Long Term Disability Insurance
FOR EMPLOYEES OF THE UNIVERSITY OF NEW MEXICO

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 offered by your employer to eligible employees. 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 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 your human resources representative.
Long Term Disability Insurance Features

Chances are you already purchase home, auto and life insurance to protect yourself against the threat of loss. And you probably have health insurance to guard against costly medical bills.

So, what steps have you taken to help shield yourself, your lifestyle and those who count on you from an unexpected loss of income? Would you be able to meet your financial obligations if you became disabled and unable to work?

LTD 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.

By sponsoring group LTD insurance from Standard Insurance Company, your employer offers you an excellent opportunity to help protect yourself and your lifestyle. The advantages to you include:

- **Convenience.** With premiums deducted directly from your paycheck, you don’t have to worry about mailing monthly payments.
- **Savings.** Typically, group insurance rates are lower than the rates of individual insurance plans, generally providing you with coverage at a lower cost.
- **Peace of Mind.** You can take comfort and satisfaction in knowing that you have taken a step toward securing your income during a period of disability.

Commonly Asked Questions

The following information provides details to give you a better understanding of group LTD insurance available from The Standard. Written in non-technical language, this is not intended as a complete description of the coverage.

Do I need LTD insurance?

If you are not certain that you need LTD coverage, consider if you will be able to meet your financial obligations if you become disabled and unable to work for an extended period of time. The risk of disability may be greater than you think. Recent statistics have shown:

- Over 7.6 million workers are receiving Social Security disability benefits; almost half are under age 50 (Source: Social Security Administration, Fact Sheet July 2009)
- Almost 3 in 10 of today’s 20 year olds will become disabled before reaching age 67 (Source: Social Security Administration, Fact Sheet 2009)
- Every 90 seconds someone files for bankruptcy in the wake of a serious illness (Source: The American Journal of Medicine, Vol 122, No. 8 August, 2009)
To help determine your need for disability income protection, complete the worksheet below. Fill in amounts for your monthly expenses and income and compare the two. If you depend on your regular paycheck to pay your bills, what will happen if you become sick and unable to work? Are you prepared for the unexpected? LTD insurance from The Standard may be part of the solution.

**Monthly Expenses**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>$</td>
</tr>
<tr>
<td>Mortgage/rent</td>
<td>$</td>
</tr>
<tr>
<td>Childcare/education</td>
<td>$</td>
</tr>
<tr>
<td>Utilities (electricity, gas, cable, phone, etc.)</td>
<td>$</td>
</tr>
<tr>
<td>Clothing</td>
<td>$</td>
</tr>
<tr>
<td>Debts (credit cards, student &amp; auto loans, etc.)</td>
<td>$</td>
</tr>
<tr>
<td>Insurance (health, life, auto, home, etc.)</td>
<td>$</td>
</tr>
<tr>
<td>Taxes</td>
<td>$</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
</tr>
</tbody>
</table>

**Total Monthly Expenses** $ ______________

**Monthly Income**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Take home pay</td>
<td>$</td>
</tr>
<tr>
<td>Spouse income</td>
<td>$</td>
</tr>
<tr>
<td>Other income</td>
<td>$</td>
</tr>
</tbody>
</table>

**Total Monthly Income** $ ______________

**Am I eligible for this coverage?**

To be a member and eligible for LTD insurance coverage, you must be:

- A regular employee of the University of New Mexico who is a benefits eligible staff or faculty member with annual earnings of at least $10,000, excluding research assistants, graduate assistants, teaching assistants, special assistants, post-doctoral fellows, temporary and seasonal employees, full-time members of the armed forces, leased employees and independent contractors

- Regularly working at least .50 or greater fulltime equivalent each week

- A citizen or resident of the United States or Canada

Classes are defined as follows:

- **Class 1:** University of New Mexico School of Medicine Clinical Faculty
- **Class 2:** President, Executive Vice President, Vice President, Executive Faculty
- **Class 3:** All other eligible employees

**When does my insurance go into effect?**

The effective date of your coverage depends on when you become an eligible member, when you apply and whether you are required to provide evidence of insurability.
If you are not required to provide evidence of insurability, if you apply and agree to pay premiums, your LTD coverage becomes effective on:

- The first day of the Calendar Month following the date you apply, if you apply within 31 days of completing your Eligibility Waiting Period.
- The beginning of the next plan year following the date you apply, if you apply during the Annual Enrollment Period.

If you are required to provide evidence of insurability, if you apply and agree to pay premiums, your LTD coverage becomes effective on the date The Standard approves your evidence of insurability.

However, if you apply within 31 days of completing your Eligibility Waiting Period, or during an annual enrollment period, certain exceptions will apply.

