

# Group Long Term Disability Insurance

Safeguarding Your Employees' Income



Standard Insurance Company  
Group Long Term Disability Insurance





## Your Proposed Group Insurance Plan

Standard Insurance Company appreciates the opportunity to provide you with a proposal for Group Long Term Disability insurance. This booklet and the Employee Benefits Proposal together outline the basic features of your proposed Group Long Term Disability (LTD) insurance plan. These two documents 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 that describe the coverage in detail. These are for you to distribute 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 composition of the group of employees you wish to insure
- Our current underwriting rules and practices

The proposal will expire on the date shown in your Employee Benefits Proposal. Should you have questions or need additional information, please contact your insurance advisor or the Employee Benefits Sales and Service office for your area.

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.

People routinely purchase home, car and life insurance to safeguard themselves against the threat of loss. Yet they may underestimate the importance of insuring a portion of their incomes against the threat of disability. The risk of disability is greater than most people think. Recent statistics are quite clear:

- 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 replaces 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 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. (See the specifics in 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. The benefit waiting period can range from 30 days to one year depending on the employer's needs. See the Employee Benefits Proposal for the benefit waiting period.

### When LTD Benefits End

LTD benefits end automatically on the date the employee:

- No longer meets the definition of disability
- Fails to provide proof of continuing disability
- Becomes eligible for benefits under another group LTD plan
- Reaches the end of the maximum benefit period for which LTD benefits are payable for any one period of continuous disability
- Has work earnings that equal or exceed 80 percent of his or her predisability earnings

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. See the Employee Benefits Proposal for the maximum benefit period.

## 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.

### Substantial And Material Duties And Indexed Predisability Earnings

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

Both own occupation and any occupation definitions refer to substantial and material acts and indexed predisability earnings.

Substantial and material acts mean the important tasks, functions and operations generally required by employers from those engaged in a particular occupation that cannot reasonably be omitted or modified.

Indexed predisability earnings are based upon an employee's predisability earnings and the U.S. Consumer Price Index; indexed predisability earnings 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 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 substantial and material acts necessary to pursue their own occupation and they are not working in their own occupation, or
- Suffer a loss of at least 20 percent in their indexed predisability earnings when working in their own occupation.

Employees are not disabled merely because their right to perform their own occupation is restricted, including a restriction or loss of license. The loss of a professional license, occupational license or certification does not, in itself, constitute disability.

Own occupation is not limited to how the employee specifically performs the job for the employer.

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 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."

### 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 engage with reasonable continuity in any occupation, or
- They are working in an occupation but are unable to engage with reasonable continuity in that occupation or any occupation.

Any occupation means all occupations or employment which an employee could reasonably be expected to perform satisfactorily in light of his or her age, education, training and experience, station in life, physical and mental capacity and within a reasonable distance from his or her residence or available in his or her regional labor market.

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 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 equal or 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. We know that the best way to close claims is to help claimants get back on their feet and back on the job. 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 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 the incentive period, 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.

## 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

Subject to The Standard's prior approval, employees may apply to 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.

## 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

This section outlines the limitations, exclusions and deductible income sources customarily included in all of The Standard's group LTD policies. Some applicable time periods and provisions may be modified at the employer's request.

### Disabilities Subject To Limited Pay Periods

Payment of LTD benefits is limited to 24 months (or optional 12 months) during the employee's lifetime for each type of disability outlined below.

- **Psychological:** Any mental, emotional or psychological disorder regardless of cause (including but not limited to depression, anxiety, stress, bipolar affective disorder, organic brain syndrome, and schizophrenia). At the end of the limited pay period, benefits may continue if the employee is continuously confined in a hospital.
- **Substance:** The use of alcohol or any drug (including hallucinogens), alcoholism or drug addiction
- **Musculoskeletal:** Any disease or disorder of the cervical, thoracic or lumbosacral back and its surrounding soft tissue, sprains or strains of joints or muscles, carpal tunnel or repetitive motion syndrome, fibromyalgia, temporomandibular joint or craniomandibular joint disorder, myofascial pain or arthritis
- **Chronic Fatigue:** Chronic fatigue syndrome, chronic fatigue immunodeficiency syndrome, post viral syndrome, limbic encephalopathy, Epstein-Barr virus infection, Herpes virus type 6 infection or myalgic encephalomyelitis
- **Chemical:** Environmental sensitivities, sick building syndrome, multiple chemical sensitivity syndrome or chronic toxic encephalopathy

### Limitations

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

- Not receiving appropriate care from a physician until maximum point of recovery
- 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
- 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
- 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
- A diagnosed mental or physical condition for which the employee received medical treatment, care or services or has taken prescribed medication at any time during the preexisting period, or if evidence of insurability was required for coverage, a mental or physical condition, whether diagnosed or misdiagnosed:
  - For which the employee has received medical treatment, care or services or has taken prescribed medication at any time during the preexisting period, or
  - That caused symptoms during the preexisting period for which a prudent person would usually seek medical treatment, care or services and
  - Which was misrepresented or not disclosed in the application for coverage

The preexisting 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.

