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# Voluntary Long Term Disability Insurance

EMPLOYEES OF CITY OF NORFOLK

Answers to your questions about coverage from Standard Insurance Company



## About This Booklet

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

If coverage becomes effective and you become insured, you will receive a group insurance certificate containing a detailed description of the insurance coverage including the definitions, exclusions, limitations, reductions and terminating events. The controlling provisions will be in the *group policy* issued by Standard Insurance Company. Neither the certificate nor the information presented in this booklet modifies the *group policy* or the insurance coverage in any way. If you have additional questions, please contact your human resources representative.

Please note that defined terms and provisions from the *group policy* are italicized in this booklet. Features of the group Voluntary LTD insurance coverage may vary by state.



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## Voluntary Long Term Disability Insurance Features

Chances are you already purchase home, auto and life insurance to protect yourself against the threat of loss. And you probably have health insurance to guard against costly medical bills.

So, what steps have you taken to help shield yourself, your lifestyle and those who count on you from an unexpected loss of income? Would you be able to meet your financial obligations if you became disabled and unable to work?

LTD insurance is designed to pay a monthly benefit to you in the event you cannot work because of a covered illness or injury. This benefit replaces a portion of your income, thus helping you to meet your financial commitments in a time of need.

By sponsoring group Voluntary LTD insurance from Standard Insurance Company, your employer offers you an excellent opportunity to help protect yourself and your lifestyle. The advantages to you include:

- **Convenience.** With premiums deducted directly from your paycheck, you don't have to worry about mailing monthly payments.
- **Savings.** Typically, group insurance rates are lower than the rates of individual insurance plans, generally providing you with coverage at a lower cost.
- **Peace of Mind.** You can take comfort and satisfaction in knowing that you have taken a step toward securing your income during a period of disability.

### Commonly Asked Questions

The following information provides details to give you a better understanding of group Voluntary LTD insurance available from The Standard. Written in non-technical language, this is not intended as a complete description of the coverage.

#### Do I need LTD insurance?

If you are not certain that you need LTD coverage, consider if you will be able to meet your financial obligations if you become disabled and unable to work for an extended period of time. The risk of disability may be greater than you think. Recent statistics have shown:

- A disabling injury occurs every 1.3 seconds - on and off the job. That's over 63,000 every day, more than 23 million every year. (Source: National Safety Council, *2005-2006 Injury Facts*)
- Three in 10 workers entering the workforce today will become disabled before retiring. (Source: Social Security Administration, *Fact Sheet 2007*)
- Over 6.8 million workers are receiving Social Security disability benefits; almost half are under age 50. (Source: Social Security Administration, *Fact Sheet 2007*)

To help determine your need for disability income protection, complete the worksheet below. Fill in amounts for your monthly expenses and income and compare the two. If you depend on your regular paycheck to pay your bills, what will happen if you become sick and unable to work? Are you prepared for the unexpected? Voluntary LTD insurance from The Standard may be part of the solution.

<b>Monthly Expenses</b>	
Food .....	\$ _____
Mortgage/rent .....	_____
Childcare/education .....	_____
Utilities .....	_____
(electricity, gas, cable, phone, etc.)	
Clothing .....	_____
Debts .....	_____
(credit cards, student & auto loans, etc.)	
Insurance .....	_____
(health, life, auto, home, etc.)	
Taxes .....	_____
Other .....	_____
<b>Total Monthly Expenses</b> .....	<b>\$</b> _____
 <b>Monthly Income</b>	
Take home pay .....	\$ _____
Spouse income .....	_____
Other income .....	_____
<b>Total Monthly Income</b> .....	<b>\$</b> _____

**Am I eligible for this coverage?**

To be a *member* and eligible for Voluntary LTD insurance coverage, you must be:

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

**When is the City of Norfolk Voluntary LTD plan effective?**

The effective date of the Voluntary LTD coverage is dependent upon a minimum number of eligible employees in your company applying and qualifying for it. Your *employer* and The Standard have agreed upon this required level of participation. If it is not met, the Voluntary LTD coverage will not become effective. We encourage you to consider this opportunity to apply for the Voluntary LTD coverage.

