

Subject: **Long-Term Disability (LTD) Plan**

Applies to: Regular Full-Time and Part-Time Faculty and Staff

Strong Memorial Hospital Residents and Fellows receive benefits in accordance with their programs.

Individuals represented by collective bargaining agreements receive benefits in accordance with those agreements.

- I. Policy: When an individual is totally disabled for more than six months, the Long-Term Disability (LTD) Plan guarantees a monthly income equal to 60% of covered annual salary\*, including family Social Security benefits or Workers' Compensation payments or both.

\*Annual salary means "Targeted Net Income" for faculty members under the School of Medicine and Dentistry Faculty Compensation Plan. For other salaried faculty and staff, annual salary means 12 times the regular monthly salary or 24 times the regular semi-monthly salary. For nonexempt (hourly) staff, annual salary means the individual's standard annual hours times his or her hourly rate of pay.

II. Guidelines:

- A. Faculty and staff are eligible for Long-Term Disability (LTD) Insurance upon completion of one year of service. The one-year service requirement is waived for individuals who apply for coverage within three months after leaving another employer-sponsored group long-term disability plan which guaranteed income benefits for at least five years during disability.
- B. Under the Long-Term Disability (LTD) Plan, when a regular **full-time** faculty or staff member becomes eligible, he or she is covered for **Limited LTD** Insurance, which is based on salary up to \$15,000 a year. **Limited LTD** Insurance provides income protection for 60% of covered annual salary up to \$15,000, when an individual is totally disabled for more than six months.

In addition to the **Limited LTD** Insurance, **full-time** faculty and staff members may sign up for **Full LTD** Insurance through payroll deduction. **Full LTD** Insurance provides income protection for 60% of covered annual salary, up to a maximum covered annual salary of \$300,000, when an individual is totally disabled for more than six months.

For regular **full-time** faculty and staff, **Limited LTD** Insurance is paid for entirely by the University. **Full-time** faculty and staff who choose **Full LTD** coverage pay 30 cents a month or 15 cents per semi-monthly /bi-weekly\*\* pay period for each \$1,000 of covered annual salary above \$15,000, to a maximum covered annual salary of \$300,000.

\*\*Employees who are paid bi-weekly will have their LTD Plan deduction taken in the first two paydays of each month. In the months containing three paydays, LTD Plan deductions will not be taken from the third payday.

- C. When a regular **part-time** faculty or staff member becomes eligible for Long-Term Disability (LTD) Insurance, he or she may elect to enroll for **Limited LTD** Insurance through payroll deduction.

In addition to the **Limited LTD** Insurance, regular **part-time** faculty and staff members may sign up for **Full LTD** Insurance through payroll deduction. **Full LTD** Insurance provides income protection for 60% of covered annual salary, up to a maximum covered annual salary of \$300,000, when an individual is totally disabled for more than six months.

Regular **part-time** faculty and staff who enroll in the LTD Plan pay the full group premium rate, 82 cents per month or 41 cents per semi-monthly/ bi-weekly\*\* pay period for each \$1,000 of covered annual salary, to a maximum covered annual salary of \$300,000.

\*\*Employees who are paid bi-weekly will have their LTD Plan deduction taken in the first two paydays of each month. In the months containing three paydays, LTD Plan deductions will not be taken from the third payday.

- D. When total disability lasts longer than six months, the Long-Term Disability (LTD) Plan guarantees the individual an income equal to 60% of the covered annual salary, including family Social Security benefits or Workers' Compensation payments or both. The monthly Long-Term Disability benefit (maximum \$15,000; minimum \$50) is calculated based on the covered annual salary at the time disability began.
- E. The Long-Term Disability (LTD) Plan also protects retirement income when an individual is disabled. If a faculty or staff member becomes totally disabled and is receiving benefits from the Long-Term Disability (LTD) Plan, he or she will be eligible for what is called the Annuity Premium Waiver Benefit. This means that, if an individual is eligible for a direct contribution by the University to the Retirement Program, that contribution will be directed to TIAA-CREF Regular Retirement Annuities during the disability. The Annuity Premium Waiver Benefit will be based on covered annual salary and will continue as long as Long-Term Disability (LTD) benefit payments are in effect.
- F. To help offset the erosion of the purchasing power of disabled faculty and staff on fixed incomes, the LTD income benefit provision will be reviewed annually, and for those recipients whose disability began on or after January 1, 1989, benefits payable by the insurance company will be adjusted up to a maximum of 3 percent as required.
- G. If a faculty or staff member becomes totally disabled before age 60, Long-Term Disability (LTD) Plan benefits will continue until the disability ends or the individual reaches normal retirement date (age 65), whichever comes first. If a disability begins after the attainment of age 60 but before age 68 1/2, Long-Term Disability (LTD) benefits will end five years after the beginning of the disability or when the individual reaches age 70, whichever comes first. If a disability begins at age 68 1/2 or later, Long-Term Disability benefits will continue for one year.
- H. Coverage During Sick Leave

The University's Sick Leave Plan provides continuation of all or part of an individual's basic salary for as long as one full year, depending on the length of the individual's University service. If the Sick Leave Plan provides a higher income than the Long-Term Disability

(LTD) Plan during part or all of a period of disability of more than six months, the Sick Leave Plan applies and the individual receives the higher amount during that period.

Also see Sick Leave Plan for Short-Term Disability, Policy #339.

I. Coverage for Job-Related Disability

Both job-related and non-job-related disabilities are covered by the Long-Term Disability (LTD) Plan.

