



The Standard<sup>®</sup>  
Positively different.



California Association of  
Professional Scientists

# Expanded Long Term Disability Insurance

California Association of  
Professional Scientists



STANDARD INSURANCE COMPANY

**CAPS is proud to offer our members the opportunity to help protect one of their most valuable assets – the ability to earn a living.**

What would happen if you suddenly became disabled and could no longer work? Would you and your family be able to meet your financial obligations? Would you be able to pay your bills? For many people the answer is “No.” Long term disability (*LTD*) insurance is designed to help protect against a loss of income in the event you become disabled and are unable to work for an extended period of time. LTD insurance coverage helps safeguard your family’s lifestyle and peace of mind.

**Consider these facts:**

- Every 2 seconds someone experiences a disabling injury.<sup>1</sup>
- A disability is 16 times more likely to cause a mortgage foreclosure than death.<sup>2</sup>
- One in 7 workers will become disabled for 5 years or more before age 65.<sup>3</sup>

CAPS has arranged to offer eligible members the opportunity to buy LTD insurance under a group policy issued by Standard Insurance Company (*The Standard*). *We urge you to take advantage of this important benefit.*

**Please contact CAPS at (415) 956-1344 or e-mail [capsinsurance@pacbell.net](mailto:capsinsurance@pacbell.net) for information and an application.**

<sup>1</sup> National Safety Council. (1996). *Accident Facts, 1996 Edition*.

<sup>2</sup> John S. Roberts, “Long Term Disability Smart Employee Benefit Management,” *California Broker*, May 1996, pp. 42-43.

<sup>3</sup> *Ibid.*

## Questions & Answers about Expanded Group LTD Insurance

### When am I considered disabled?

During the benefit waiting period and the next 60 months, 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 an earnings loss of at least 20% if you are working in your own occupation.

Thereafter, you are considered to be 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.

*(Any occupation means any occupation or employment which 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 60% of your predisability earnings within 12 months following your return to work, regardless of whether you are working in that or any other occupation.)*

### When do LTD benefits become payable?

If your LTD claim is approved by The Standard, LTD benefits become payable at the end of the benefit waiting period you have selected. At the time you apply, you select one of the following benefit waiting periods:

- 60 days
- 90 days
- 180 days

No benefits are payable during the benefit waiting period.

### How long can LTD benefits continue?

If you become disabled before age 62, LTD benefits can continue during continuous disability until age 65. If you become disabled at age 62 or older, LTD benefits can continue during continuous disability for a limited time after age 65.

## **What is the LTD benefit?**

The monthly LTD benefit is based on your earnings from the State of California in effect on the day before you became disabled, called predisability earnings.

Your monthly LTD benefit is 60% of the first \$8,333 of your predisability earnings, reduced by deductible income.

Predisability earnings include your base pay plus your contributions to deferred compensation and to your fringe benefits under an IRC Section 125 plan, but do not include bonuses, overtime pay, or any other compensation.

## **What is deductible income?**

Deductible income is income you receive or are eligible to receive while LTD benefits are payable. It includes but is not limited to the following:

- Sick pay, leave pay and other forms of salary continuation
- Benefits under any workers' compensation law or similar law
- Unemployment benefits
- Social Security disability or retirement benefits, including benefits for your spouse or children
- Disability benefits from any other group insurance
- Disability or retirement benefits from your employer's retirement plan
- Benefits under any state disability benefit law or similar law
- Earnings from work activity while you are disabled
- Amounts included in your predisability earnings
- Amounts due from or on behalf of a third party because of your disability
- Amounts received by compromise, settlement or other method as a result of a claim for any of the above

## How are LTD benefits calculated?

LTD benefits are determined by multiplying insured predisability earnings by 60% and then reducing that number by the amount of deductible income. For example, if your monthly earnings before becoming disabled were \$4,000 and you now receive a monthly Social Security disability benefit of \$1,200 and a monthly benefit of \$400 from your state's disability benefit law (*SDI*), your LTD benefit would be calculated as follows.

Predisability earnings . . . . .	\$4,000
Benefit percentage . . . . .	<u>60%</u>
Maximum LTD benefit . . . . .	\$2,400
Social Security benefit . . . . .	-\$1,200
State disability benefit . . . . .	<u>-\$400</u>
<b>LTD benefit . . . . .</b>	<b>\$800</b>

The minimum LTD benefit, regardless of the amount of deductible income, is \$100.

## What will this LTD insurance coverage cost?

Your monthly cost for coverage is based on the length of the benefit waiting period (*BWP*) you have chosen, your age as of October 1 and your gender, and whether or not you are a tobacco user. To determine the cost of coverage, multiply the premium rate percentage applicable to you (*from the table below*) by the first \$8,333 of your current monthly rate of earnings.

