax preparation for the employee.

### **Automatic Maximum Benefit Increase**

The Automatic Maximum Benefit Increase feature provides for the maximum LTD benefit of the plan to automatically increase by 5 percent annually for five years. This is a convenient way to assure the LTD plan design keeps pace with salary increases without having to amend the group policy each year. There is no cost to add this feature to your coverage, but it must be requested – it's not automatically included in coverage plans.

<sup>6</sup> The EAP service is provided through an arrangement with Morneau Shepell which is not affiliated with The Standard. Morneau Shepell is solely responsible for providing and administering the included service. EAP is not an insurance product and is provided to groups of 10 – 2,499 lives. This service is only available while insured under The Standard's group policy.

<sup>7</sup> Spouse may include a civil union partner. Eligibility not available in all states. Contact your sales representative for details.



## Options Available At Additional Cost

### Benefits For The Severely Disabled

The Standard offers three enhancements to group LTD coverage to address the needs of severely disabled employees:

- **Assisted Living Benefit**, which may increase the income replacement level up to 80 or 100 percent of insured predisability earnings (up to a \$5,000 maximum benefit)
- **Housing Assistance Benefit**, which provides an additional 25 percent of predisability earnings to pay for rent or mortgage (up to a \$5,000 maximum benefit)
- **Lifetime Security Benefit**, which extends the maximum benefit period to the severely disabled employee's lifetime

Employers may choose one of the above or include the Lifetime Security Benefit in conjunction with either of the two other options. When one of these options is included, an employee to whom LTD benefits are payable may receive the additional benefits if, as a result of physical disease or injury, the employee:

- Is unable to safely and completely perform two or more activities of daily living<sup>8</sup> without assistance due to loss of functional capacity, or
- Requires substantial supervision for health or safety due to severe cognitive impairment.

The disabling condition must be expected to last 90 days or more and be certified by a physician in the appropriate specialty as determined by The Standard.

Other provisions and benefits may not be available and certain limitations and exclusions will apply.

<sup>8</sup> The six activities of daily living are bathing, continence, dressing, eating, toileting and transferring.

### Annuity Contribution Benefit

The Annuity Contribution Benefit is an optional Group Long Term Disability insurance feature designed to bridge the savings gap created when disabled employees may no longer have the financial means or opportunity to fund a retirement plan.

After a claimant has been disabled for 36 months, The Standard will set up and fund an individual annuity in the claimant's name. Each month, a designated percentage of the disabled employee's predisability earnings, not to exceed \$5,000, will be deposited into the annuity.

### Family Care Expenses Adjustment

As another return to work incentive, employers may add the Family Care Expenses Adjustment provision as an option to their group policy. If selected, the provision applies during the 12 (or optional 24) months immediately after a disabled employee first returns to work. While this applies, work earnings used to calculate LTD benefits may be reduced by a portion of the employee's family-care expenses, up to a monthly maximum of \$250 per family member or \$500 per family. Certain restrictions apply.

### Dependent Education Benefit

The Dependent Education Benefit provides a monthly benefit for disabled employees who have children or a spouse<sup>9</sup> who are registered and in full-time attendance at an accredited educational institution beyond high school. Disabled employees can receive \$150 for each eligible student, with a maximum of \$600 per month for all eligible students. Spouses must be attending an institution for the purpose of obtaining employment or increasing earnings. Other restrictions may apply.

<sup>9</sup> Spouse may include a civil union partner. Child may include a child of a civil union partner. Eligibility not available in all states. Contact your sales representative for details.



### **Conversion Provision**

The Conversion of Insurance provision allows qualified employees to buy LTD conversion insurance after their insurance under the group policy ends. To qualify, an employee must meet the eligibility requirements for conversion as outlined in the group policy. Employees may maintain the same benefit level, up to a \$4,000 monthly benefit, without submitting evidence of insurability. A benefit of up to \$8,000 a month may be available with approved evidence of insurability. Conversion is available with most plan designs, although exclusions, limitations and reductions may apply.

### **Cost Of Living Adjustment (COLA) Benefit**

The COLA benefit helps protect an employee's LTD benefits from inflation. The Standard offers COLA benefit options calculated according to the current Consumer Price Index. If on April 1 an employee has been disabled for the required number of calendar years (one or five), the LTD benefit will be adjusted with the COLA increase.

### **Age-graded Maximum Benefit Periods**

The Standard offers a variety of maximum benefit period schedules for employers to provide LTD benefits to employees who work beyond age 65. Typically, the maximum benefit period is determined by the employee's age when the disability begins. The typical age-graded benefit reduction schedule includes a maximum benefit period to age 65 for employees who become disabled before age 62, with the benefit duration age-graded for employees who become disabled on or after age 62. With the Social Security normal retirement age (SSNRA) maximum benefit period option, the maximum benefit period corresponds to the employee's SSNRA under the federal Social Security Act. Additional options for maximum benefit periods beyond age 70 are also available.

