

GROUP LONG TERM DISABILITY INSURANCE

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1. GENERAL

- a. In order to protect faculty and staff against severe financial hardship, the University insures employee income against loss through a Long Term Disability (LTD) Plan. The LTD Plan provides eligible faculty and staff with a benefit equivalent to 60% of their pre-disability earnings, not to exceed a benefit of \$10,000 per month, and a retirement contribution benefit.
- b. The benefits described in this policy are intended to convey a summary of the most important coverage provisions. In situations where a question or dispute arises, the plan document will be the official and ruling instrument governing this benefit.

2. ELIGIBILITY

- a. All faculty and staff who are regularly scheduled (budgeted) to work 1400 or more hours per year are eligible for coverage under the LTD Plan.
- b. Employees are eligible on the first day of the month that falls on or next follows hire date or entry into the class.

3. COST

The cost of LTD coverage up to \$200,000 of annual salary is paid by the University with no contribution from the employee.

4. BENEFITS

- a. Benefits start as of the first day of the month following the end of the 6-month elimination period. Benefits continue during a continuous disability until:

<b>Age When Disability Starts</b>	<b>Age or Time Limit</b>
Less than 60	To age 65
60 but less than 65	4 1/2 years
65 but less than 68 1/2	To age 70
68 1/2 or older	1 year

- b. No benefits will be payable for more than 24 months if disability is due to mental illness, alcoholism and/or drug abuse.
- c. The **monthly income benefit** equals 60% of the employee's salary up to a maximum monthly benefit of \$10,000 less the sum of benefits from other sources. In no event will

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the monthly benefit be less than \$100.

- d. The **monthly annuity premium benefit** equals a percentage of the employee's monthly wage base (up to the IRS maximum salary limit) as determined by the employee's years of creditable service:

<b>Years of Service</b>	<b>Monthly Annuity Premium Benefit</b>
2 but less than 5	5% of Monthly Wage Base
5 but less than 10	7 1/2% of Monthly Wage Base
10 and over	10% of Monthly Wage Base

- e. Once a disability has commenced and the elimination period\* has begun, the salary for calculation of benefits will be based on the base salary in effect at the time the faculty/staff member became disabled. During the elimination period, the position occupied by the employee will be held for him/her. Once the employee becomes eligible for benefits paid by the insurance carrier, his/her position will no longer be guaranteed.

If during the elimination period the faculty/staff member attempts to return to employment, on either a full-time or on a part-time basis, the benefit paid by the insurance carrier will be based on the salary in effect at the time the disability began.

\*Elimination period in this context means the 6-month period before the benefits of the insurance company begin.

- f. In order for a faculty or staff member to ensure the timely receipt of benefits from the insurance carrier, documentation should be filed approximately 45 days prior to the scheduled commencement of the insurance benefit. The Human Resources Department (Benefits) will work with the faculty/staff member to ensure all required paperwork is filed on a timely basis.
- (1) Individuals disabled for five months or more are eligible to apply for Social Security disability.
  - (2) Awards from the Social Security Disability Administration are directly offset by insurance disability income. It is the University member's responsibility to inform the Human Resources Department (Benefits) and the insurance carrier of any award/denial by the Social Security Disability Administration.

5. BENEFICIARY

For the purposes of the Long Term Disability Plan, the beneficiary of any LTD proceeds shall be the same as the named individual(s) on the faculty/staff member's Group Term Life Insurance Policy.

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Should the faculty/staff member wish at any time to designate another named beneficiary, it shall be his/her responsibility to provide the Human Resources Department (Benefits) with a signed and dated letter naming the designated beneficiary for the purposes of this LTD policy.

### 6. STATUS OF BENEFITS WHILE ON LONG TERM DISABILITY

#### a. Medical Insurance

- (1) Faculty and staff with less than 10 years of service at the time they become an LTD participant will have their medical insurance continued as if they were active employees for 24 months after which they will be eligible for continuation under the provisions of COBRA.
- (2) Faculty and staff with 10 or more years of service at the time they become an LTD participant will have their medical and dental insurance continued while disabled as if they were active employees until they become eligible for Medicare, at which time they will be eligible for the University's Medicare supplement.
- (3) At the time the faculty/staff member begins collecting his/her disability income from the insurance carrier, it will be necessary to make arrangements with the Human Resources Department (Benefits) to provide for continued payment of the medical premium. Failure to remit the required premium contribution on a timely basis or the cessation of disability payments from the providing company, regardless of the reason, will result in cancellation or loss of eligibility. Individuals eligible for continuation under COBRA will be so notified.

