



The University of Mississippi

**Long Term Disability
Insurance Plan**



The University of Mississippi
Long Term Disability Insurance Plan
Features and Cost

You have an opportunity to help protect one of your most valuable assets.

What would happen if you suddenly became disabled and couldn't work? Would you and your family be able to meet your financial obligations? Would you be able to pay your bills? For many people the answer is NO. Long term disability insurance is designed to help protect you against a loss of income in the event you become disabled and are unable to work for an extended period of time.

Consider the facts:

- *Nearly one person in five has some type of long lasting or disabling condition.* ¹
- *On average about 2300 disabling injuries occur every hour during the year.* ²
- *11.9% of all Americans aged 16 to 65 have a disabling condition.* ¹

Long term disability insurance coverage can help safe-guard your family's lifestyle and provide some peace of mind. Standard Insurance Company has issued a group insurance policy to the University of Mississippi which provides eligible employees with the opportunity to apply for long term disability (LTD) insurance coverage.

This brochure is designed to answer some common questions about the LTD insurance coverage being offered. It is not intended to provide a detailed description of the coverage. If you become insured, you will receive a group insurance certificate containing a detailed description of the insurance coverage. The controlling provisions of coverage are in the group insurance policy. This brochure and the group insurance certificate do not modify the group insurance policy or the insurance coverage in any way.

The Cost

To determine your monthly cost, multiply your monthly predisability earnings (up to \$8,333) by the appropriate rate factor below:

Plan 1 – 90 day benefit waiting period

| <u>Age</u> | <u>Rate Factor</u> | <u>Age</u> | <u>Rate Factor</u> |
|------------|--------------------|------------|--------------------|
| Under 30 | .00230 | 50 – 54 | .01233 |
| 30 – 34 | .00387 | 55 – 59 | .01724 |
| 35 – 39 | .00460 | 60 – 64 | .02017 |
| 40 – 44 | .00606 | Over 65 | .02393 |
| 45 – 49 | .00888 | | |

Plan 2 – 180 day benefit waiting period

| <u>Age</u> | <u>Rate Factor</u> | <u>Age</u> | <u>Rate Factor</u> |
|------------|--------------------|------------|--------------------|
| Under 30 | .00115 | 50 – 54 | .00690 |
| 30 – 34 | .00199 | 55 – 59 | .00982 |
| 35 – 39 | .00230 | 60 – 64 | .01061 |
| 40 – 44 | .00314 | Over 65 | .01397 |
| 45 – 49 | .00481 | | |

Example: A person, age 36, selects Plan 1 and has monthly predisability earnings of \$2,000.

$$\begin{array}{rclcl} \text{Predisability earnings} & \times & \text{Rate factor} & = & \text{Cost per month} \\ \$2,000 & \times & .00460 & = & \$9.20 \text{ per month} \end{array}$$

Commonly Asked Questions

Am I eligible for LTD insurance coverage?

To be a member and eligible for this coverage, you must be:

- An active employee of The University of Mississippi, excluding temporary and seasonal employees and full-time members of the armed forces
- Regularly working at least 20 hours each week
- A citizen or resident of the United States or Canada

When am I considered disabled?

During the benefit waiting period and the next 24 months, you are considered disabled if due to an injury, physical disease, pregnancy, or mental disorder you are unable to perform with reasonable continuity the material duties of your own occupation, or you are unable to earn 80% or more of your predisability earnings while working in your own occupation.

Thereafter, you are considered disabled if you are unable to perform with reasonable continuity the material duties of any occupation for which you are reasonably qualified by education, training, and experience, or you are unable to earn 80% or more of your predisability earnings while working in your own or any other occupation.

When do LTD benefits become payable?

If your LTD claim is approved by The Standard, LTD benefits become payable at the end of the benefit waiting period. You have a choice of two benefit waiting periods:

- Plan 1 – 90 days
- Plan 2 – 180 days

During the benefit waiting period, no benefits are payable.

What is the LTD benefit?

The monthly LTD benefit is based on your regular earnings from The University of Mississippi. The group insurance policy refers to these earnings as predisability earnings.

Your monthly LTD benefit is 60% of the first \$8,333 of your predisability earnings, as defined in the group insurance policy, reduced by deductible income.

Predisability earnings do not include bonuses, overtime pay, commissions, shift differential pay, your employers contributions on your behalf to any deferred compensation arrangement or pension plan, or any other compensation.

How long can LTD benefits continue?

If you become continuously disabled before age 62, LTD benefits can continue during disability until age 65. If you become continuously disabled at age 62 or older, LTD benefits can continue during disability for a limited time after age 62.

What is deductible income?

Deductible income is income you receive, or are eligible to receive, from other sources. It includes but is not limited to the following:

- *Sick pay or other salary continuation*
- *Workers Compensation benefits*
- *Social Security benefits, including those benefits which your spouse or your children receive or are eligible to receive because of your disability or retirement*
- *Disability benefits from any other group insurance*
- *Disability or retirement benefits from your employers retirement plan which you elect to receive*
- *Amounts you receive because of your disability under any state disability law or similar law*
- *Earnings from work activity while you are disabled*

How are LTD benefits calculated?

LTD benefits are determined using your predisability earnings, the benefit percentage, and deductible income.

