

# Short Term Disability Insurance

For Employees Participating In OEGB Plans







## About This Brochure

This brochure and the accompanying Oregon Educators Benefit Board (OEBB) Coverage Highlights are designed to answer some common questions about the group Short Term Disability (STD) insurance coverage being offered by your employer to eligible employees through the Oregon Educators Benefit Board Group Policy. These materials are not intended to provide a detailed description of the coverage.

If you become insured, a group insurance certificate will be made available to you 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 (The Standard) to OEBB. Neither the certificate nor the information presented in this brochure or the accompanying Coverage Highlights modifies the group policy or the insurance coverage in any way. If you have additional questions, please contact your human resources representative.

## 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 non-occupational 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 electing to participate in the OEGB group STD plan, your employer offers an excellent opportunity to help protect yourself and your lifestyle. The advantages to you include:

**Convenience** – If you pay for your STD coverage, premiums are deducted directly from your paycheck, so 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 coverage at a lower cost.

**Peace of Mind** – You can take comfort and satisfaction in knowing that a step has been taken 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:

- More than 25% of today's 20 year-olds will become disabled during their career.<sup>1</sup>
- 67% of wage earners said their income is one of the three most important things in life, second only to health (based on a list of choices).<sup>2</sup>
- Over half of Americans are financially unprepared for a period of disability. 52% of adult Americans have no savings earmarked for emergencies.<sup>3</sup>

<sup>1</sup> U.S. Social Security Administration, Basic Facts, June 2, 2017

<sup>2</sup> America's Income Protection Picture, 2014 Disability Awareness Study, Council for Disability Awareness.

<sup>3</sup> U.S. Federal Reserve Board, Report on the Economic Well-Being of U.S. Households in 2016, May 2017

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 eligible for the STD insurance coverage:

- You must be an active employee of an employer participating in the OEGB Short Term Disability insurance group policy
- You must meet other eligibility requirements included in the member definition of the group policy and as required and determined by OEGB
- Your employer must have elected to make Short Term Disability coverage available to employees in your classification
- You must not be a full-time member of the armed forces of any country

Please see your human resources representative for additional information on the definition of member and becoming eligible for OEGB STD coverage.

## When does my insurance go into effect?

The effective date of your coverage depends on when you become an eligible employee, when you complete your eligibility waiting period, if any, and when you apply, if you are required to apply.

Please see the Oregon Educators Benefit Board Coverage Highlights applicable for your employer's plan for additional information about when your insurance goes into effect. Contact your human resources representative to determine the length of your eligibility waiting period, if any. (The eligibility waiting period is the period of time you must meet the definition of a member under the group policy before you become eligible for insurance.)

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

**Note:** If your coverage is voluntary and you enroll more than 31 days after becoming eligible, you will be subject to a late enrollment penalty. The late enrollment penalty provides that, if you file a claim for any condition other than an accidental injury during the first 12 months after your coverage becomes effective, STD benefits will not become payable until after you have been continuously disabled for 60 days and remain disabled.

## 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.



## 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, and
- You suffer a loss of at least 15 percent of your predisability earnings when working in your own occupation.

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 85 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 you have been continuously disabled for the entire benefit waiting period and remain continuously disabled. STD benefits are not payable during the benefit waiting period. The benefit waiting period is elected by your employer. Please see the Oregon Educators Benefit Board Coverage Highlights for specific information on your benefit waiting period.

**Note:** If your coverage is voluntary and you apply more than 31 days after becoming eligible, the late enrollment penalty applies. That means the benefit waiting period is 60 days for a disability caused by physical disease, pregnancy or mental disorder that begins during the first 12 months you are insured under the OEGB STD plan.

## How much is the STD benefit amount?

Your weekly STD benefit is a percentage of your insured predisability earnings reduced by deductible income. The percentage is elected by your employer. Please review the Oregon Educators Benefit Board Coverage Highlights for specific information about your benefit percentage. The plan minimum and maximum STD benefit amounts are indicated below.

Plan maximum weekly STD benefit	Plan minimum weekly STD benefit
\$1,500	\$15

## How is the STD benefit amount calculated?

The STD benefit amount is determined by multiplying your insured predisability earnings by the benefit percentage elected by your employer. 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 66 2/3 percent of insured predisability earnings. If weekly earnings (or predisability earnings) before becoming disabled were \$750, and there is no deductible income, weekly STD benefit would be calculated as follows:

Insured predisability earnings . . . . .	\$750
STD benefit percentage . . . . .	x 66 2/3%
Amount of STD benefit . . . . .	\$500

Please note, if you have deductible income, your STD benefit would be reduced by deductible income. If your deductible income would cause the STD benefit to be \$15 or less, the minimum STD benefit will be payable.

### What are predisability earnings?

Predisability earnings are your weekly rate of earnings from your employer and include:

- Salary
- Shift differential pay
- Pay for coaching, mentoring and other extra duties you perform on an on-going basis and included by the employer in your 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 exclude bonuses, commissions, 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:

- Sick pay, annual or personal leave pay, severance pay or other forms of salary continuation (including donated amounts) which, when added to your STD benefit, exceeds 100% of your predisability earnings
- Amounts under any unemployment compensation law, state disability income benefit law or similar laws
- Disability benefits from any other group insurance
- Disability or retirement benefits under your employer’s retirement plan, including PERS, STRS or a plan maintained by a union or employee association
- Earnings from work activity while you are disabled which, when added to your STD benefit, exceed 100% of your predisability earnings



- 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?

The maximum benefit period is elected by your employer. Please review the Oregon Educators Benefit Board Coverage Highlights for specific information about your maximum benefit period.

If you are eligible to receive long term disability (LTD) benefits under any other disability plan, your STD benefits will end when the long term 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 benefits become payable to you under an LTD policy
- 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 by the employee 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.
- While STD 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 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)

### **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
- Eligible to receive benefits for your disability under a workers' compensation law or similar law
- 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

### **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 the required premium contribution is made
- The date your employment terminates
- The date the group policy terminates
- The date you cease to be an eligible employee; however, insurance may continue for limited periods under certain circumstances as described in the group policy
- The date your employer ceases to participate under the group policy
- The date your employer terminates STD coverage for employees in your classification

### **How do I apply for STD insurance coverage?**

If your coverage is mandatory, you are not required to apply for the insurance to become insured.

If your coverage is voluntary and you wish to become insured, you may apply at [myoebb.org](http://myoebb.org). If you do not apply within 31 days after becoming eligible to enroll, you may only apply during an OEBC annual enrollment period or with a Qualified Status Change as provided under OAR 111-040-0400, and you will be subject to the late enrollment penalty.

### **What if I have additional questions?**

If you have any additional questions, please contact your human resources representative.





OEBB has chosen Standard Insurance Company to provide group STD coverage to eligible employees of participating employers. Located in Portland, Oregon, 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 human resources representative for more information about group STD insurance from The Standard.

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