#### b. Dental Insurance

The provisions applicable to medical insurance also apply to dental insurance.

#### c. Group Term Life Insurance

Provided proper documentation has been approved by the insurance carrier, basic life insurance coverage will be continued under the waiver of premium clause by the carrier under which the disability commenced. The amount of basic life insurance benefit will be the same amount that was provided by the University prior to the commencement of the disability. It will be necessary for the employee and the employee's attending physician to provide a certification of Evidence of Disability to the insurance carrier initially to establish the waiver of premium claim and then periodically (normally every year) for continued support of the disability. The Human Resources Department (Benefits) will work with the faculty/staff member in processing the necessary paperwork. However, the responsibility of responding to the insurance carrier's inquiries

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for either the initial claim or its continued follow-up must rest with the individual faculty/staff member.

### d. Flexible Spending Accounts

Should a faculty/staff member be enrolled in either or both of the University's Flexible Spending Account Programs, the following procedures will apply:

- (1) During the 180-day (6-month) elimination period, deductions will continue to be made from the faculty/staff member's paycheck on a pre-tax basis. If the elimination period overlaps into a new calendar year, the faculty/staff member will be given the opportunity to make a new election (or discontinue participation) in the Flexible Spending Accounts.
- (2) At the 181<sup>st</sup> day, upon receipt of disability benefits from the insurance carrier, the faculty/staff member may elect one of the following options:
  - (a) discontinue payments into the Flexible Spending Account. However, claims for services incurred will only be honored up to the date of disability benefit commencement; or,
  - (b) continue to participate in the Flexible Spending Account until the end of the calendar year by making after-tax contributions. If this option is chosen, it will be necessary to make arrangements with the Human Resources Department (Benefits) to continue contributions.

### e. Employee Assistance Program (EAP)

Realizing that faculty and staff (and frequently their immediate families) are often thrust into a stressful situation as a result of a disability, the University will continue to provide EAP counseling opportunities to affected individuals or their immediate families for one year from the date the employee becomes an LTD participant.

### f. Tuition Concession Plan for Dependent Children

The concession is available to the eligible children of eligible employees who become disabled while serving as full-time employees.

### g. Vacation Leave

Once disability benefits commence from the insurance carrier, the University will pay

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staff members for their unused vacation leave.

### 7. STATUS CHANGES

- a. At the time the faculty/staff member discontinues his/her employment with the University due to retirement, voluntary or involuntary termination or lay-off, coverage under the LTD plan will cease that day. The insurance carrier has a conversion provision in the policy. Coverage under the group plan may be continued on an individual basis if the faculty/staff member meets the eligibility requirements.
- b. Reduction in Hours - If a faculty/staff member's regularly scheduled hours change and fail to meet the eligibility plateau established in Paragraph 2 above, coverage under the LTD Plan will cease beginning on the day the new schedule takes effect. The insurance carrier has a conversion provision in the policy. Coverage under the group plan may be continued on an individual basis if the faculty/staff member meets the eligibility requirements.
- c. Increase in Hours - If a faculty/staff member's regularly scheduled hours increase to a level which would make him/her eligible as established in Paragraph 2 above, the effective date of coverage would begin on the first day of the month that falls on or next follows the day the hours increased provided the faculty/staff member had worked a minimum of 30 days for the University.

### 8. FUTURE MODIFICATIONS

While it is the intention of the University to provide Long Term Disability coverage for all eligible individuals, the University reserves the right to make any material modification to the plan that it deems necessary, to change the insurance carrier, or if necessary, to cancel the coverage should it be deemed necessary.

*Drafted by the Director of Human Resources, February 27, 2001*

Approved by the President, March 12, 2001