As an example, if your monthly earnings before becoming disabled were \$2,000 and you now receive a monthly Social Security disability benefit of \$600 and a monthly disability benefit of \$200 from your employer retirement program, your LTD benefit would be calculated as follows.

| | |
|-------------------------------|--------------|
| Predisability earnings | \$2,000 |
| Benefit percentage | X 60% |
| Maximum LTD benefit | \$1,200 |
| Social Security benefit | - \$600 |
| Retirement disability benefit | - \$200 |
| LTD benefit | \$400 |

The minimum LTD benefit, regardless of the amount of deductible income, is \$100 or 10% of your LTD benefit before reduction by deductible income, whichever is greater.

If I am disabled and return to work, can I continue to receive LTD benefits?

The group LTD insurance policy includes a feature that offers you a financial incentive to return to work during a disability. During the first 12 months from the date you first return to work (after the benefit waiting period) your LTD benefit will be reduced only by work earnings which, when added to your LTD benefit and any deductible income, exceed 100% of your predisability income. Frequently, claimants who return to work receive more total income than those who do not.

The return to work incentive applies whether you are working for your employer or any other employer (including self-employment). You are eligible for the return to work incentive on the first day after the benefit waiting period, if LTD benefits are payable on that date.

After the first 12 months from the date you first return to work, one-half of your work earnings are considered deductible income.

What happens if I recover from a disability and have a relapse?

If your disability ends during the benefit waiting period, and you become disabled again from the same cause, you will not have to serve a new benefit waiting period if the recovery period is no longer than 30 days. However, you will have to serve the remainder of the prior benefit waiting period.

If your disability ends after serving the benefit waiting period, and you become disabled again from the same cause, you will not have to serve a new benefit waiting period if the recovery period is no longer than 180 days.

In either case, no LTD benefits will be payable after benefits become payable to you under any other group LTD insurance policy which you become insured under during your period of temporary recovery.

What are some of the other features of this coverage?

Coverage for disabilities occurring 24 hours a day both on and off the job

Premium payments are made through payroll deduction.

Insurance continues without payment of LTD premiums while benefits are payable.

If you are disabled and return to work in any occupation for any employer as a result of a reasonable accommodation made by the employer, Standard will pay the employer up to \$500 for expenses incurred for accommodations with prior approval from The Standard.

If you die while LTD benefits are payable, The Standard will pay either your surviving spouse, your surviving unmarried children under the age of 25, or any person providing care and support of any of them, a benefit equal to three times your monthly LTD benefit (less any LTD benefit overpayments).

Your LTD benefit is subject to a cost of living adjustment if, on each April 1, you have been disabled for the preceding 12 months and are receiving LTD benefits. The cost of living adjustment factor for any year is the lesser of: (a) the increase in the CPI-W, and (b) 3%.

What are the policy's exclusions and limitations?

You are **not** covered for a disability caused or contributed to by the following:

- *A pre-existing condition or the medical or surgical treatment of a pre-existing condition, unless, on the date you become disabled, you have been continuously insured under the group policy for 24 months, and have been actively at work for one full day after those 24 months. A pre-existing condition is a mental or physical condition for which you have done any of the following at any time during the 180 days just before your insurance becomes effective:*
 - consulted a physician;
 - received medical treatment or services; or
 - taken prescribed drugs or medications.
- *An intentionally self-inflicted injury, while sane or insane.*
- *War, or any act of war.*

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*

In addition, payment of benefits is limited in duration to 24 months in your lifetime if your disability is caused or contributed to by a mental disorder, alcohol use, alcoholism, or drug use.

When does my insurance coverage become effective?

If you apply within the 31 day period following the date you become eligible, and you meet the active work requirement described below, insurance coverage becomes effective on the date you apply, but not before January 1, 1998.

To meet the active work requirement you must be performing the material duties of your own occupation at your employers' usual place of business. If you are incapable of meeting this requirement because of sickness, injury, pregnancy or a mental disorder on the day before the scheduled effective date of your insurance, your coverage will not become effective until the day after you meet the active work requirement for one full day as an eligible member.

If you are required to submit evidence of insurability and your coverage is approved by The Standard, your insurance coverage will become effective on the date your evidence of insurability is approved, subject to the active work requirement. The Standard will require evidence of insurability for the following:

- *Employees who fail to apply before the end of the 31-day period following the date of eligibility.*
- *An insured member who terminates coverage for any reason but later desires to become insured again.*

When does my insurance coverage end?

Insurance ends automatically on the earliest of the following:

- *The last day of the last period for which you make a premium contribution*
- *The date your employment terminates*
- *The date the group policy terminates*
- *The date you cease to be a member*

Insurance may be continued for a limited period under certain circumstances.

How do I apply?

Complete the enrollment card, place it in an envelope, and submit it to your Human Resources Department.

When can I apply?

If you meet the member eligibility requirements (refer to "Am I eligible for LTD insurance coverage?") you can apply. However, if you do not apply within 31 days of becoming eligible, The Standard will require you to furnish evidence of insurability.

Important Notice:

Provisions and rates are current as of January 1, 2013 and are subject to change. Please contact your Human Resources Department for any updates.

Standard Insurance Company

The University of Mississippi has elected to offer coverage through Standard Insurance Company. The Standard has earned a solid reputation for its quality products, superior customer service, expert resources, steady growth, innovation and strong financial performance. Founded in 1906, The Standard has developed a national presence in the employee benefits industry, providing customers with group and individual disability insurance and retirement plans, and group life and dental insurance.

For questions about LTD insurance coverage and assistance call your Human Resources Department.

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