In every case, you must meet the active work requirement before your insurance becomes effective.

**What is the active work requirement?**

Active work means performing with reasonable continuity, the material duties of your own occupation at your employer’s usual place of business. You must be capable of active work on the day before the scheduled effective date of your insurance or your insurance will not become effective as scheduled. 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.

**Will I have to provide information regarding my medical history?**

If you apply for LTD insurance within 31 days of completing your Eligibility Waiting Period, you will not have to submit satisfactory evidence of insurability to become insured.

If you apply more than 31 days after completing your Eligibility Waiting Period, satisfactory evidence of insurability is required. You will need to complete and submit a Medical History Statement. In some cases, we may request additional medical information or a physical exam.

Evidence of insurability is also required for reinstatement of terminated coverage and for members eligible but not insured under your company’s prior LTD insurance plan.

**When do LTD benefits become payable?**

If you become disabled and your claim for LTD benefits is approved by The Standard, LTD benefits become payable after you have been continuously disabled for 180 days and remain continuously disabled. LTD benefits are not payable during this benefit waiting period.

**When am I considered disabled?**

For Class 1:

During the benefit waiting period and the own occupation period, 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, or
- You are working in your own occupation but, you are unable to earn 80% or more of your indexed predisability earnings in that occupation.
If you are a medical doctor during the benefit waiting period and the own occupation period, we will consider your own occupation to be the one medical general or sub-specialty in which you are board certified to practice, for which there is a specialty or sub-specialty recognized by the American Board of Medical Specialties, provided you have earned at least 60% of your gross professional service fee income in your specialty or sub-specialty during the 24 months immediately before you become disabled. If the sub-specialty in which you are practicing is not recognized by the American Board of Medical Specialties, you will be considered practicing in the general specialty category.

The own occupation period for the LTD coverage is the first 60 months for which LTD benefits are paid. You may work in another occupation while you are disabled from your own occupation; however, you will not be considered disabled when your work earnings from another occupation meet or exceed 80 percent of your indexed predisability earnings.

Own occupation means any employment, business, trade, profession, calling or vocation that involves material duties of the same general character as the occupation you are regularly performing for your employer when disability begins. In determining your own occupation, we are not limited to looking at the way you perform your job for your employer, but we may also look at the way the occupation is generally performed in the national economy. If your own occupation involves the rendering of professional services and you are required to have a professional or occupational license in order to work, your own occupation is as broad as the scope of your license.

The any occupation period does not apply to you.

For all other eligible employees:

During the benefit waiting period and the own occupation period, 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, or

• You are working in your own occupation but you are unable to earn 80 percent or more of your indexed predisability earnings in that occupation

The own occupation period for the LTD coverage is the first 60 months for which LTD benefits are paid. You are not disabled merely because your right to perform your own occupation is restricted, including a restriction or loss of license. You may work in another occupation while you are disabled from your own occupation, however, you will not be considered disabled when your work earnings from another occupation meet or exceed 80 percent of your indexed predisability earnings.

After the own occupation period, 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 any occupation that 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 percent of your indexed predisability earnings within 12 months following your return to work, regardless of whether you are working in that or any other occupation.
How much is the LTD benefit amount?
Your monthly LTD benefit is 60 percent of your insured predisability earnings reduced by deductible income. The plan minimum and maximum LTD benefit amounts are indicated below.

<table>
<thead>
<tr>
<th>Plan maximum monthly LTD benefit</th>
<th>Plan minimum monthly LTD benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>$15,000, for Classes 1 and 2</td>
<td>$100, or 10% of your LTD benefit before reduction by deductible income, whichever is greater.</td>
</tr>
<tr>
<td>$5,000 for Class 3</td>
<td></td>
</tr>
</tbody>
</table>

How is the LTD benefit amount calculated?
The LTD benefit amount is determined by multiplying your insured predisability earnings by the specified benefit percentage. This amount is then reduced by other income you receive or are eligible to receive while LTD benefits are payable. This other income is referred to as deductible income.

In the example below, the LTD benefit amount is 60 percent of insured predisability earnings. If your monthly earnings (or predisability earnings) before becoming disabled were $2,000 and you now receive a monthly Social Security disability benefit of $600 and a monthly state disability benefit of $200, your monthly LTD benefit would be calculated as follows:

- Insured predisability earnings: $2,000
- LTD benefit percentage: x 60%
- Less Social Security disability benefit: - 600
- Less state disability income benefit: - 200
- Amount of LTD benefit: $ 400

What are predisability earnings?
Predisability earnings are your monthly rate of earnings from your employer and typically include:

- Salary
- Contributions you make through a salary reduction agreement with your employer to an 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 fringe benefits according to salary reduction agreements under an IRC Section 125 plan
- For Class one: 1/12th (one-twelfth) of your total contract salary as reported, plus incentive compensation paid by the University of New Mexico for the preceding calendar year, averaged over the period of your employment. See the LTD Certificate of Insurance for further details.