## **Commonly Asked Questions**

### **Who Is Eligible For Coverage?**

Coverage is available to all of an employer's active employees who:

- Are citizens or residents of the United States or Canada
- Are actively at work at least 30 hours each week
- Meet the required eligibility waiting period as shown in the Employee Benefits Proposal

Temporary and seasonal employees, full-time members of the armed forces of any country, leased employees and independent contractors are not eligible for coverage. There is no age limit on eligibility for coverage under The Standard's group insurance plans.

### **What Is The Effective Date Of This Plan?**

Subject to the active work requirement, coverage is effective as follows:

- Coverage requiring evidence of insurability is not effective until evidence is approved
- For noncontributory plans, coverage is effective on the date the employee becomes eligible



- For contributory plans, employees must apply in writing for coverage. Coverage is effective on the later of:
  - The date the employee becomes eligible
  - The date the employee applies if the employee submits an application within 31 days of becoming eligible
  - The date required evidence of insurability is approved, if the employee applies more than 31 days after becoming eligible

#### **What Is The Active Work Requirement?**

Employees who are performing the material duties of their own occupation at the employer's usual place of business meet the active work requirement. Employees who are not capable of active work due to physical disease, injury, pregnancy or mental disorder on the day before insurance would otherwise become effective will not become insured until the day after completing one full day of active work as an eligible employee.

#### **What Level Of Employee Participation Is Required?**

For noncontributory plans, 100 percent of the eligible employees must participate. If a plan is contributory (partially or fully funded by employees), a minimum number of eligible employees must participate, as specified in the Employee Benefits Proposal.

#### **When Does Coverage End?**

LTD insurance ends automatically on the earliest of the following:

- The date the last period ends for which a premium contribution is received
- The date the group policy terminates
- The date employment terminates
- The date the employee fails to meet the definition of a member (however, LTD insurance may be continued under certain conditions, such as during an approved leave of absence scheduled to last no more than 30 days)



### **When Does The Group Policy Terminate?**

An employer may terminate a group policy by providing The Standard with written notice. The group policy will automatically terminate if premium is not received by the end of the grace period shown in the Employee Benefits Proposal. The Standard may terminate the group policy if the number of employees insured is less than the minimum participation requirement as shown in the Employee Benefits Proposal. The Standard may also terminate the group policy if we determine that the policyholder has failed to promptly furnish any necessary information requested by us or has failed to perform any other obligations relating to the group policy.

### **Performance Guarantee**

The Standard is committed to providing world-class customer service. We guarantee we will meet the policyholder's overall service expectations or we will refund 5 percent of the quarterly expenses charged to the policyholder's account (for administration and paying claims) for any quarter in which we do not meet this guarantee.<sup>10</sup>

<sup>10</sup> The minimum group size for Performance Guarantee for LTD coverage is 1,000 covered employees. No more than one refund per quarter will be paid. Claim decisions are made based on the terms of the plan. The ultimate claim decision, whether to approve or deny, is not covered by this Performance Guarantee. This guarantee is in effect for the initial rate guarantee period shown in the group policy. Thereafter, The Standard reserves the right to modify the terms or terminate this guarantee at any time at its sole discretion.



Founded in Portland, Oregon in 1906, The Standard is a nationally recognized provider of group employee benefits and Individual Disability insurance. We provide insurance to more than 25,700 groups, covering approximately 6 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.

We always strive to do what's right - for our policyholders and their employees. This dedication has resulted in a national reputation for quality products, superior service and industry expertise.

To learn more about Group Life insurance from The Standard, contact your insurance advisor or the Employee Benefits Sales and Service Office for your area at 800.633.8575 or visit us at **[www.standard.com](http://www.standard.com)**.

\* As of Dec. 31, 2016, based on internal data developed by Standard Insurance Company.

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The Standard is a marketing name for StanCorp Financial Group, Inc. and subsidiaries. Insurance products are offered by Standard Insurance Company of Portland, Oregon in all states except New York. Product features and availability vary by state and are solely the responsibility of Standard Insurance Company.

This policy has exclusions, limitations, reduction of benefits, and terms under which the policy may be continued in force or terminated. Please contact The Standard for additional information, including costs and complete details of coverage.

Group LTD Insurance underwritten by Standard Insurance Company is provided under policy form numbers: GP190-LTD/S399, GP190-LTD/TRUST/S399, GP399-LTD/TRUST, GP190-LTD/ASSOC/S399, GP491-LTD/TRUST/S399, GP899-LTD, GP209-LTD, GP608-LTD

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