

## LONG TERM DISABILITY INSURANCE

The long term disability insurance plan (LTD) provides monthly benefits if an employee becomes ill or injured and is unable to work. This income replacement is designed to restore part of the work earnings lost during a period of disability.

### Eligibility

Faculty and staff are eligible for group long term disability insurance coverage if they are employed in a "Regular" position with an FTE of .5 or greater or employed in a "Temporary" position for more than six months with an FTE of .5 or greater.

### Initial Enrollment

Employees must enroll for coverage within 31 days of the date of hire or benefits eligibility date (date the employee satisfies the criteria to be benefits-eligible). The 31-day period is not based on the employee's effective date of coverage.

Enrollment after the initial 31-day period is limited to the annual NUFlex enrollment or when a Permitted Election Change Event occurs.

Employees may elect coverage Options 2-5 without proof of insurability. Long term disability benefits are subject however, to the 3-12 month pre-existing condition exclusion.

### Effective Date of Coverage

Coverage is effective on the first day of the month following the employee's date of hire or eligibility. Coverage for employees hired on the first day of the month will be effective on the first day of the month. Coverage for employees hired on the first working day of the month will be effective on the actual date of hire (if first working day is Jan. 5, coverage will be effective Jan. 5).

Employees must be "active at work" on the effective date of coverage.

### Change in Status Guidelines

Employees may enroll, disenroll or change their long term disability insurance coverage during the calendar year when a Permitted Election Change Event occurs. Although proof of insurability is not required, benefits are subject to the 3-12 month pre-existing condition exclusion when a coverage option is increased due to a Permitted Election Change Event.

Employees must enroll or make changes in coverage within 31 days of the Permitted Election Change Event.

Listed below are several Permitted Election Change Events that may allow an employee to initiate a midyear long term disability insurance coverage change.

- Change in legal marital status
- Change in number of dependent children
- Change in employment status or work schedule that results in a gain or loss of coverage eligibility
- Change in coverage under spouse's employer's benefits plan, if substantial

## Coverage Effective Date as a Result of a Permitted Election Change Event

Coverage changes due to a Permitted Election Change Event are generally effective on the first day of the month following the date of the change. However, changes that occur on the first day of the month will be effective immediately. The employee must provide appropriate documentation to verify the Permitted Election Change Event.

### Birth of a Dependent Child

Coverage changes due to a birth of a child will be effective on the dependent's date of birth. The applicable premium will begin on the first day of the month following the date of birth. The employee must provide appropriate documentation to verify the Permitted Election Change Event.

### Adoption or Legal Guardianship

Coverage changes due to a dependent child who is added as a result of adoption or legal guardianship will coincide with the earlier of: 1) the date of placement for adoption, or 2) the date of entry of an order granting legal guardianship or custody of the child. Placement generally means when the adoptive parents have taken legal responsibility for the child. Premiums will begin on the first day of the month following the event. The employee must provide appropriate documentation to verify the Permitted Election Change Event.

### Marriage

Coverage changes due to marriage will be effective on the first day of the month following the date of marriage. Changes in coverage for a marriage occurring on the first day of the month will be effective immediately. The employee must provide appropriate documentation to verify the Permitted Election Change Event.

### Divorce, Legal Separation or Annulment

Coverage changes due to a divorce, legal separation or annulment will be effective on the first day of the month following issuance of a court decree, the actual date of divorce (six-month period following the court decree), or, in cases of legal separation, date of the court order or separation agreement. There is no waiting period in Iowa so the change in status will be effective on the first day of the month following the date of the final court decree. The employee must provide appropriate documentation to verify the Permitted Election Change Event.

### Termination of Coverage

Coverage terminates on the last day of the month following the date of termination or date the employee is no longer eligible for coverage. If the date of termination or employee's coverage ineligibility is the last day of the month, coverage will terminate immediately.

## Leave of Absence

Employees may continue long term disability insurance coverage while on an approved leave of absence for up to two years. The employee should contact the Campus Benefits Office to establish the direct bill premium payment process.

## Active Military Duty Leave of Absence

An employee who commences a leave of absence for active duty in the military may cancel long term disability insurance coverage during the leave. Upon return from active duty, the employee may re-enroll for long term disability insurance coverage, not to exceed the amount of coverage enrolled for prior to the leave, without proof of insurability. The employee must provide appropriate documentation to support the date military service ended.

## Annual NUFlex Enrollment

Employees may change a long term disability insurance coverage option during the annual NUFlex enrollment.

Although proof of insurability is not required, benefits are subject to the 3-12 month pre-existing condition exclusion when the income replacement benefit percentage is increased and/or the elimination period is reduced from 180 to 90 days during the annual NUFlex enrollment.

An employee must be "active at work" in order for the new or increased long term disability insurance coverage to be effective.

## Unum Overview



Unum is the leader\* in income protection insurance and services. The subsidiaries of Unum, which include Unum Life Insurance Company of America, offer a comprehensive, integrated portfolio of products and services backed by industry-leading return-to-work resources and disability expertise.

The Unum brand represents the disability income protection resources of several insuring companies – many with more than a century of industry experience. These companies offer insurance products that help employees protect their incomes if they become injured or ill and unable to work, and provide extensive resources to help them get back to work. The company's commitment to customers focuses on 1) comprehensive product offerings that meet customer needs, 2) benefits emphasizing return to work, and 3) highly responsive service.