**When does my insurance go into effect?**

If the minimum participation requirement is met and the Voluntary LTD coverage goes into effect, then the effective date of your coverage depends on when you become an eligible *member*, when you apply and whether you are required to provide *evidence of insurability*.

If you are **not** required to provide *evidence of insurability*, if you apply and agree to pay premiums, your Voluntary LTD coverage becomes effective on:

- The date you become eligible if you apply on or before that date or
- The date you apply if you apply within 31 days after you become eligible

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

### What is the active work requirement?

*Active work* means performing with reasonable continuity, the *material duties* of your *own occupation* at your *employer's* usual place of business. You must be capable of *active work* on the day before the scheduled effective date of your insurance or your insurance will not become effective as scheduled. If you are not *actively at work* on the day before the scheduled effective date of insurance, your insurance will not become effective until the day after you complete one full day of *active work* as an eligible employee.

### Will I have to provide information regarding my medical history?

If you apply for Voluntary LTD insurance within 31 days of becoming eligible to apply and meet the *active work* requirement, you will automatically qualify to insure *predisability earnings* of \$14,925. This means that you will not have to submit satisfactory *evidence of insurability* to purchase coverage up to this amount.

If you apply more than 31 days after becoming eligible to apply, satisfactory *evidence of insurability* is required. You will need to complete and submit a Medical History Statement. In some cases, we may request additional medical information or a physical exam.

*Evidence of insurability* is also required for reinstatement of terminated coverage and for *members* eligible but not insured under your company's prior LTD insurance plan, if any.

### When do LTD benefits become payable?

If you become *disabled* and your claim for *LTD benefits* is approved by The Standard, *LTD benefits* become payable after you have been continuously *disabled* for the later of 90 days or benefits under a short term disability insurance plan sponsored by your Employer or a salary continuation, if you are eligible and remain continuously *disabled*. *LTD benefits* are not payable during this *benefit waiting period*.

### When am I considered disabled?

During the *benefit waiting period* and the *own occupation period*, you are considered *disabled* if, as a result of *physical disease, injury, pregnancy or mental disorder*:

- You are unable to perform with reasonable continuity the *material duties* of your *own occupation*, and
- You suffer a loss of at least 20 percent of your *indexed predisability earnings* when working in your *own occupation*.

The *own occupation period* for the Voluntary LTD coverage is the first 24 months for which *LTD benefits* are paid. You are not *disabled* merely because your right to perform your *own occupation* is restricted, including a restriction or loss of license. You may work in another occupation while you are *disabled* from your *own occupation*, however, you will not be considered *disabled* when your *work earnings* from another occupation exceed 80 percent of your *indexed predisability earnings*.

After the *own occupation period*, you are considered *disabled* if, as a result of *physical disease, injury, pregnancy or mental disorder*, you are unable to perform with reasonable continuity the *material duties* of any occupation that you are able to perform, whether due to education, training or experience:

- Which is available at one or more locations in the national economy, and
- In which you can be expected to earn at least 60 percent of your *indexed predisability earnings* within 12 months following your return to work, regardless of whether you are working in that or any other occupation.

**How much is the LTD benefit amount?**

Your monthly *LTD benefit* is 67 percent of your insured *predisability earnings* reduced by *deductible income*. The plan minimum and maximum *LTD benefit* amounts are indicated below.

Plan maximum monthly <i>LTD benefit</i>	Plan minimum monthly <i>LTD benefit</i>
\$10,000	\$100

**How is the LTD benefit amount calculated?**

The *LTD benefit* amount is determined by multiplying your insured *predisability earnings* by the specified benefit percentage. This amount is then reduced by other income you receive or are eligible to receive while *LTD benefits* are payable. This other income is referred to as *deductible income*.