Predisability earnings generally exclude commissions, shift differential pay, bonuses, overtime pay, your employer’s contribution to a deferred compensation arrangement or pension plan or any other extra compensation. They are based on your earnings in effect on the last full day of active work. Please contact your human resources representative for additional information regarding what is included in predisability earnings.
What is deductible income?
Deductible income is income you receive or are eligible to receive while LTD benefits are payable. It is used to reduce the amount of your LTD benefit and includes, but is not limited to, the following:

- Sick pay, annual or personal leave pay, severance pay or other forms of salary continuation (including donated amounts) payable to you by your employer
- Benefits under any workers’ compensation law, state disability income benefit law or similar law
- Amounts under unemployment compensation law or similar law
- Social Security disability or retirement benefits, including benefits for your spouse and children
- Disability or retirement benefits under your employer’s retirement plan
- Earnings from work activity while you are disabled, plus the earnings you could receive if you worked as much as you are able to considering your disability
- Earnings or compensation included in your predisability earnings and which you receive while LTD benefits are payable
- Amounts due from or on behalf of a third party because of your disability
- Any amount you receive or are eligible to receive because of your disability under another group insurance coverage (benefits from any individual disability insurance policy is not deductible)
- Any amount you receive by compromise, settlement or other method as a result of a claim for any of the above

What is the maximum benefit period?
If you become disabled before age 60, LTD benefits may continue during disability until you reach age 65. If you become disabled at age 60 or older, the benefit duration is determined by your age when disability begins as indicated in the table below.

<table>
<thead>
<tr>
<th>Age when disability begins</th>
<th>Maximum Benefit Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>60 through 64</td>
<td>5 years</td>
</tr>
<tr>
<td>65 through 68</td>
<td>To age 70</td>
</tr>
<tr>
<td>69 and above</td>
<td>1 year</td>
</tr>
</tbody>
</table>
When do LTD 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 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

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 premium payments are made with “after-tax” dollars, LTD benefits are federally tax-free under current federal tax law.
• 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.
• While LTD benefits are payable, you may qualify to participate in a rehabilitation plan that prepares you to return to work. If you qualify, The Standard may pay for return to work expenses you incur, such as job search, training and education and family care 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, a survivors benefit equal to three times 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.
• If the group policy terminates, LTD 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:

• 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 the 12 month exclusion period and actively at work for at least one full day after the end of the exclusion period
What is a preexisting condition?
A preexisting condition is a mental or physical condition, whether or not diagnosed or misdiagnosed:

- Which was discovered or suspected as a result of any routine or other medical examination at any time during the preexisting condition period; or
- For which you have (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 at any time during the preexisting condition period.

The preexisting condition period is the 90 period just before your LTD insurance becomes effective.

What limitations apply to this coverage?
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 own occupation 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:

- To 12 months if you reside outside the United States or Canada
- To 24 months in your lifetime if your disability is caused or contributed to by mental disorders or substance abuse

When does my LTD insurance coverage end?
The LTD insurance ends automatically on the earliest of the following:

- The date the last period ends 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, however, insurance may continue for limited periods under certain circumstances as described in the group policy
- If applicable, the date your employer ceases to participate under the group policy
**How much will the LTD coverage cost?**

The monthly premium rates for the group LTD coverage are indicated below.

For Classes 1 and 2: $0.245 per $100 of the first $25,000 of your insured predisability earnings.

For Class 3: $0.125 per $100 of the first $8,333 of your insured predisability earnings.

To calculate the monthly payroll deduction for your LTD coverage, use the following formula:

1. Enter your predisability earnings, not to exceed the limits above   Line 1: _____________
2. Select the appropriate rate from above 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. If you have questions regarding your predisability earnings, please contact your human resources representative.

**How do I apply for LTD insurance coverage?**

To apply please complete the enrollment at www.standard.com/enroll. In addition, a dedicated call center is available to assist with your technical questions. You can reach The Standard’s Enrollment Assistance line at 866.623.0622. If you have additional questions or for more information about how to apply for this important coverage, please contact The Standard at 800.759.8702.

**What if I have additional questions?**

If you have any additional questions, please contact your human resources representative or Standard Customer Service 800.759.8702.
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, steady growth, innovation 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 in a time of need. Talk with your employer’s human resources representative for more information about group LTD insurance from The Standard.