

Long Term Disability Insurance

For Employees Participating In OEGB Plans



Standard Insurance Company
Long Term Disability Insurance





About This Brochure

This brochure and the accompanying Oregon Educators Benefit Board (OEBB) Coverage Highlights are designed to answer some common questions about the group Long Term Disability (LTD) insurance coverage being offered by your *employer* to eligible employees through the Oregon Educators Benefit Board Group Policy. These materials are not intended to provide a detailed description of the coverage.

If you become insured, a group insurance certificate will be made available to you 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 to OEBB. Neither the certificate nor the information presented in this brochure or the accompanying Coverage Highlights 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 brochure.

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 electing to participate in the OEGB group LTD insurance plan, your *employer* offers an excellent opportunity to help protect yourself and your lifestyle. The advantages to you include:

Convenience – If you pay for your LTD coverage, premiums are deducted directly from your paycheck, so 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 coverage at a lower cost.

Peace of Mind – You can take comfort and satisfaction in knowing that a step has been taken 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 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:

- Every 90 seconds someone files for bankruptcy in the wake of a serious illness (*The American Journal of Medicine*, Vol. 122, No. 8, August 2009)
- Almost three in ten of today's 20-year-olds will become disabled before reaching age 67 (Social Security Administration, Fact Sheet 2009)
- One in four Americans say they would have difficulty supporting themselves financially immediately following a disability; three out of four say they would face financial trouble within six months (Disability survey conducted by Kelton Research on behalf of the LIFE Foundation, April 2009)

Am I eligible for this coverage?

To be eligible for LTD insurance coverage:

- You must be an active employee of an *employer* participating in the OEGB Long Term Disability insurance *group policy*
- You must meet other eligibility requirements included in the *member* definition of the *group policy* and as required and determined by OEGB
- Your *employer* must have elected to make Long Term Disability coverage available to employees in your classification
- You must not be a full-time member of the armed forces of any country

Please see your human resources representative for additional information on the definition of *member* and becoming eligible for OEGB LTD coverage.

When does my insurance go into effect?

The effective date of your coverage depends on when you become an eligible employee, when you complete your *eligibility waiting period*, if any, when you apply if you are required to apply, and whether you are required to provide *evidence of insurability*.

Please see the Oregon Educators Benefit Board Coverage Highlights applicable for your *employer's* plan for additional information about when your insurance goes into effect. Contact your human resources representative to determine the length of your *eligibility waiting period*, if any. (The *eligibility waiting period* is the period of time you must meet the definition of a *member* under the *group policy* before you become eligible for insurance.)

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 your LTD coverage is *voluntary*, you apply prior to or within 31 days of becoming eligible to apply and you meet the *active work* requirement, you will automatically qualify for coverage. This means that you will not have to answer medical questions to purchase LTD coverage.

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.

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 entire *benefit waiting period* and remain continuously *disabled*. *LTD benefits* are not payable during this *benefit waiting period*. The *benefit waiting period* is elected by your *employer*. Please see the Oregon Educators Benefit Board Coverage Highlights for specific information on your *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 15 percent of your *indexed predisability earnings* when working in your *own occupation*.

The *own occupation period* for the 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 85 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 80 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 a percentage of your insured *predisability earnings* reduced by *deductible income*. The percentage is elected by your *employer*. Please review the Oregon Educators Benefit Board Coverage Highlights for specific information about your benefit percentage. The plan minimum and maximum *LTD benefit* amounts are indicated below.

Plan maximum monthly LTD benefit	Plan minimum monthly LTD benefit
\$8,000	\$100 or 10% of your gross <i>LTD benefit</i> , whichever is greater





How is the LTD benefit amount calculated?

The *LTD benefit* amount is determined by multiplying your insured *predisability earnings* by the benefit percentage elected by your *employer*. 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 66 2/3 percent of insured *predisability earnings*. If your monthly earnings (or *predisability earnings*) before becoming *disabled* were \$3,250 and you now receive a monthly Social Security disability benefit of \$900, your monthly *LTD benefit* would be calculated as follows:

Insured <i>predisability earnings</i>	\$3,250
<i>LTD benefit percentage</i>	x 66 2/3%
	\$2,167
Less Social Security disability benefit	- \$900
Amount of <i>LTD benefit</i>	\$1,267

What are predisability earnings?

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

- Salary
- Shift differential pay
- Pay for coaching, mentoring and other extra duties you perform on an ongoing basis and included by the *employer* in your salary
- 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 exclude bonuses, commissions, 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* which, when added to your *LTD benefit*, exceed 100% of your *predisability earnings*
- Benefits under any workers' compensation law, state disability income benefit law or similar law
- Amounts under unemployment compensation law or similar laws

- Social Security disability or retirement benefits, including benefits for your spouse and children
- Disability benefits from any other group insurance
- Disability or retirement benefits under your *employer's* retirement plan, including PERS, STRS or a plan maintained by a union or employee association
- Earnings from work activity while you are *disabled*
- 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?

The *maximum benefit period* is the longest period for which benefits are payable, and is determined by your age when *disability* begins as indicated in the table below.

Age when disability begins	Maximum benefit period
Under 62	To SSNRA*, or to age 65, or 3 years 6 months, whichever is longest
62	To SSNRA*, or 3 years 6 months, whichever is longer
63	To SSNRA*, or 3 years, whichever is longer
64	To SSNRA*, or 2 years 6 months, whichever is longer
65	2 years
66	1 year 9 months
67	1 year 6 months
68	1 year 3 months
69 and above	1 year

* SSNRA (Social Security Normal Retirement Age) is your normal retirement age under the Federal Social Security Act, as amended.

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 by the employee 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.
- The *group policy* includes a conversion option so that in certain circumstances if your LTD coverage ends you may convert your LTD coverage to another group LTD plan.

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
- An intentionally self-inflicted *injury*, while sane or insane
- *War* or any act of *war* (declared or undeclared, and any substantial armed conflict between organized forces of a military nature)
- 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 12 months and *actively at work* for at least one full day after the end of the those 12 months (Note that this 12-month period may be reduced by a period during which you were continuously insured under another group LTD plan through your *employer* immediately prior to the effective date of your LTD coverage under the OEGB plan.)



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 90-day period immediately preceding the effective date of your coverage; or
- For which you 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 90-day period immediately preceding the effective date of your coverage.

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

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 for each period of continuous disability caused or contributed to by *mental disorders or substance abuse* (drugs and alcohol)

When does my LTD insurance coverage end?

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

- The date the last period ends for which the required premium contribution is made
- The date your employment terminates
- The date the *group policy* terminates
- The date you cease to be an eligible employee; however, insurance may continue for limited periods under certain circumstances as described in the *group policy*
- The date your *employer* ceases to participate under the *group policy*
- The date your *employer* terminates LTD coverage for employees in your classification

How do I apply for LTD insurance coverage?

If your coverage is *mandatory*, you are not required to apply for the insurance to become insured.

If your coverage is *voluntary* and you wish to become insured, you may apply at **myoebb.org**. If you do not apply within 31 days after becoming eligible to enroll, you may only apply during an OEBB *annual enrollment period* or with a Qualified Status Change as provided under OAR 111-040-0400. Satisfactory *evidence of insurability* will be required. Coverage subject to *evidence of insurability* will not become effective prior to the date your *evidence of insurability* is approved by The Standard.

What if I have additional questions?

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



OEGB has chosen Standard Insurance Company to provide group LTD coverage to eligible employees of participating *employers*. Located in Portland, Oregon, 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 LTD insurance in a time of need. Talk with your human resources representative for more information about group LTD insurance from The Standard.

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