

# Long-Term Disability Insurance

*What would you do...  
if your income stopped tomorrow?*



*Developed for the employees of  
Pennsylvania State System of Higher Education*



## Protecting Your Family Securing Your Future

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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 benefit waiting 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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To receive coverage under this plan, you must be an active, permanent, full-time employee or a permanent part-time employee who works at least 50% of the full-time work week (normally 18.75 or more hours per week), or a temporary full-time or part-time faculty member working at least 50% of full-time for one full academic year.

### **Eligibility Waiting Period**

All employees who meet the eligibility requirements are eligible to participate in this program immediately.

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 and enroll within 31 days following the date you become eligible, 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, because of a covered injury or sickness, you are unable to perform all of the material duties of your regular occupation, or solely due to injury or sickness you are unable to earn 80% or more of your indexed covered earnings.

**Injury** means any accidental loss or bodily harm.

**Sickness** means any physical or mental illness, including pregnancy (unless specifically excluded).

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

## Benefit Waiting Period

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

## Benefits

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This plan pays a benefit up to 60% of your monthly covered earnings to a maximum of \$5,000 per month.

Your benefit amount is 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 annual 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 collecting disability benefits, we pay an amount equal to 100% of the total of your last month’s benefit plus any other earnings by which this benefit had been reduced. 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.

### Cost-of Living Adjustments

The plan also includes an automatic Cost of Living Adjustment (COLA) feature which helps protect you against inflation by augmenting your benefits each year. Once you have received disability benefits for 12 consecutive months, we will increase the payable benefit amount annually, by 3%. COLA increases continue until the end of the benefit period.

## Return-To-Work Incentives

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This plan includes benefits to encourage you to return to work as soon as medically feasible. These return-to-work incentives offer you both the opportunity and the encouragement to successfully return to productive employment — *without* risking your eligibility for income replacement benefits under this plan.

### Trial Work Days

If you attempt to return to work *before* completing the benefit waiting period, but are unable to remain actively at work, you will not have to begin a *new* benefit waiting period, provided you have not worked more than the specified number of “trial work days” (five per 30-day period). Example: Under a 180-day benefit waiting period, you can work up to 30 days *during* the waiting period without triggering a *new* waiting period if you cannot continue to work. The *length* of the waiting period is not extended by the number of days you work.

### Residual Disability “Work Incentive” Benefits

If you can work part-time at your regular occupation, or perform some work at any other occupation (including limited or modified job duties or schedules) on a full- or part-time basis for less pay, you may qualify for residual disability benefits under this plan — even if you attempt to return to work before you have fulfilled the benefit waiting period. (Benefit payments, however, do not begin until the full benefit waiting period has been satisfied.)

For the first 12 months of residual disability, you may earn up to the same level you earned before becoming disabled, through a combination of your work earnings during any month you return to work, plus the benefit amount this plan pays. We reduce the plan benefit paid to the extent necessary to ensure that your benefits and other incomes combined do not exceed 100% of your pre-disability covered earnings amount.

After you have received residual disability benefits for 12 months, your benefit is reduced by 50% of any earnings you receive, and may reduce it further, if necessary, to keep your combined benefits plus earnings to no more than 80% of your indexed covered earnings amount.

### Recurrent Disability Feature

If you return to work after receiving benefits under this plan, then again become disabled from the same or a related cause, you will *not* have to fulfill another benefit waiting period, unless you have worked more than 6 consecutive months. The disability would be considered a continuation of your initial claim. (Of course, if the second disability recurs after 6 months, or results from a cause unrelated to the first, you must file a new claim and fulfill a new benefit waiting period.)

### Rehabilitation Services

If you are offered a rehabilitative assistance program agreed to by us and your employer during the course of your benefit waiting period or while benefits are payable, you will be expected to cooperate with the implementation of that assistance program. Disability benefits, if payable, may be suspended during any period in which you refuse to cooperate in such assistance, if offered. (Refer to the Exclusions section.)

**Indexed Covered Earnings** are the same as covered earnings for the first 12 months of benefit payments. After the 12th month of benefit payments, we apply an increase to your covered earnings amount, and refer to this as “indexed covered 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 covered earnings if the CPIW drops. If the CPIW is ever discontinued, we will use a comparable national index to calculate indexed covered 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. However, this plan is structured to prevent your total benefits and post-disability earnings from equaling or exceeding pre-disability earnings. Therefore, we reduce this plan's benefits by an amount equal to any Social Security retirement and/or disability benefits payable to you, your dependents, or a qualified third party on behalf of you or your dependents.