## LTD Benefit Calculation

The LTD benefit amount is determined by multiplying the insured predisability earnings by a specified benefit percentage. This amount is then reduced by other income the employee has received or is eligible to receive while LTD benefits are payable. This other income is referred to as deductible income. In the following example, the LTD benefit amount is 60 percent of insured predisability earnings. If the employee's monthly earnings (or predisability earnings) before becoming disabled were \$3,000 and they now receive a monthly Social Security disability benefit of \$600 and a monthly benefit of \$400 from the employer's retirement plan, the employee's monthly LTD benefit would be calculated as follows:

Insured predisability earnings	<b>\$3,000</b>
LTD benefit percentage x 60%	<b>\$1,800</b>
Less Social Security disability benefit	<b>-\$600</b>
Less employer retirement benefit	<b>-\$400</b>
<b>Amount of LTD benefit</b>	<b>\$800</b>

## 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 LTD benefit, exceed 100 percent of their 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 that the employee or the employee's dependents receive or are entitled to receive because of the employee's disability, or amounts under these acts the employee receives because of the employee's retirement<sup>2</sup>

<sup>2</sup> Employers may choose a plan design that offsets LTD benefits by part or none of the dependent's benefits.



- Benefits the employee receives or is entitled to receive because of the employee's disability under a workers' compensation law (other than California Workers' Compensation benefits for permanent total and permanent partial disability); The Jones Act; Maritime Doctrine of Maintenance, Wages, or Cure; Longshore and Harbor Workers' Compensation Act; or any similar act or law
- Benefits the employee receives or is entitled to receive because of the employee's disability under any state disability income benefit law or similar law
- Any amount the employee receives or is eligible to receive under any other insurance coverage, which, when added to the LTD benefit, exceeds 80 percent of the indexed predisability earnings
- Any earnings or compensation included in predisability earnings which an employee receives or has a right to receive while LTD benefits are payable
- Any amount an employee receives under any unemployment compensation law or similar act or law
- Any amount of third-party liability payments the employee receives by judgment, settlement or otherwise (less attorneys' fees)
- Disability benefits an employee receives or is entitled to receive from the employer's retirement plan
- Retirement benefits the employee receives from the employer's retirement plan which are not attributable to the employee's contributions
- Any amount received by compromise, settlement or other method, as a result of a claim for any of the above, disputed or undisputed



## 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:

- Benefits from a profit-sharing plan, thrift or savings plan, deferred-compensation plan, 401(k), 408(k), 408(p) or 457 plan, IRA, tax-sheltered annuity under IRC Section 403(b), stock ownership plan or Keogh (HR-10) plan
- Any lump-sum distribution of the employee's entire interest in the employer's retirement plan, and any amount under the employer's retirement plan the employee could have received upon termination of employment without being disabled
- 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

## Additional LTD Plan Provisions And Services

### Employee Assistance Program<sup>3</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, administered by Horizon Health, are available to employees covered by the LTD insurance.<sup>6</sup>

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 referrals to community resources and educational materials.

<sup>3</sup> Provided only for employers with 10-2,499 employees. EAP services are provided through an arrangement with Horizon Behavioral Services, LLC, which is not affiliated with The Standard. EAP is not an insurance product.



### **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 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 up-front 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 is not automatically included in coverage plans.

## **Available Options At Additional Cost**

### **Annuity Contribution Benefit**

The Annuity Contribution Benefit (ACB) is an optional Group Long Term Disability (LTD) 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 LTD benefits have been payable 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 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 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.

### **Conversion Provision**

The Conversion of Insurance provision allows qualified employees to obtain LTD conversion insurance after the termination of employment with the employer. 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 preceding calendar year or 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 duration 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.



## Some 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 with reasonable continuity the substantial and material acts 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>4</sup>

<sup>4</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 Disability, Life, Dental and Vision insurance. We provide insurance to nearly 26,500 groups covering more than 8.4 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 LTD insurance from The Standard, contact your insurance advisor, call 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 September 30, 2011, based on internal data developed by Standard Insurance Company.

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Group Long Term Disability Insurance  
SI **6955-CA** (1/12) PR/ER