



**Voluntary Long Term Disability (LTD) Insurance**

Long Term Disability 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. Buy-up LTD insurance offers you the opportunity to choose one of two levels of LTD coverage.

The base LTD plan is fully paid by City of Chesapeake and provides a basic level of LTD coverage. The buy-up option is paid for by you and provides a higher level of LTD coverage. If you do not elect the buy-up option, you will automatically be enrolled in the base LTD plan. Standard Insurance Company (The Standard) has developed this document to provide you with information about the optional coverage you may select through City of Chesapeake.

**Eligibility Requirements**

- Effective Dated**
  - July 1, 2016
- Employee**
  - A regular employee of City of Chesapeake
  - Actively working at least 40 hours each week
  - A citizen or resident of the United States or Canada
  - Temporary and seasonal employees, full-time members of the armed forces, leased employees and independent contractors are not eligible
- Premium**
  - You pay 100 percent of the premium for the buy-up portion of this coverage through easy payroll deduction

**Benefit Amount**

Your monthly LTD benefit is a percentage of your insured monthly predisability earnings reduced by deductible income.

	<u>Base LTD Plan</u>	<u>Buy-up LTD Plan</u>
<b>Percentage of monthly predisability earnings</b>	40%	60%
<b>Plan Maximum Monthly Benefit</b>	\$10,000	\$10,000
<b>Plan Minimum Monthly Benefit</b>	\$100	\$100

Note:

- All late applications (applying 31 days after becoming eligible) are subject to medical underwriting approval. Employees eligible but not insured under the prior LTD insurance plan are also subject to medical underwriting approval. To submit a medical history statement online, visit: [http://www.standard.com/mybenefits/mhs\\_ho.html](http://www.standard.com/mybenefits/mhs_ho.html).

To compare the amount of your LTD benefit under both plans, fill in the blanks below:

	<u>Base LTD Plan</u>	<u>Buy-up LTD Plan</u>
1. Enter your monthly predisability earnings	\$ _____	\$ _____
2. Percentage of predisability earnings	40%	60%
3. Multiply amount on line 1 by percentage on line 2 and enter total here, but not more than \$10,000. This is your monthly LTD benefit amount before reduction for deductible income.	\$ _____	\$ _____

**Disability Needs Calculator**

Your family has a unique set of circumstances and financial demands. To help you figure out the amount of Disability insurance you may need if you become unable to work, The Standard has created a Disability Needs Calculator found at: <http://www.standard.com/calculators/dineeds.html>

**Employee Coverage Effective Date**

To become insured, you must satisfy the eligibility requirements listed above, serve an eligibility waiting period, receive medical underwriting approval (if applicable), and be actively at work (able to perform all normal duties of your job) on the day before the scheduled effective date of insurance. 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.

Please contact your human resources representative for more information regarding the requirements that must be satisfied for your insurance to become effective.

**Understanding Your Plan Design**

**Benefit Waiting Period** If your claim for LTD benefits is approved by The Standard, benefits become payable after the benefit waiting period. This is a specified number of days during which you must remain continuously disabled. Benefits are not payable during the benefit waiting period. The benefit waiting period for each plan is indicated below.

	<b><u>Base LTD Plan</u></b>	<b><u>Buy-up LTD Plan</u></b>
Benefit Waiting Period	180 days	90 days

**Own Occupation Definition of Disability** For the benefit waiting period and the first 24 months for which LTD benefits are paid, you are considered disabled when you are unable as a result of physical disease, injury, pregnancy or mental disorder to perform with reasonable continuity the material duties of your own occupation **AND** are suffering a loss of at least 20 percent of your indexed predisability earnings when working in your own occupation. You are not disabled merely because your right to perform your own occupation is restricted, including a restriction or loss of license.

**Any Occupation Definition of Disability** After the own occupation period of disability, you will be considered disabled if you are unable as a result of physical disease, injury, pregnancy or mental disorder to perform with reasonable continuity the material duties of any occupation.

**Maximum Benefit Period** The maximum benefit period for each plan is indicated below:

<b><u>Base LTD Plan</u></b>		<b><u>Buy-up LTD Plan</u></b>	
The benefit duration is determined by your age when disability begins:		If you become disabled before age 62, LTD benefits may continue during disability until age 65 or to the Social Security Normal Retirement Age (SSNRA) or 3 years 6 months, whichever is longer. If you become disabled at age 62 or older, the benefit duration is determined by the age when disability begins:	
<u>Age</u>	<u>Maximum Benefit Period</u>	<u>Age</u>	<u>Maximum Benefit Period</u>
65 or younger	2 years	62	To SSNRA, or 3 years 6 months, whichever is longer
66	1 year 9 months	63	To SSNRA, or 3 years, whichever is longer
67	1 year 6 months	64	To SSRNA, or 2 years 6 months, whichever is longer
68	1 year 3 months	65	2 years
69 +	1 year	66	1 year 9 months
		67	1 year 6 months
		68	1 year 3 months
		69+	1 year

**Understanding Your Plan Design - Continued**

**Deductible Income** Deductible income is income you receive or are eligible to receive while LTD benefits are payable. Deductible income includes, but is not limited to:

