



The StandardSM
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Long Term Disability Insurance

Massachusetts Board of
Higher Education



STANDARD INSURANCE COMPANY

Long Term Disability Insurance

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 Long Term Disability (LTD) insurance coverage being provided by your *employer* to eligible *employees*. It is not intended to provide a detailed description of the coverage.

When 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 the Plan Administrator.

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

Long Term Disability Insurance Features

Long Term Disability (LTD) insurance from Standard Insurance Company is designed to pay a monthly benefit to you in the event you cannot work because of a covered sickness or injury. This benefit replaces a portion of your monthly income, helping you meet your financial commitments in a time of need.

Your *employer* provides eligible *employees* with group LTD coverage to help protect a certain level of income in the event *employees* are unable to work due to covered *disabilities*. This LTD coverage is fully paid by your *employer*.

Commonly Asked Questions

The following information provides details to give you a better understanding of the group LTD insurance available from The Standard. Written in non-technical language, this is not intended as a complete description of the coverage. If you have additional questions, please check with the Plan Administrator.

Am I eligible for this coverage?

To be eligible for the group LTD insurance coverage, you must be:

- An active *member* of the Massachusetts Optional Retirement Program working at least 50 percent of full-time equivalency
- A non-faculty *member* of the Optional Retirement Program regularly working at least 17.5 hours each week

When does my insurance go into effect?

Provided you are *actively at work* on the date you become eligible, your insurance will become effective on that date. If you are incapable of *active work* on the date your insurance is to begin, it will not become effective until the day after you have completed one full day of *active work*.

What does it mean to be actively at work?

Active work means performing with reasonable continuity, for wages that are paid regularly by your *employer*, the *material duties* of your *normal occupation* at your usual place of work or at any alternate place of work required by your *employer*. For purposes of becoming eligible for insurance, becoming insured and increasing insurance, *actively at work* will include regularly scheduled days off, holidays or vacation days, so long as you are capable of *active work* on those days and you were *actively at work* on the last day required to be at the workplace.

When do benefits become payable?

If you become *disabled* and your claim for *monthly income benefits* is approved by The Standard, benefits become payable on the first day of the month after the *elimination period*. The *elimination period* is the specified period during which you must remain continuously *disabled*. It equals the longer of six months or any period the you are eligible to receive sick leave or salary continuation. *Monthly income benefits* are not payable during the *elimination period*.

When am I considered disabled?

For the *elimination period* and for the *normal occupation period*, *disabled* or *disability* means being unable due to sickness, bodily injury or pregnancy to perform with reasonable continuity the *material duties* of your *normal occupation*.

For the *any occupation period*, *disabled* or *disability* means being unable due to sickness, bodily injury, or pregnancy to perform with reasonable continuity the *material duties* of any occupation for which you are reasonably qualified by education, training or experience.

After the *elimination period*, you may be *disabled* if due to sickness, bodily injury or pregnancy you are unable to earn 80 percent or more of your *increasing monthly wage base*.

The *normal occupation period* is the first 24 months after the *elimination period*. The *any occupation period* begins at the end of the *normal occupation period* and continues while benefits are payable.

How much is the monthly income benefit amount?

Your *monthly income benefit* is 60 percent of your *monthly wage base*, up to a maximum of \$10,000 a month, reduced by *benefits from other sources*. In no event will the *monthly income benefit* be less than \$100 or, if greater, 10 percent of the *monthly income benefit* before *benefits from other sources* are subtracted.

How is the amount of the monthly income benefit calculated?

The *monthly income benefit* amount is determined by multiplying your insured *monthly wage base* by 60 percent. This amount, up to a maximum of \$10,000 a month, is then reduced by other income, referred to as *benefits from other sources*, which you receive or are eligible to receive while *monthly income benefits* are payable.

In the example below, monthly earnings (or *monthly wage base*) before becoming *disabled* were \$5,000 and the employee now receives a monthly Social Security disability benefit of \$800 and a retirement benefit of \$800. The *monthly income benefit* would be calculated as follows:

Insured <i>monthly wage base</i>	\$5,000
<i>Monthly income benefit</i> percentage	<u>x 60%</u>
	\$3,000
Less Social Security disability benefit. . .	- 800
Less retirement benefit	<u>- 800</u>
Amount of <i>monthly income benefit</i>	\$1,400

What is the monthly wage base?

The *monthly wage base* is 1/12 of your basic annual wage payable by your *employer* at the start of a term of continuous *disability*. Any change in your earnings after your last day of *active work* will not affect your *monthly wage base*. The basic annual wage includes:

- Salary
- Contributions you make through a salary reduction agreement with your *employer* to an Internal Revenue Code (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 your fringe benefits according to a salary reduction agreement under an IRC Section 125 plan
- Commissions payable by your *employer*, but not exceeding 150 percent of your base earnings. Commissions will be averaged over the most recent 12-month period; if commissions have been paid for less than 12 months, they will be averaged for the months you received such commissions

If your basic annual wage consists of other than 12 monthly payments, your *monthly wage base* will be 1/12 of the total annual amount of such payments. If you are paid hourly, your basic annual wage is based on your hourly pay rate multiplied by the number of hours you are regularly scheduled to work per month, but not more than 173 hours, multiplied by 12 months.

Your basic annual wage excludes overtime pay, bonuses, other types of extra compensation and your *employer's* contributions on your behalf to any deferred compensation arrangement or pension plan.

Please contact the Plan Administrator for additional information regarding what is included in your *monthly wage base*.

What are benefits from other sources?

