

# Long-Term Disability Insurance



*Developed for the Employees of  
Gloucester County School Board*



## **Protecting Your Family Securing Your Future**

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**“As long as you've got your health . . .”**

If you're physically healthy, you can work, play, take care of your family and enjoy life.

But, if something were to happen to you, all your hard work – and everything you have – could be lost unless you take steps to protect your income.

If asked to name your most valuable assets, you might list your home, your furnishings or your automobiles.

### **But what about your *paycheck*?**

You insure your home and your auto. Shouldn't you insure your income as well?

After all, it's your income that enables you to buy and enjoy all of your other assets.

Having adequate insurance coverage is not only the basis for a sound financial blueprint, it helps to provide the protection you need to ensure that your family, your home and your finances will be protected.

By purchasing this disability insurance through your employer, you also benefit from:

- Affordable group rates
- Convenient payroll deduction

## **How This Program Protects You**

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If you suffer a covered disability while insured by this plan, you'll receive monetary benefits designed to help you maintain your normal lifestyle.

This program covers disabling injuries or sicknesses that last beyond the elimination period, whether they occur on or off the job.

Please take a few minutes now to read this program description and learn how this valuable program helps protect your income and your lifestyle.

## **Eligibility For Coverage**

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You must be an active, full-time Hybrid VRS employee who is a citizen or permanent resident alien of the United States to receive coverage under this plan. Full-time employment means you work at least 30 hours per week in the United States.

### **Eligibility Waiting Period**

All employees who meet the eligibility requirements are eligible to participate in this program immediately. Coverage or eligibility ends after 1 year of eligibility/enrollment.

You can enroll any time within 31 days following the date you become eligible for coverage. If you decide to enroll later, you will have to provide acceptable evidence of good health. This may require a medical examination, at your cost.

You will be asked to complete an enrollment form, indicating your wish to participate and your authorization for payroll deductions.

## **When Coverage Takes Effect**

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If you meet these eligibility requirements, your coverage takes effect on the later of the program's effective date, the date you become eligible, the date we receive your completed enrollment form, or the date you authorize any necessary payroll deductions.

If you have to submit evidence of good health, your coverage takes effect on the date we agree, in writing, to cover you. If you're not actively at work on the date your coverage would otherwise take effect, you'll be covered on the date you return to work.

## How Disability is Defined

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To receive benefits under this plan, you must be disabled (as defined below) as a result of a covered injury or sickness, and you must be under the appropriate care of a licensed, practicing physician who is qualified to treat your disability.

**Disabled** means that, solely because of a covered injury or sickness, you are unable to perform the material duties of your regular occupation and you are unable to earn 80% or more of your indexed earnings from working in your regular occupation. After benefits have been payable for 24 months, you are considered disabled if solely due to your injury or sickness, you are unable to perform the material duties of any occupation for which you are (or may reasonably become) qualified by education, training or experience, and you are unable to earn 80% or more of your indexed earnings. We will require proof of earnings and continued disability.

**Injury** means any accidental loss or bodily harm that results directly and independently of all other causes from an accident.

**Sickness** means any physical or mental illness.

**Appropriate Care** means the determination of an accurate and medically supported diagnosis of your disability, or ongoing medical treatment and care of your disability by a physician that conforms to generally accepted medical standards, including frequency of treatment and care.

**Regular Occupation** means the occupation you routinely perform at the time your disability begins. In evaluating your disability, the insurance company will consider the duties of your occupation as it is normally performed in the general labor market in the national economy. It is not work tasks that are performed for a specific employer or at a specific location.

**Physician** means a licensed doctor practicing within the scope of his/her license and rendering care and treatment to an employee that is appropriate for the condition and locality. A physician cannot be the employee, his/her spouse, the immediate family of either the employee or spouse, or a person living in the employee's household.

## Elimination Period

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Before collecting benefits, you must satisfy the elimination period following your date of disability. For your plan, this period is 180 days of continuous disability.

### Takeover Provision

*The Takeover Provision applies to you, if you were covered under your prior company-sponsored disability program on the day before this policy becomes effective.*

If you were not in active service on the day prior to the effective date of this policy due to a reason for which the prior plan and this policy both provide for continuation of insurance, coverage will be provided until the earlier of the date: (a) you return to active service, (b) continuation of insurance under the prior plan would end but for termination of that plan; or (c) the date continuation of insurance under this policy would end if computed from the first day that you were not in active service.