If you do not use tobacco, your monthly premium rate is determined from one of the following three tables:

Your Age on July 1	If you select a 60-day Benefit Waiting Period	
	Male	Female
Under 30 . . . . .	0.41% . . . . .	0.69%
30-34 . . . . .	0.43% . . . . .	0.89%
35-39 . . . . .	0.54% . . . . .	1.20%
40-44 . . . . .	0.80% . . . . .	1.64%
45-49 . . . . .	1.20% . . . . .	2.00%
50-54 . . . . .	1.81% . . . . .	2.23%
55-59 . . . . .	2.33% . . . . .	2.48%
60 and up . . . . .	2.72% . . . . .	2.72%

Your Age on July 1	If you select a 90-day Benefit Waiting Period	
	Male	Female
Under 30 . . . . .	0.32% . . . . .	0.58%
30-34 . . . . .	0.32% . . . . .	0.74%
35-39 . . . . .	0.42% . . . . .	1.01%
40-44 . . . . .	0.65% . . . . .	1.45%
45-49 . . . . .	1.05% . . . . .	1.83%
50-54 . . . . .	1.71% . . . . .	2.13%
55-59 . . . . .	2.24% . . . . .	2.38%
60 and up . . . . .	2.61% . . . . .	2.61%

Your Age on July 1	If you select a 180-day Benefit Waiting Period	
	Male	Female
Under 30 . . . . .	0.29% . . . . .	0.51%
30-34 . . . . .	0.29% . . . . .	0.67%
35-39 . . . . .	0.39% . . . . .	0.92%
40-44 . . . . .	0.61% . . . . .	1.34%
45-49 . . . . .	0.98% . . . . .	1.70%
50-54 . . . . .	1.59% . . . . .	1.98%
55-59 . . . . .	2.08% . . . . .	2.21%
60 and up . . . . .	2.39% . . . . .	2.39%

If you do use tobacco, your monthly premium rate is determined from one of the following three tables:

Your Age on July 1	If you select a 60-day Benefit Waiting Period	
	Male	Female
Under 30	0.47%	0.80%
30-34	0.49%	1.04%
35-39	0.63%	1.38%
40-44	0.92%	1.88%
45-49	1.38%	2.30%
50-54	2.08%	2.57%
55-59	2.68%	2.85%
60 and up	3.13%	3.13%

Your Age on July 1	If you select a 90-day Benefit Waiting Period	
	Male	Female
Under 30	0.37%	0.67%
30-34	0.37%	0.85%
35-39	0.48%	1.16%
40-44	0.75%	1.67%
45-49	1.21%	2.11%
50-54	1.97%	2.44%
55-59	2.58%	2.75%
60 and up	3.00%	3.00%

Your Age on July 1	If you select a 180-day Benefit Waiting Period	
	Male	Female
Under 30	0.33%	0.60%
30-34	0.34%	0.76%
35-39	0.45%	1.05%
40-44	0.69%	1.54%
45-49	1.13%	1.96%
50-54	1.82%	2.27%
55-59	2.39%	2.55%
60 and up	2.76%	2.76%

Example: A non-smoking man, age 39, has monthly predisability earnings of \$4,000 and has selected a benefit waiting period of 90 days. Multiply the predisability earnings of \$4,000 by the applicable premium rate (0.42%), which results in a monthly cost of \$16.80.

## What are some of the other features of this coverage?

- Coverage for disabilities occurring 24 hours a day, both on and off the job.
- Premium payments are made through payroll deduction.
- Premiums are waived while you are receiving LTD benefits.
- LTD benefits are received tax-free.
- If you are disabled and return to work because your employer made an approved work-site modification, The Standard will reimburse the employer up to \$25,000 for expenses incurred for the modification.
- While you are disabled, you may qualify to participate in a rehabilitation plan. Under this plan, The Standard would reimburse you for some or all of the expenses you incur in connection with the plan, including training and education expenses, family care expenses, job-related expenses, and job search 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, The Standard will pay a survivor benefit equal to three times your unreduced LTD benefit. This benefit is paid to either your surviving spouse, your surviving unmarried children under the age of 25, or any person providing care and support of any of them.

## How can I become insured?

To become insured:

- You must be a member in good standing of CAPS; a regular employee of the State of California; actively working at least 30 hours each week for the State of California; and a citizen or resident of the United States or Canada.
- You must also apply and agree to pay premiums; submit and have approved evidence of insurability; and meet the active work requirement (*explained below*).

Temporary, seasonal and leased employees, independent contractors, and full-time members of the armed forces of any country are not eligible for LTD insurance.

## **How and when can I apply?**

To apply just complete the application form, including the Medical History Statement, and return it to Standard Insurance Company. You can apply at any time as long as you meet the requirements to become insured (*see above*). However, your insurance will not become effective prior to the date that The Standard has approved your evidence of insurability and you meet the active work requirement.

## **When does my insurance coverage become effective?**

Your coverage will become effective on the date The Standard approves your evidence of insurability, provided you meet the active work requirement on that date.

The Standard also will require evidence of insurability if you later wish to decrease the length of your benefit waiting period.

## **What is the active work requirement?**

You must be capable of “active work” on the day before the scheduled effective date of your coverage or your insurance will not become effective as scheduled. If you are not able to meet this requirement because of physical disease, injury, pregnancy or a mental disorder, your insurance will not become effective until the day after you complete one full day of “active work” as an eligible member. “Active work” means performing with reasonable continuity the material duties of your own occupation at your employer’s usual place of business.