Benefits from other sources are benefit amounts available or provided to you that reduce the amount of your *monthly income benefit*. *Benefits from other sources* include but are not limited to, the following:

- Social Security or similar benefits that are payable to you and to your dependents for disability or retirement on your wage record under the Social Security Act of the United States or any similar United States or foreign government program
- Workers' compensation or similar benefits, including amounts for partial or total disability, whether permanent, temporary or vocational, or whether paid as monthly or one sum amounts, and any form of settlement, that are payable under any workers' compensation law or similar law
- Benefit amounts that are payable for disability under any other group insurance coverage to which an employer or your *employer* contributed or deducted funds from your wages
- Sick pay and other salary continuation that are paid or payable under your *employer's* sick leave, annual or personal leave, severance or other salary continuation program (but not vacation pay) and any wages that are payable by your *employer*, including donated amounts; and any other amounts paid to you by your *employer* to the extent such amounts are more than 80 percent of your *monthly wage base*
- Any amounts paid by compromise, settlement or other method as a result of a claim for any of the above, whether disputed or undisputed

Benefits from other sources will not include amounts paid to you for a continuous disability that starts before a *disability* for which benefits are payable under the *group policy*. In addition, for amounts paid in one sum or by a method other than monthly, The Standard will determine your *monthly income benefit* using a prorated amount and the period of time to which the *benefits from other sources* applies. If no period of time is stated, The Standard will use a reasonable one.

How long may benefits continue?

If you become *disabled* before age 60, *monthly income benefits* may continue during *disability* until you reach age 65. If you become *disabled* at age 60 or older, *monthly income benefits* continue during a term of continuous *disability* until the following age or time limit:

Age when <i>disability</i> begins	Age or time limit
59 or younger	To age 65
60 through 64	5 years
65 through 68	To age 70
69 or older	1 year

When do monthly income benefits end?

After *monthly income benefits* start, they will continue to be payable each month during your term of continuous *disability*. The last benefit payment will be made as of the first day of the month in which the earliest of these events occurs:

- You are no longer *disabled*
- You reach the age or time limit for which benefits are payable
- You die
- You fail to provide proof of continued *disability* and entitlement to benefits under the *group policy*

- Benefits become payable under any other long term disability plan under which you become insured through employment during a period of temporary recovery
- You attain the specified time limit for *disability* caused or contributed to by, or medical or surgical treatment of, *mental illness*, alcoholism or drug abuse, use of alcohol or drugs unless prescribed by and taken in accordance with the instructions of a *physician*

If I become disabled, will contributions to my retirement account continue?

While you are *disabled* and eligible to receive a *monthly income benefit*, a *monthly annuity premium benefit* equal to 10 percent of your *monthly wage base* will be credited to your Optional Retirement Program account.

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 you die while *monthly income benefits* are payable, and on the date you die you have been continuously *disabled* for at least 12 full months, a *survivor income benefit* equal to three times your *monthly income benefit* will be paid in a lump sum to your *surviving dependent(s)*, if any. Any *survivor income benefit* payable will first be applied to any overpayment of your claim due to The Standard.

- You may qualify for *rehabilitation services* that prepare you to work to the fullest extent of your abilities. This may include such services as vocational testing, job preparation, career counseling, retraining or workplace modification.
- If the *group policy* terminates while you are *disabled*, *monthly income 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 or medical or surgical treatment of the following:

- A mental or physical condition that is intentionally self-inflicted, while sane or insane
- A mental or physical condition that results from *war* or any act of *war* (declared or undeclared, whether civil or international, and any substantial armed conflict between organized forces of a military nature)
- A mental or physical condition that results from your committing or attempting to commit an assault or felony, or your actively participating in a violent disorder or riot
- A *preexisting condition* unless you have been continuously insured under the *group policy* and/or the employer's prior long term disability plan for the 12-month period prior to the start of *disability*

What is a preexisting condition?

A *preexisting condition* is a mental or physical condition, except for pregnancy, whether or not diagnosed or misdiagnosed, that within the 6 months prior to your most recent effective date of insurance:

- You incurred expense, received medical treatment, services or advice, underwent diagnostic procedures, took prescribed drugs or medicine, or consulted a physician or other licensed medical professional
- Was discovered or suspected as a result of any medical examination including a routine examination

What limitations apply to this coverage?

Monthly income benefits are not payable for any period when you:

- Are confined in a prison or other correctional facility, or in a treatment facility in lieu of being confined in any correctional facility
- Are outside the following areas: the United States, its territories and possessions or Canada; but this does not apply to a term of *disability* that starts while you are *actively at work* outside those areas; or which starts while you are on vacation outside those areas if you return to those areas as soon as you are physically able to do so
- Are not participating in a program of rehabilitation service that The Standard determines prepares you to work to the fullest extent of your ability
- Are not under the *regular care* of a *physician*
- Fail to provide proof of *disability* and other required proof
- Fail to comply with The Standard's request to have you examined

When does my LTD insurance coverage end?

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

- The date the *group policy* terminates
- The date the last period ends for which you make a premium contribution
- The date you stop *active work* in an *eligible class* (which includes ceasing to meet any required *work test*)
- The date the *group policy* is changed to terminate insurance on the class of *employees* to which you belong

If you are no longer *actively at work* due to a leave of absence or a *disability*, ask your *employer* or the *policyholder* for information about options available under the *group policy* for insurance to continue during your leave of absence.

What if I have additional questions?

If you have any additional questions, please contact the Plan Administrator.

About Standard Insurance Company

Your *employer* has chosen Standard Insurance Company to provide group LTD coverage to eligible *employees*. The Standard has earned a solid reputation for its quality products, superior customer service, expert resources 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. Talk with your *employer's* human resources representative for more information about group LTD insurance from The Standard.



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