If you were covered under your prior company sponsored disability program on the day before this policy becomes effective, the elimination period for this plan will be waived for any disability that begins while you are insured under this plan if:

- the disability results from the same or a related condition for which prior plan benefits were payable but the prior plan did not pay benefits solely because it is no longer in effect
- the elimination period would not have applied under the prior plan, had it remained in effect
- the disability begins within 6 months of your return to active service.

If benefits are payable under the prior plan, then no benefits will be payable under this plan. If benefits are not payable under the prior plan (solely because it is no longer in effect), this plan will pay the lesser of the gross benefit payable under the prior plan (subject to applicable maximums) and the benefits provided by this plan.

**Prior Plan** means the plan of insurance providing similar benefits to you, sponsored by the employer and in effect directly prior to the policy effective date. A prior plan will include the plan of a company in effect on the day prior to that company's addition to this policy after the policy effective date.

If you were covered under a prior plan and did not fully satisfy the pre-existing condition limitation of that plan, credit will be given for any time that was satisfied.

## **Benefits**

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This plan pays a benefit up to 50% of your monthly covered earnings — to a maximum of \$6,000 per month.

Your benefit amount will be reduced by any amounts payable to you by any of the sources listed under the “Effects of Other Income Benefits” section.

**Covered earnings** means your wages or salary, excluding overtime pay, bonuses, commissions and other extra compensation.

### **Family Survivor Benefit**

The plan also includes a Family Survivor Benefit feature. With this feature, if you die while receiving disability benefits, we will pay a survivor benefit based on 100% of the total of your last month's benefit plus the amount of any disability earnings by which this benefit had been reduced for that month. This plan pays a single lump sum equal to 3 months of benefits.

We pay this benefit directly to your lawful spouse, or to your children in equal shares, if there is no lawful spouse.

If you have no lawful spouse or children, we pay this benefit to your estate.

## **Return-To-Work Incentives**

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This plan encourages you to return to work as soon as medically feasible. It includes return-to-work incentives that offer you both the opportunity and the encouragement to successfully return to productive employment.

### **Return-to-Work Incentive Benefit**

You may continue to receive benefits if you return to work but continue to meet the definition of disability.

During the first 24 months that monthly benefits are payable, benefits will be reduced so that the combination of this plan's benefit, work earnings, and other income benefits do not exceed 100% of your pre-disability indexed earnings. After the first 24 months, benefits payable under this plan are reduced by 50% of your actual work-earnings.

### **Recurrent Disability Feature**

If you return to work in your regular occupation after receiving benefits under this plan, then again become disabled from the same or a related cause, you will *not* have to fulfill another elimination period, if you have worked less than 6 consecutive months and you earn less than the percentage of your indexed earnings used when determining your disability during at least one month. The disability would be considered a continuation of your initial claim. If the second disability recurs beyond this limit or results from a cause unrelated to the first, you must file a new claim and fulfill a new elimination period.

### **Rehabilitation Services**

If you are offered a rehabilitative assistance program, we will work with you during the course of your elimination period or while benefits are payable. You will be expected to cooperate with the implementation of that assistance program. If you refuse such assistance without good cause (e.g., a medically substantiated reason), disability benefits will not be payable and coverage under this plan will end. Coverage may be reinstated, and benefits resumed, if, within 30 days of the termination date, you agree to participate in the rehabilitation efforts.

**Indexed Earnings** are the same as covered earnings for the first 12 months of benefit payments. After the 12<sup>th</sup> month of benefit payments, we apply an increase to your covered earnings amount, and refer to this as “indexed earnings,” in order to calculate the maximum benefit payable under this plan when combined with other income benefits you may be eligible to receive. The amount of the increase we apply is the lesser of either 10% or the rate specified in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPIW) for the preceding calendar year. We do not reduce indexed earnings if the CPIW drops. If the CPIW is ever discontinued, we will use a comparable national index to calculate indexed earnings.

## Effects of Other Income Benefits

Disability insurance is designed to help you meet your financial obligations if you cannot work as a result of a covered injury or sickness. The disability benefit provided by this plan is a total benefit; that is, it will be reduced by any disability benefits payable on behalf of you or your dependents, or a qualified third party on behalf of you or your dependents, whether or not you are actually receiving them. Your disability benefits will not be reduced by any Social Security disability benefits you are not receiving as long as you cooperate fully in efforts to obtain them and agree to repay any overpayment when and if you do receive them.

