Short 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 Short Term Disability (STD) insurance coverage being offered by your employer to eligible employees. It is not intended to provide a detailed description of the coverage.

If 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 your human resources representative.

Please note that defined terms from the group policy are italicized in this booklet. Features of the group STD insurance coverage may vary by state.
Short 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?

STD insurance is designed to pay a weekly 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 STD 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 STD insurance available from The Standard. Written in non-technical language, this is not intended as a complete description of the coverage.

**Do I need STD insurance?**

If you are not certain that you need STD coverage, consider if you would be able to meet your financial obligations if you became 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 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)

If you depend on your regular paycheck to pay your bills, what would happen if you became sick and couldn’t work? STD insurance from The Standard may be part of the solution.
Am I eligible for this coverage?
To be a member and eligible for the STD 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 full-time 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, and when you apply.

If you apply and agree to pay premiums, your STD coverage becomes effective on:

- The first day of the Calendar Month following the date you apply
- You may be subject to a late enrollment penalty if you do not apply within 31 days of completing your Eligibility Waiting Period.

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.

What if I don’t apply for this coverage now?
If you do not apply for coverage within 31 days of completing your Eligibility Waiting Period a late enrollment penalty applies. This means that if you file a claim for anything other than an accidental injury during the first 12 months after your coverage becomes effective, STD benefits will become payable after you have been continuously disabled for 60 days and remain disabled.
When am I considered disabled?
During the benefit waiting period and to the end of the maximum benefit 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 and you are unable to earn 80% of your predisability earnings or more.

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 exceed 80 percent of your predisability earnings.

When do STD benefits become payable?
If you become disabled and your claim for STD benefits is approved by The Standard, STD benefits become payable after the benefit waiting period. This is a specified number of days during which you must remain continuously disabled. STD benefits are not payable during the benefit waiting period. The benefit waiting period is indicated below:

<table>
<thead>
<tr>
<th>Cause of disability</th>
<th>Benefit waiting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accidental injury</td>
<td>30 days</td>
</tr>
<tr>
<td>Physical disease, pregnancy or mental disorder</td>
<td>30 days*</td>
</tr>
</tbody>
</table>

* If the late enrollment penalty applies, the benefit waiting period for disability caused by physical disease, pregnancy or mental disorder is 60 days during the first year you are insured under the STD plan.

How much is the STD benefit amount?
Your weekly STD benefit is 60 percent of your insured predisability earnings reduced by deductible income. The plan minimum and maximum STD benefit amounts are indicated below.

<table>
<thead>
<tr>
<th>Plan maximum weekly STD benefit</th>
<th>Plan minimum weekly STD benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>$850</td>
<td>$15</td>
</tr>
</tbody>
</table>
How is the STD benefit amount calculated?

The STD 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 STD benefits are payable. This other income is referred to as deductible income.

In the example below, the STD benefit amount is 60 percent of insured predisability earnings. If your weekly earnings (or predisability earnings) before becoming disabled were $500 and you now receive a weekly state disability benefit of $50, your weekly STD benefit would be calculated as follows:

<table>
<thead>
<tr>
<th>Insured predisability earnings</th>
<th>$500</th>
</tr>
</thead>
<tbody>
<tr>
<td>STD benefit percentage</td>
<td>x 60%</td>
</tr>
<tr>
<td>Less state disability income benefit</td>
<td>$300</td>
</tr>
<tr>
<td>Amount of STD benefit</td>
<td>$250</td>
</tr>
</tbody>
</table>

What are predisability earnings?

Predisability earnings are your weekly 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

Predisability earnings generally exclude commissions, bonuses, shift differential, 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 STD benefits are payable. It is used to reduce the amount of your STD benefit. It includes, but is not limited to, the following:

- Amounts under any unemployment compensation law, state disability income benefit law or similar law
- Disability benefits from any other insurance, including individual insurance for professionals
- 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 considering your disability
- Earnings or compensation included in your predisability earnings and which you receive or are eligible to receive while STD benefits are payable
- Amounts due from or on behalf of a third party because of your disability
- Any amount you receive by compromise, judgment, 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, STD benefits may continue during disability up to 22 weeks. This is the maximum period for which STD benefits are payable for any one period of continuous disability. If you are eligible to receive benefits under any other disability plan, your STD benefits will end when the other disability benefits become payable, even if this occurs before the end of the maximum benefit period for the STD benefits.

When do STD benefits end?
STD 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 disability plan under which you become insured through employment during a period of temporary recovery
- The date long term disability (LTD) benefits become payable to you under an LTD policy sponsored by your employer
- 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 STD coverage has the following features:

- If premium payments are made with “after-tax” dollars, STD 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.
- If the group policy terminates, STD 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 involvement in any employment for wage or profit
- 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
What limitations apply to this coverage?

*STD 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* in your *own occupation*, but you elect not to work
- Receiving sick leave pay, annual or personal leave pay or other salary continuation, including donated amounts from your *employer*

When does my STD insurance coverage end?

The STD insurance ends automatically on the earliest of the following:

- The date the last period ends for which you make a premium contribution
- 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 STD coverage cost?

The STD rate is $0.42 per $100 of monthly predisability earnings to a maximum of $6,136.

To calculate the monthly payroll deduction for your STD coverage, use the rates above and the formula below:

1. Enter your *predisability earnings*, not to exceed $6,136 on Line 1. Line 1: $__________
2. Divide by 100 and enter on Line 2. Line 2: $__________
3. Enter your rate of 0.42 and enter on Line 3. Line 3: $__________
4. Multiply Line 2 by the amount shown on Line 3. Line 4: $__________

The amount shown on Line 4 is your estimated monthly payroll deduction. Premiums for the STD coverage will be deducted directly from your paycheck. If you have questions regarding how to determine your *predisability earnings*, please contact your human resources representative.
How do I apply for STD 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 Voluntary STD 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 STD insurance in a time of need. Talk with your *employer’s* human resources representative for more information about group STD insurance from The Standard.