

# Voluntary Core Buy-Up Long-term Disability Insurance Overview



Prepared for the employees of Lane Community College

## Long-term Disability Insurance Coverage – *paid by you and your employer*

**Eligibility** – Active, full-time Management employees are eligible the first of the month following date of hire.

**Monthly Benefit** – This plan offers two levels of coverage: (1) an employer-paid basic benefit which pays up to 66 2/3% of your covered monthly earnings — up to \$2,000 per month and (2) an employee-paid optional level, which allows you to increase the maximum benefit to \$6,700 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.

**Definition of Disability** – Disability 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.

**Covered Earnings** – Covered earnings means your wages or salary including commission. Bonuses and other extra compensation are excluded. Commissions are averaged over a 12-month period.

**Elimination Period** – You must be disabled for 90 days before benefits may be payable.

**Benefit Duration** – Once you qualify for benefits under this plan, you continue to receive them until the end of the benefit period shown below, or until you no longer qualify for benefits, whichever occurs first.

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

Age at Disability	Age 62 or younger	63	64	65	66	67	68	69+
Duration of Payments (months)	To age 65 or the date the 42 <sup>nd</sup> monthly benefit is payable, if later	36	30	24	21	18	15	12

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

Forty-two percent of Americans live paycheck-to-paycheck.

CareerBuilder, 2011 Survey

60 percent of Americans do not have a “rainy day” fund to cover three months of unanticipated financial emergencies.

FINRA Foundation State-by-state Financial Capability Survey, 2011



**Cost** – Your employer pays the cost of the basic coverage. You can supplement this by electing the optional plan.

The optional plan allows you to increase your maximum benefit to \$6,700 per month.

The monthly cost of this coverage is \$0.24 per \$100 of monthly covered earnings. *Costs are subject to change.*

**Effects of Other Income Benefits** – 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.

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.

## Additional Plan Details

### Earnings While Disabled

During the first 24 months that benefits are payable, benefits will be reduced if benefits plus income from employment exceeds 100% of pre-disability covered earnings. After that, benefits will be reduced by 50% of earnings from employment.

### Termination of Disability Benefits

Your benefits will terminate when your disability ceases, when your benefit duration period is exceeded, or on the date you earn from any occupation more than 80% of your indexed earnings. (refer to your plan’s definition of

disability).

### Pre-existing Conditions

Benefits are not payable for medical conditions for which you incurred expenses, took prescription drugs, received medical treatment, care or services (including diagnostic measures,) or for which you have consulted a physician during the 3 months just prior to the most recent effective date of insurance.

Benefits are not payable for any disability resulting from a pre-existing condition unless the



disability occurs after you have been in active service for a time of at least 12 months after your most recent effective date of insurance.

#### **Limited Benefit Period**

Disabilities caused by or contributed to by any one or more of the following conditions are subject to a lifetime limit of 24 months for outpatient treatment: Anxiety-disorders, delusional (paranoid) or depressive disorders, eating disorders, mental illness, somatoform disorders (including psychosomatic illnesses).

Benefits are payable during periods of hospital confinement for these conditions for hospitalizations lasting more than 14 consecutive days that occur before the 24-month lifetime outpatient limit is exhausted. Once the 24-month outpatient benefits are exhausted, the plan pays no further benefits.

Disabilities caused by or contributed to by any one or more of the following conditions are subject to a lifetime limit of 24 months for outpatient treatment: Alcoholism, drug addiction or abuse. Benefits are payable during periods of hospital confinement for these conditions for hospitalizations lasting more than 14 consecutive days that occur before the 24-month lifetime outpatient limit is exhausted. Once the 24-month outpatient benefits are exhausted, the plan pays no further benefits.

#### **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.

#### **When Coverage Takes Effect**

Your coverage takes effect on the later of the program's effective date or the date you become eligible.

#### **Family Survivor Benefit**

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.

### **Programs Included at No Additional Cost**

#### **Cigna Healthy Rewards® Program**

Program provides you and your covered family member's discounts on health programs and services like weight loss management, fitness, smoking cessation and more. Enjoy instant savings of up to 60% when you take advantage of this opportunity. Visit [www.Cigna.com/rewards](http://www.Cigna.com/rewards) (Password: savings) or call: 800.258.3312.

#### **Cigna's Online Will and Health-related Legal Document and Funeral Preparation Program**

Offers you and your covered spouse access to a website that helps you build state-specific customized wills and other legal documents as well as create an end-of-life plan that spells out the handling of your estate and funeral arrangements. Visit [www.Cignawillcenter.com](http://www.Cignawillcenter.com).

#### **Cigna's Identity Theft Program**

Provides access to personal case managers who give step-by-step assistance and guidance if you have had your identity stolen.

This information is a brief description of the important features of the plan. It is not a contract. Terms and conditions of life insurance coverage are set forth in Group Policy No. FLK 960650, issued in Oregon to Lane Community College. The group policy is subject to the laws of the jurisdiction in which it is issued. The availability of this offer may change. Please keep this material as a reference. Coverage is underwritten by Life Insurance Company of North America, 1601 Chestnut Street, Philadelphia, PA. As used in this brochure, the term Cigna and Cigna Group Insurance are registered service marks of Life Insurance Company of North America, a CIGNA company, which is the insurer of the Group Policy. Insurance products and services are provided by the individual CIGNA companies and not by the Corporation itself. © Cigna 2011