Other income sources that may reduce your benefits under this plan include:

- Any Social Security disability or retirement benefits you or any third party receive (or are assumed to receive) on your own behalf; or which your dependents receive (or are assumed to receive) because of your entitlement to such benefits.
- Benefits payable by a Canadian and/or Quebec provincial pension plan.
- Amounts payable under the Railroad Retirement Act.
- Amounts payable under local, state, provincial or federal government disability or retirement plan or law as it pertains to the employer.
- Employer-paid portion of company retirement plan benefits.
- Amounts payable by company sponsored sick leave or salary continuation plan.
- Amounts payable by any franchise or group insurance or similar plan.
- Benefits payable under work-loss provisions of any mandatory “no fault” auto insurance.
- Any amounts paid on account of loss of earnings or earning capacity through settlement, judgment, arbitration or otherwise, where a third party may be liable, regardless of whether liability is determined.
- Amounts payable under any workers’ compensation (including temporary or permanent disability benefits), occupational disease, and unemployment compensation. This includes damages, compromises or settlements paid in place of such benefits, whether or not liability is admitted.

Income sources that **WILL NOT** reduce your benefits under this plan are:

- Benefits paid by personal, individual disability income policies.
- Individual deferred compensation agreements.
- Employee savings plans, including thrift plans, stock options or stock bonuses.
- Individual retirement funds, such as IRA or 401(k) plans.
- Profit-sharing, investment or other retirement or savings plans maintained in addition to an employer-sponsored pension plan.

### Minimum Disability Benefit

Your benefits from this plan will never be less than either \$100 per month or 10% of your monthly benefit amount, whichever is greater. However, if there is an overpayment due, the minimum benefit may be reduced or not apply in order to recover the overpayment.

## Limitations

This plan provides only limited benefits for some conditions and excludes others from coverage, as listed below.

### Pre-Existing Conditions

Pre-existing conditions are those for which you have incurred expenses, taken prescription drugs or medicines, received medical treatment, care or services (including diagnostic measures,) or for which a reasonable person would have consulted a physician during the 12 months immediately prior to the most recent effective date of insurance.

This plan does *not* pay benefits for any disability resulting from a pre-existing condition unless the disability occurs after you are in active service for 6 consecutive months during which you received no medical treatment, care, or services in connection with the pre-existing condition or you are insured for at least 24 months after your most recent effective date of insurance or the effective date of any added or increased benefits. If you were insured under the employer-sponsored disability plan with a pre-existing condition limitation immediately prior to the effective date of this plan, we will credit you for all time served toward that limitation period, for similar or lower benefit amounts. If benefits under this plan are higher than under your prior plan, you do not receive credit for the higher benefit levels. This limitation also applies to newly added or increased benefits.

### Limited Benefit Periods for Mental or Nervous Disorders

This plan limits benefits for disabilities caused by or contributed to by any one or more of the following conditions:

- Anxiety-disorders
- Delusional (paranoid) or depressive disorders
- Eating disorders
- Mental illness
- Somatoform disorders (including psychosomatic illnesses).

Benefits for these conditions have a lifetime limit of 24 months for outpatient treatment. The plan also pays benefits during periods of hospital confinement for these conditions, as long as hospitalization lasts for more than 14 consecutive days and occurs before the 24-month lifetime outpatient limit is exhausted. Once the 24-month outpatient benefits are exhausted, the plan pays no further benefits for these conditions.

### Limited Benefit Periods for Alcoholism and Drug Addiction or Abuse

This plan limits benefits for disabilities caused by or contributed to by any one or more of the following conditions:

- Alcoholism
- Drug addiction or abuse

Benefits for these conditions have a lifetime limit of 24 months for outpatient treatment. The plan also pays benefits during periods of hospital confinement for these conditions, as long as hospitalization lasts for more than 14 consecutive days and occurs before the 24-month lifetime outpatient limit is exhausted. Once the 24-month outpatient benefits are exhausted, the plan pays no further benefits for these conditions.

## Benefit Period

Once you qualify for benefits under this plan, you continue to receive them until the end of the benefit period, or until you no longer qualify for benefits, whichever occurs first. (We will ask you to periodically furnish proof of your continuing disability.)

This plan pays long-term disability benefits monthly.

Your benefit period begins on the first day after you complete your elimination period. And, should you remain disabled, your benefits continue according to the later of your SSNRA\* or the following schedule, depending on your age at the time you become disabled.

Age at Commencement of Disability	Duration of Benefit Period
Age 62 or younger	To age 65 or the date the 42 <sup>nd</sup> monthly benefit is payable, if later.
63 years	36 monthly payments
64 years	30 monthly payments
65 years	24 monthly payments
66 years	21 monthly payments
67 years	18 monthly payments
68 years	15 monthly payments
69 years or older	12 monthly payments

\*SSNRA means the Social Security Normal Retirement Age in effect under the Social Security Act on the Policy Effective Date.