If Workers' Compensation benefits as supplemented by the Sick Leave Plan provide a higher income than the Long-Term Disability (LTD) Plan during part or all of a period of more than six months, the individual receives the higher amount during that period.

Also see Workers' Compensation Benefits, Policy #271.

J. Coverage During Leave of Absence

**Limited LTD** Insurance is continued for a regular **full-time** faculty or staff member receiving at least one-quarter pay during an approved leave of absence. **Limited LTD** Insurance also is continued for a regular **full-time** faculty or staff member receiving less than one-quarter pay during an approved leave of absence for full-time study for an advanced degree or active work in education or research.

In the above instances, **Full LTD** Insurance also will be continued unless the **full-time** faculty or staff member signs a form canceling **Full LTD** Insurance. Individuals who choose to continue **Full LTD** Insurance during an approved leave of absence (for the above instances) will need to pay their normal share of the premiums.

In the above instances, for regular **part-time** faculty and staff, **Limited or Full LTD** Insurance also will be continued unless the **part-time** faculty or staff member signs a form canceling the Long-Term Disability (LTD) Insurance. **Part-time** faculty and staff who choose to continue Long-Term Disability (LTD) Insurance, either **Limited or Full LTD**, during an approved leave of absence (for the above instances) will need to pay their normal share of the premiums.

For faculty or staff receiving less than one-quarter pay during an approved leave of absence for reasons other than full-time study or active work in education or research, Long-Term Disability (LTD) Insurance is suspended for the period of the leave.

K. Coverage During Layoff -- See Layoff and Recall, Policy #354.

L. Coverage on Retirement, Termination or on Change to Ineligible Status

If a faculty or staff member retires, terminates employment or changes to an ineligible status, Long-Term Disability (LTD) Insurance is cancelled on the day the retirement, termination or change occurs. This does not affect the individual's benefits for a total disability existing on the date of cancellation of coverage.

M. Continuation of Other Benefits During Long-Term Disability

When an individual is receiving Long-Term Disability (LTD) payments, the following benefit plans will be continued unless that faculty or staff member signs a form(s) cancelling the coverage(s): Health Care, Dental Plan, Life Insurance and Retirement. Individuals who choose to continue these coverage(s) while receiving LTD benefit payments will need to pay their normal share of the premiums. If the individual is enrolled in Group Universal Life (GUL)/Group Optional Term Life (GOTL) insurance or elected Dependent Term Life insurance, the premium charges may be paid by Securian Life until the individual reaches age 65, recovers, or surrenders the certificate (whichever comes earliest), contingent upon approval by Securian Life of the individual's request for premium waiver during total disability. During Long-Term Disability, tuition benefits for an individual who has met service requirements prior to being approved for benefits under the University Long-Term Disability (LTD) Plan can be claimed during the approved period of long-term disability as though the individual were actively at work. For completion of service requirements for tuition benefits, time on an approved period of long-term disability does not count.

III. Procedures:

- A. Upon appointment a regular **full-time** faculty or staff member will be required to sign an application form electing **Full or Limited LTD** Insurance. A **full-time** faculty or staff member who does not choose **Full LTD** Insurance within 31 days of becoming eligible and later wishes to add this coverage must submit a statement of health for approval by the insurance company.

Upon appointment a regular **part-time** faculty or staff member will be required to sign an application form electing **Full, Limited or waived LTD** Insurance. A **part-time** faculty or staff member who does not choose Long-Term Disability (LTD) Insurance, either **Full or Limited**, within 31 days of becoming eligible and later wishes to add this coverage must submit a statement of health for approval by the insurance company.

- B. A faculty or staff member is eligible for benefits even if the disability is caused by a condition existing before joining the Plan, provided that the individual was actively at work when he or she began participation in the Plan.
- C. The Long-Term Disability (LTD) contract defines total disability as: During the first thirty months of such total disability, "being completely unable due to sickness, bodily injury, or pregnancy to perform the material and substantial duties of your Normal Occupation; and after those first thirty months, being unable due to sickness, bodily injury, or pregnancy to perform the material and substantial duties of any occupation for which you are reasonably qualified by education, training or experience. You must be under the regular care of a physician, other than yourself or a member of your family. Normal Occupation includes only the essential functions of your occupation that are usually performed for the same type of occupation and that cannot be reasonably omitted or modified considering the normal physical, educational and skill requirements that are needed by the persons who are working in the same occupation."
- D. When a faculty or staff member has been disabled and their disability is expected to continue beyond six months, the Leave Administration Office sends instructions for filing a claim and the appropriate form to the individual's home. He or she must complete the claim form and

return it to the Leave Administration Office. The Leave Administration Office then forwards the appropriate forms to the insurance company, which is responsible for contacting the individual's physician(s) and for review, approval and payment of the claim.

- E. The Summary Plan Description for the Long-Term Disability (LTD) Plan is available in the Leave Administration Office.
- F. The University reserves the right to modify, amend or terminate any or all of the Benefit plans at any time. For example, there may be such changes as reducing the coverage of a plan, requiring employee contributions, or increasing or decreasing benefit levels. If one or more plans are terminated, the termination will not affect those benefits which are being paid to employees prior to the termination but there will be no benefits paid to those who would have become entitled to payment after the date of termination.

See also Policies:     #271   Workers' Compensation Benefits  
                          #339   Sick Leave Plan for Short-Term Disability  
                          #354   Layoff and Recall