In the example below, the *LTD benefit* amount is 67 percent of insured *predisability earnings*. If your monthly earnings (or *predisability earnings*) before becoming *disabled* were \$2,000 and you now receive a monthly Social Security disability benefit of \$600 and a monthly state disability benefit of \$200, your monthly *LTD benefit* would be calculated as follows:

Insured <i>predisability earnings</i> . . . . .	\$2,000
<i>LTD benefit</i> percentage . . . . .	x 67%
	\$1,340
Less Social Security disability benefit . . . . .	- 600
Less state disability income benefit . . . . .	- 200
<b>Amount of <i>LTD benefit</i></b> . . . . .	<b>\$ 540</b>

## What are predisability earnings?

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

- Salary
- Shift differential pay
- Contributions you make through a salary reduction agreement with your *employer* to an IRC Section 401(k), 403(b), 408(k), 408(p) or 457 deferred compensation arrangement, or an executive nonqualified deferred compensation arrangement
- Amounts contributed to fringe benefits according to salary reduction agreements under an IRC Section 125 plan

*Predisability earnings* generally exclude commissions, bonuses, overtime pay, your *employer's* contribution to a deferred compensation arrangement or pension plan or any other extra compensation. They are based on your earnings in effect on the last full day of *active work*. Please contact your human resources representative for additional information regarding what is included in *predisability earnings*.

## What is deductible income?

*Deductible income* is income you receive or are eligible to receive while *LTD benefits* are payable. It is used to reduce the amount of your *LTD benefit* and includes, but is not limited to, the following:

- Sick pay, annual or personal leave pay, severance pay or other forms of salary continuation (including donated amounts) paid by your *employer*
- Benefits under any workers' compensation law, state disability income benefit law or similar law
- Amounts under unemployment compensation law or similar law
- Social Security disability or retirement benefits, including benefits for your spouse and children
- Disability benefits from any other insurance, including individual insurance for professionals
- Disability or retirement benefits under your *employer's* retirement plan
- Earnings from work activity while you are *disabled*, plus the earnings you could receive if you worked as much as you are able to considering your *disability*
- Earnings or compensation included in your *predisability earnings* and which you receive or are eligible to receive while *LTD benefits* are payable
- Amounts due from or on behalf of a third party because of your *disability*
- Any amount you receive by compromise, settlement or other method as a result of a claim for any of the above

## What is the maximum benefit period?

If you become *disabled* before age 62, *LTD benefits* may continue during *disability* until you reach age 65. If you become *disabled* at age 62 or older, the benefit duration is determined by your age when *disability* begins as indicated in the table below.

Age when <i>disability</i> begins	Maximum benefit period
62 .....	3 years 6 months
63 .....	3 years
64 .....	2 years 6 months
65 .....	2 years
66 .....	1 year 9 months
67 .....	1 year 6 months
68 .....	1 year 3 months
69 and above.....	1 year

## When do LTD benefits end?

*LTD benefits* end automatically on the earliest of:

- The date you are no longer *disabled*
- The date your *maximum benefit period* ends
- The date you die
- The date benefits become payable under any other LTD plan under which you become insured through employment during a period of *temporary recovery*
- The date you fail to provide proof of continued *disability* and entitlement to benefits

## What are some of the other features of this coverage?

This LTD coverage has the following features:

- It covers *disabilities* that occur 24 hours a day, both on and off the job.
- If premium payments are made with “after-tax” dollars, *LTD benefits* are federally tax-free under current federal tax law.
- If your employer makes an approved work-site modification that enables you to return to work while *disabled*, The Standard will reimburse your employer up to a pre-approved amount for some or all of the cost of the modification.
- While *LTD benefits* are payable, you may qualify to participate in a *rehabilitation plan* that prepares you to return to work. If you qualify, The Standard may pay for return to work expenses you incur, such as job search, training and education and family care expenses.
- If you die while *LTD benefits* are payable, and on the date you die you have been continuously *disabled* for at least 180 days, a *survivors benefit* equal to three times your unreduced *LTD benefit* may be payable. Any *survivors benefit* payable will first be applied to any overpayment of your claim due to The Standard.
- If the *group policy* terminates, *LTD benefits* will continue as long as you are eligible to receive them.