## **If I am disabled and return to work, can I continue to receive LTD benefits?**

Yes! If you work while disabled, you can continue to receive LTD benefits until your work earnings reach 80% or more of you indexed predisability earnings. You can also serve the benefit waiting period while working. In addition, this LTD coverage provides financial incentives if you work while disabled:

- During the 12 months immediately after you first return to work, your LTD benefit will be reduced by only that portion of your work earnings which, when added to your LTD benefit, exceeds 100% of your indexed predisability earnings.
- After that first 12 months, one-half of your work earnings are considered deductible income.

Other deductible income can further reduce the LTD benefit payable. Nevertheless, claimants who return to work usually receive more total income than those who do not.

This return to work incentive applies whether you are working for your employer or any other employer (*including self-employment*). You are eligible for the return to work incentive on the first day after the benefit waiting period, if LTD benefits are payable on that date.

### **What happens if I recover from a disability then have a relapse?**

If your disability ends during the benefit waiting period, and you become disabled again from the same cause, you will not have to serve a new benefit waiting period if the recovery period is no longer than 30 days. However, you will have to serve the remainder of the prior benefit waiting period.

If your disability ends after serving the benefit waiting period, and you become disabled again from the same cause, you will not have to serve a new benefit waiting period if the recovery period is no longer than 180 days.

In either case, no LTD benefits will be payable for the period of temporary recovery and no LTD benefits will be payable after benefits become payable to you under any other group LTD insurance policy which you become insured under during your period of temporary recovery.

## What are the policy's exclusions and limitations?

You are not covered for a disability caused or contributed to by any of the following:

- 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 have been actively at work for one full day after those 12 months. *Preexisting condition* means a mental or physical condition (*whether diagnosed, misdiagnosed or undiagnosed*):
  - a. For which you have done or for which a reasonably prudent person would have done any of the following:
    - i. Consulted a physician or other licensed medical professional;
    - ii. Received medical treatment, services or advice;
    - iii. Undergone diagnostic procedures, including self-administered procedures;
    - iv. Taken prescribed drugs or medications;
  - b. Which, as a result of any medical examination, including routine examination, was discovered or suspected;

at any time during the 90-day period just before your insurance becomes effective.

- Your committing or attempting to commit an assault or felony, or active participation in a riot.
- An intentionally self-inflicted injury, while sane or insane.
- War, or any act of war.
- The loss of your professional or occupational license or certification.

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.
- For any period when you are not participating in good faith in a plan, program, course of medical treatment, vocational training or education

approved by The Standard, unless your disability prevents you from participating.

- For any period when you are confined for any reason in a penal or correctional institution.
- For any period when you are able to work and able to earn at least 20% of your indexed predisability earnings, but you elect not to work. During the first 24 months after 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.
- For more than 12 months for each period of continuous disability while you reside outside of the United States or Canada.
- For more than 24 months during your lifetime for a disability caused or contributed to by one or more of the following:
  - Mental, emotional, stress-related, etc. disorders, regardless of cause or the presence of physical symptoms.
  - Substance abuse, including use of alcohol, alcoholism, use of any drug, including hallucinogens, or drug addiction.

### **When does my insurance coverage end?**

Insurance ends automatically on the earliest of the following:

- The last day of the last period for which you make a premium contribution.
- The date your employment terminates with the State of California.
- The date the group policy terminates.
- The date you cease to be a member in good standing of CAPS.
- The date you are no longer regularly working at least 30 hours each week.
- The date you cease to be a citizen or resident of the United States or Canada.
- The date you become a full-time member of the armed forces of any country.

However, insurance may be continued with premium payment while you are on an FMLA leave or while you are on an approved leave of absence scheduled to last for 30 days or less..

### **Can I convert my coverage to another LTD policy when it ends?**

If your insurance ends for any reason other than the termination or amendment of the Group Policy, your failure to make a required premium contribution, or your retirement, you may buy LTD conversion insurance. However, you must (1) have been insured for LTD coverage for at least one year as of the date your insurance ends, (2) not be disabled on the date your insurance ends, and (3) be a citizen or resident of the United States or Canada. You must apply in writing and pay the first premium for LTD conversion insurance within 31 days after your insurance ends.

**Important:** This brochure is designed to answer some common questions about the LTD insurance coverage being offered. It is not intended to provide a detailed description of the coverage. If you become insured, you will receive a group insurance certificate containing a detailed description of the insurance coverage. The controlling provisions of coverage are in the group insurance policy. This brochure and the group insurance certificate do not modify the group insurance policy or the insurance coverage in any way.

### **Standard Insurance Company**

CAPS is pleased to offer disability insurance coverage for its members through Standard Insurance Company. Founded in 1906 in Portland, Oregon, The Standard is a national leader in group life, disability, and dental insurance. The Standard also offers individual life and disability insurance, and retirement plans for individuals and groups. The Standard serves more than four million people nationwide.

*For questions about LTD insurance coverage and assistance, contact CAPS at: (415) 956-1344*



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