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

- ◆ Employer-paid portion of company retirement plan benefits
- ◆ Amounts payable under local, state/provincial or federal government disability or retirement plan or law, or other state or federal laws, including those governing 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
- ◆ Amounts payable by any franchise, group insurance or similar plan
- ◆ Amounts payable by company-sponsored sick-leave or salary continuance plans
- ◆ Benefits payable by a Canadian and/or Quebec provincial pension plan
- ◆ Amounts payable under the Railroad Retirement Act
- ◆ Amounts of any wage or salary earned for work performed
- ◆ Any amounts paid on account of loss of earnings or earning capacity through settlement, judgement, arbitration or otherwise, where a third party may be liable, regardless of whether liability is determined.

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 Benefit

However, your benefits from this plan will never be less than either \$100 per month or 10% of your monthly benefit amount, whichever is greater. If there is an overpayment due, this benefit may be reduced to recover the overpayment.

## 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 benefit waiting period. And, should you remain disabled, your benefits continue according to the following schedule, depending on your age at the time you become disabled.

Age at Commencement of Disability	Duration of Benefit Period
Less than age 60	To age 65 or the date the 60th monthly benefit is payable, if later
60 - 64 years	60 monthly payments
65 - 69 years	To age 70 or the date the 12th monthly benefit is payable, if later
Age 70 or older	12 monthly payments

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 80% or more of your indexed covered earnings
- ◆ the date the maximum benefit period ends (see above schedule)
- ◆ the date you refuse to participate in rehabilitation services
- ◆ the date you cease to get appropriate care
- ◆ the date you die.

## How Much Your Coverage Will Cost

The cost of this insurance program is paid for by you. You must authorize payroll deduction for premium payments. You'll pay a specified amount per month for each \$100 of monthly covered earnings. Premiums will be waived while disability benefits are payable.

The cost of this coverage is \$.31 per \$100 of monthly covered earnings.

*Costs are subject to change.*

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

**Step 1.** Enter your annual pay (not counting commissions, bonus or overtime). Please note this amount cannot exceed \$99,999.96 annually.

\$ \_\_\_\_\_

**Step 2.** Enter the cost.

\$     .0031    

**Step 3.** Multiply your **annual** pay (line 1) by the cost (line 2).

\$ \_\_\_\_\_

**Step 4.** Divide (line 3) by the number of paychecks you receive per year (either 20 or 26) to determine the amount of premium that will be deducted from each paycheck.

\$ \_\_\_\_\_

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

## 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 3 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 have been insured under this plan for 12 consecutive months. 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.

### Limitations to Mental/Nervous Conditions and Drug/Alcohol Abuse

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

- ◆ Alcoholism or alcohol abuse
- ◆ Anxiety-disorders
- ◆ Delusional (paranoid) or depressive disorders
- ◆ Drug addiction or abuse
- ◆ Eating disorders
- ◆ Mental illness
- ◆ Somatoform disorders (including psychosomatic illnesses).

Benefits for these conditions have a lifetime limit of 60 months for outpatient treatment. The plan also pays benefits during periods of hospital confinement for these conditions, as long as hospitalization lasts at least 14 consecutive days and occurs before the 60-month lifetime outpatient limit is exhausted. Once the 60-month outpatient benefits are exhausted, the plan pays no further benefits for these conditions.

## Exclusions

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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
- ◆ terrorism or 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 due solely to injury or sickness otherwise covered by the Policy.

Further, no benefits will be payable for any periods during which you:

- ◆ are incarcerated in a penal or corrections institution
- ◆ serve on full-time active duty in any armed forces. (If proof of military service is provided, we will refund the portion of the premium paid during such a service period.)
- ◆ refuse to participate in rehabilitation efforts as required by us
- ◆ are not receiving appropriate care
- ◆ refuse to participate in a transitional work arrangement or other modified work arrangement (These work arrangements may be offered to you by your employer, or an affiliated company while you are disabled; they may be the same occupation as once held by you prior to the disability; and they may include, but are not limited to: reassigned duties, work site modification, flexible work arrangements, job adaptations or specialized equipment.)
- ◆ fail to cooperate with us in the administration of the claim. (Such cooperation includes, but is not limited to: providing information or documents needed to determine whether benefits are payable, or the actual benefit amount due.)

## Termination of Coverage

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

- ◆ the date you're no longer an employee of the employer sponsoring the plan
- ◆ 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.

If you are disabled and receiving benefits under this plan, your benefits and coverage will continue until the expiration of your benefit period, or until you no longer qualify for benefits under the plan, whichever occurs first.







*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. LK-980005, on policy form TL-004701, issued in Pennsylvania 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.*

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**CIGNA Group Insurance**  
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