- Sick pay, annual or personal leave pay, severance pay, or other salary continuation, including donated amounts, (but not vacation pay) paid to you by your Employer, if it exceeds the amount found in a., b., and c.
  - a. Determine the amount of your LTD benefit as if there were no Deductible income, and add your sick pay or other salary continuation to that amount.
  - b. Determine 100% of your indexed predisability earnings.
  - c. If a. is greater than b., the difference will be Deductible income.
- Benefits under any workers' compensation law or similar law
- Amounts under unemployment compensation law
- 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
- Benefits under any state disability income benefit law or similar law
- Earnings or compensation included in predisability earnings which you receive or are eligible to receive while LTD benefits are payable
- Earnings from work activity while you are disabled, plus the earnings you could receive if you worked as much as your disability allows
- Amounts due from or on behalf of a third party because of your disability, whether by judgment, settlement or other method
- Any amount you receive by compromise, settlement or other method as a result of a claim for any of the above

**Benefit Calculation**

**Example** The LTD benefit amount is determined by multiplying your insured predisability earnings by the specified benefit percentage. This amount is then reduced by deductible income. In the example below, the LTD benefit amount is 60 percent of insured predisability earnings. If your monthly earnings before becoming disabled were \$4,500, and you now receive a monthly Social Security disability benefit of \$1,200 and a monthly retirement benefit of \$900, your monthly LTD benefit would be calculated as follows:

Insured predisability earnings	\$4,500
LTD benefit percentage	X 60%
	\$2,700
Less Social Security disability benefit	-\$1,200
Less retirement benefit	-\$900
<b>Amount of LTD benefit</b>	<b>\$600</b>

**Additional Features**

Please see your human resources representative for additional information about the features and benefits below.

- 24 Hour Coverage**            24-hour LTD plans provide coverage for disabilities occurring on or off the job.
- Rehabilitation Plan**        If you are participating in an approved Rehabilitation Plan, The Standard may include payment of some of the expenses you incur in connection with the plan including but not limited to: training and education expenses, family (child and elder) care expenses, job related expenses and job search expenses.
- Reasonable Accommodation Expense Benefit**            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.
- Rehabilitation Incentive Benefit**            If you agree to participate in a rehabilitation plan that prepares you to return to work (plan must be approved by The Standard), you may be eligible to receive an additional benefit equal to 10 percent of your predisability earnings. When added to any other amount you receive from The Standard, your total benefit cannot exceed the maximum benefit allowed by the policy.
- Survivors Benefit**            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 time 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).

**Exclusions**

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)
- 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 a specified period of time, and you have been actively at work for at least one full day after the end of the exclusion period. This periods is the same under both the base LTD plan and buy-up LTD plan, however the periods may not run concurrently, depending upon the effective date of your coverage under the buy-up LTD plan

**Preexisting Condition Provision**

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

- For which you 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
- Which, as a result of any medical examination, including routine examination, was discovered or suspected

- Preexisting Condition Period**            The 90-day period just before your insurance becomes effective
- Exclusion Period**            12 months

**Limitations**

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 first 24 months after the end of the benefit waiting 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:

- If you reside outside the United States or Canada
- If your disability is caused or contributed to by mental disorders, substance abuse or the environment, chronic fatigue conditions, chronic pain conditions, carpal tunnel or repetitive motion syndrome or temporomandibular joint disorder or craniomandibular joint disorder

**When 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 disability insurance 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

**When Insurance Ends**

Insurance ends automatically on the earliest of the following:

- The last day of the last period 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 (insurance may continue for limited periods under certain circumstances)

**Group Insurance Certificate**

If 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. Neither the information presented in this summary nor the certificate modifies the group policy or the insurance coverage in any way.

**Rates**

If you elect the Buy-up LTD plan, your monthly premium rate for this plan is indicated in the table below. Premiums for the Buy-up LTD plan will be deducted directly from your paycheck. If you do not enroll in the Buy-up LTD plan, subject to eligibility requirements, you will automatically be insured under the base LTD plan with no premium cost to you. If you have questions regarding how to determine your earnings, please contact your human resources representative.

Your Age (as of last January 1)	Rate %
<29	0.083
30-39	0.188
40-49	0.435
50-59	0.758
60-69	0.728
70-79	1.520
80-89	2.210

To calculate your monthly payroll deduction, use the formula indicated below:

1. Enter your average monthly earnings on Line 1. Line 1: \_\_\_\_\_
2. Select your rate from the rate table and divide this by 100. Line 2: \_\_\_\_\_
3. Multiply Line 1 by the amount shown on Line 2. Line 3: \_\_\_\_\_

The amount shown on Line 3 is your estimated monthly payroll deduction.



### **Standard Insurance Company**

For more than 100 years we have been dedicated to our core purpose: to help people achieve financial well-being and peace of mind. We have earned a national reputation for quality products and superior service by always striving to do what is right for our customers.

Headquartered in Portland, Oregon, The Standard is a nationally recognized provider of group Disability, Life, Dental and Vision insurance and Individual Disability insurance. We provide insurance to more than 24,800 groups, covering over 8 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.

To learn more about products from The Standard, Contact your human resources department or visit us at [www.standard.com](http://www.standard.com).

\* As of June 30, 2013, based on internal data developed by Standard Insurance Company.

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