Benefits payable under this plan will terminate on the earliest of any date indicated below:

- The date we determine you are no longer disabled.
- The date you earn from any occupation more than the percentage of your indexed earnings as defined in your definition of disability.
- The date the maximum benefit period ends (see above schedule).
- The date you cease to get appropriate care.
- The date you die.
- The date you refuse to participate without good cause in all required phases of the rehabilitation plan.
- The date you fail to cooperate with us in the administration of the claim.

Benefits may be resumed if you begin to cooperate in the rehabilitation plan within 30 days of the date benefits terminated.

## Exclusions

This plan does not pay benefits for a disability which results, directly or indirectly, from any of the following:

- Suicide, attempted suicide, or whenever you injure yourself on purpose
- War or any act of war, whether or not declared
- Active participation in a riot
- Commission of a felony
- The revocation, restriction or non-renewal of your license, permit or certification necessary for you to perform the duties of your occupation, unless solely due to injury or sickness otherwise covered by the policy

In addition, we will not pay disability benefits for any period of disability during which you are incarcerated in a penal or corrections institution for any reason.

## Termination of Coverage

Your coverage will end on the earliest of any of the following dates:

- the date you are no longer a member of an eligible class of employees.
- the date the plan is terminated by the insurer or the employer.
- the day after the last date for which premium has been paid by you or the employer.
- the date you become eligible for a plan of benefits intended to replace this coverage.
- the date you are no longer in active service.
- the date benefits end because you did not comply with the terms and conditions of the policy.

If you are receiving disability benefits when the policy terminates, disability benefits will continue if you remain disabled and meet the requirements for the insurance. Any later period of disability, regardless of cause, that begins when you are eligible under another disability coverage provided by any employer, will not be covered.

## How Much Your Coverage Will Cost

The cost of this insurance program is paid for by you. Use the chart below to help you calculate the amount for your age group. Please indicate your disability plan choice (or your decision not to select coverage) on your enrollment form. You must authorize payroll deduction for premium payments.

If you are between these ages:	Your cost per \$100 of monthly covered earnings
Under 35	\$.02
35 – 39	\$.06
40 – 44	\$.07
45 – 49	\$.10
50 – 54	\$.13
55 & Over	\$.18

*Costs are subject to change.*

To calculate the cost of your coverage, follow these steps:

**Step 1.** Enter your gross or pre-tax monthly pay (not counting commissions, bonus or overtime). Please note this amount cannot exceed \$12,000. \$ \_\_\_\_\_

**Step 2.** Enter the rate. \$ \_\_\_\_\_

**Step 3.** Multiply gross pay (line 1) by the rate. \$ \_\_\_\_\_

**Step 4.** Divide by 100 to determine the amount of premium that will be deducted from your paycheck each month. \$ \_\_\_\_\_

*(Please Note: All benefits in this plan are paid on a monthly basis, regardless of your regular pay period.)*



LIFE INSURANCE COMPANY OF NORTH AMERICA

POLICYHOLDER

Gloucester County School Board

POLICY NUMBER

VDT 962161

Long-Term Disability (LTD) Enrollment Form

Name Last First M.I. Sex: Male Female

Date of Birth Social Security No.

Address Number and Street City State Zip Code Home Phone

Date Hired Title or Occupation Annual Salary



Please check the appropriate box.

- I accept the LTD insurance provided by the Company's Group Insurance Plan...
I have been offered LTD insurance and decline to purchase it at this time...

Late entrants must complete an Evidence of Insurability Form. Coverage for late entrants is subject to the Insurance Company's approval.

If you are not in active service on the date your coverage would otherwise take effect, you will be covered on the date you return to active service.

Pre-Existing Condition Limitation: A pre-existing condition is any injury or illness for which you have consulted a physician...

Signature of Applicant Date







This information is a brief description of the important features of this plan. It is not a contract. Terms and conditions of the coverage are set forth in Group Policy No. VDT-962161, on Policy Form TL-004700, issued in Virginia and subject to its laws. The availability of this offer may change. Please keep this material as a reference, and file it with your certificate, should you become insured.

*Coverage is underwritten by  
Life Insurance Company of North America  
1601 Chestnut Street  
Philadelphia, PA 19192*

08/16  
Class 2



**GO YOU**<sup>SM</sup>



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