## What exclusions apply to this coverage?

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

- Your committing or attempting to commit an assault or felony, or your active participation in a violent disorder or riot
- *War* or any act of *war* (declared or undeclared, and any substantial armed conflict between organized forces of a military nature)
- The loss of your professional or occupational license or certification
- A *preexisting condition* or the medical or surgical treatment of a *preexisting condition* unless on the date you become *disabled*, you have been continuously insured under the *group policy* for the 12-month *exclusion period* and *actively at work* for at least one full day after the end of the *exclusion period*

## What is a preexisting condition?

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

- Which was discovered or suspected as a result of any routine or other medical examination at any time during the *preexisting condition period* or
- For which you have (or a reasonably prudent person would have) consulted a physician or other licensed medical professional, received medical treatment, services or advice, undergone diagnostic procedures, including self administered procedures, or taken prescribed drugs or medications at any time during the *preexisting condition period*.

The *preexisting condition period* is the 90-day period just before your Voluntary LTD insurance becomes effective.

## What limitations apply to this coverage?

*LTD benefits* are not payable for any period when you are:

- Not under the ongoing care of a *physician* in the appropriate specialty as determined by The Standard
- Not participating in good faith in a plan, program or course of medical treatment or vocational training or education approved by The Standard, unless your *disability* prevents you from participating
- Confined for any reason in a penal or correctional institution
- Able to work and earn at least 20 percent of your *indexed predisability earnings*, but you elect not to work; during the *own occupation period*, the responsibility to work is limited to work in your *own occupation*; thereafter, the responsibility to work includes work in *any occupation*

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

- To 12 months if you reside outside the United States or Canada
- To 24 months in your lifetime if your disability is caused or contributed to by *mental disorders, substance abuse* or *other limited conditions*, including but not limited to chronic fatigue conditions, allergy or sensitivity to chemicals or the environment, chronic pain conditions, carpal tunnel or repetitive motion syndrome, temporomandibular joint disorder or craniomandibular joint disorder

### When does my Voluntary LTD insurance coverage end?

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

- The date the last period ends for which you make a premium contribution (except if premiums are waived while *disabled*)
- The date your employment terminates
- The date the *group policy* terminates
- The date you cease to be a *member*, however, insurance may continue for limited periods under certain circumstances as described in the *group policy*
- If applicable, the date your *employer* ceases to participate under the *group policy*

### How much will the Voluntary LTD coverage cost?

The monthly premium rates for the group Voluntary LTD coverage are indicated in the table below.

Premium rate per \$100 of <i>predisability earnings</i>	
Class 1 . . . . .	\$0.235
Class 2 . . . . .	\$0.700

To calculate the monthly payroll deduction for your Voluntary LTD coverage, use the following formula:

1. Enter your monthly <i>predisability earnings</i> , not to exceed \$14,925 . .	Line 1: _____
2. Select your rate from the rate table and divide this by 100 . . . . .	Line 2: _____
3. Multiple Line 1 by the amount shown on Line 2 . . . . .	Line 3: _____

The amount shown on Line 3 is your estimated monthly payroll deduction. If you have questions regarding your *predisability earnings*, please contact your human resources representative.

### How do I apply for Voluntary LTD insurance coverage?

To apply for Voluntary LTD insurance, complete the Enrollment Form in your enrollment packet, place it in a confidential envelope and submit it to your human resources department. You can apply at any time, but remember if you apply more than 31 days after becoming eligible, satisfactory *evidence of insurability* is required. Coverage subject to *evidence of insurability* is not effective until approved by The Standard.

### What if I have additional questions?

If you have any additional questions, please contact your human resources representative.

## About Standard Insurance Company

Your *employer* has chosen Standard Insurance Company to provide group Voluntary LTD coverage to eligible employees. 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.

Just as others count on you, you can count on The Standard for Voluntary LTD insurance in a time of need. Talk with your *employer's* human resources representative for more information about group Voluntary LTD insurance from The Standard.



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