Named one of Fortune's top ten most admired insurance companies\*\*, Unum has operations in the United States, Canada, the U.K., Japan, and elsewhere around the world. For more information, including current financial ratings and reports, visit the Unum home page listed below.

\* Unum represents multiple insuring subsidiaries of Unum Corporation and includes the #1 individual and group insurance carriers in the United States, according to the JHA U.S. 2001 Group and Individual Disability Market Surveys, 2002.

Visit the [Unum](#) Home Page

## Group Identification Number

- 501193-001

## Benefits Summary

An employee's long term disability premium and disability benefit are based on the "Basic Monthly Earnings" which is established on Jan. 1 of each year. "Basic Monthly Earnings" are equal to the **greater of the employee's gross budgeted salary as of the Jan. 1 just prior to the date of disability or the previous calendar year's gross earnings just prior to the date of disability.**

Benefits begin after completion of the elimination (waiting) period and are equal to a percentage of the employee's base annual salary, up to a maximum of \$10,000 per month. Benefit amounts may be reduced by other income benefits, such as, but not limited to, pay for sick leave, workers compensation, university retirement, Social Security disability/retirement payable by the United States Social Security Act, etc.

To qualify for LTD benefits, an employee must be limited from performing the material and substantial duties of his or her regular occupation due to sickness or injury; and have a 20 percent or more loss in their indexed monthly earnings due to the same sickness or injury. After 24 months of disability payments, disability will continue if the employee is unable to perform the duties of any gainful occupation for which they are reasonably fitted by education, training, or experience.

LTD benefits are subject to a 3-12 month pre-existing condition exclusion which precludes income replacement benefits for any disability that is (a) caused by, contributed to by, or results from a preexisting condition, and (b) which begins in the first 12 months after an insured's effective date of coverage.

LTD benefits are offset by pay for sick leave. If the employee has a sick leave balance of 90 days or more, it may be desirable for the employee to enroll for Option 2 or 3 which pay benefits after a 180 day elimination period.

Premiums are withheld on a pre-tax basis; therefore, disability benefit payments will be taxable.

Due to cost-of-living increases (COLA), the disabled employee's net monthly disability benefit may be increased annually by an amount equal to the previous year's CPI, not to exceed 3 percent.

Disabilities, due to sickness or injury, which are primarily based on self-reported symptoms, and disabilities due to mental illness have a limited pay period up to 24 months. A self-reported disability includes, but is not limited to, chronic pain, fibromyalgia, chronic fatigue, back pain, joint pain, headaches, and mental health such as depression and anxiety.

## Coverage Options

Option	Income Replacement	Elimination Period
1	No coverage	
2	50%	180 days
3	66 2/3%	180 days
4	50%	90 days
5	66 2/3%	90 days

## Duration of Benefit Payments

Long term disability benefits will be paid to a disabled employee based on the following payment schedule:

Age at Disability	Maximum Period of Payment
Less than age 62	To age 67
Age 62	60 months
Age 63	48 months
Age 64	42 months
Age 65	36 months
Age 66	30 months
Age 67	24 months
Age 68	18 months
Age 69 and over	12 months

## Retirement Income Protection (RIP)

A disabled employee who has been a participant in the university's Basic Retirement Plan for at least 3 months prior to the disability is eligible to receive the Retirement Income Protection benefit. The Retirement Income Protection benefit is equal to a percentage (not greater than 13.5 percent) of the employee's monthly earnings based on the university's and employee's Basic Retirement Plan contribution in effect just prior to the date of disability.

The Retirement Income Protection benefit may be reduced however, if the employee is disabled and working.

The Retirement Income Protection Benefit will be provided as follows:

- An amount equal to the lesser of (a) the gross annual Retirement Income Protection Benefit as calculated above, or (b) 100 percent of the employee's net disability benefit not to exceed the maximum amount allowable by law, is payable on the employee's behalf for contribution to the Basic Retirement Plan annually in late July of each year.
- The difference, if any, between the amount calculated pursuant to the preceding sentence and the Retirement Income Protection Benefit, less applicable withholding, is payable to the disabled employee as an Extra Contractual Benefit (ECB). Any such additional benefit payment will be made on an annual basis after the calculation of the Retirement Income Protection Benefit.

The Retirement Income Protection benefit (except for the ECB amount) will be forwarded annually to TIAA-CREF in July of each year.

A disabled employee may access Basic Retirement Plan funds without impacting a future Retirement Income Protection benefit. The accessed funds will however, continue to be considered an offset from the monthly income replacement benefit. Amounts rolled over from the Basic Retirement Plan to another investment vehicle will not offset the monthly income replacement benefit.

### **Survivor Benefits upon the Death of a Disabled Employee**

A survivor benefit equal to 66 2/3 percent of the disabled employee's last monthly payment will be paid to an eligible survivor for 24 months upon the disabled employee's death.

The disabled employee must have been disabled for 6 or more consecutive months.

### **Long Term Disability Insurance for a Retired Employee**

Long term disability insurance coverage may not be continued upon an employee's retirement from the university.

### **[Premium/Price Tag Information](#)**

### **[LTD Policy Booklet](#)**