

## Long Term Disability Insurance

Disability benefits protect you and your family from financial hardship due to serious illness or injury that keeps you from working. The possibility of losing your income because of a disabling illness or injury may create the need for another source of income. Beaumont's Long Term Disability (LTD) coverage provides you with a source of income if you are still disabled after you have exhausted your STD benefits.

### Your Options

LTD coverage is available to full-time employees only. There are three coverage options offered:

- **Coverage equal to 40% of covered earnings** (up to a maximum monthly benefit of \$10,000)
- **Coverage equal to 60% of covered earnings** (up to a maximum monthly benefit of \$10,000, or for physicians and executives, \$15,000)
- **Waive Coverage**—if you are not interested in having LTD coverage for the upcoming plan year

*Note: Executives and physicians automatically will receive LTD coverage. You will not be able to waive coverage. LTD coverage is not available to part-time employees except for part-time CRNAs and Physicians.*

### Your Cost

You pay the cost of coverage through pre-tax deductions from your pay. Any benefit payments are treated as taxable income. Contributions are based on the option you choose and your covered earnings. If your covered earnings change during the year, the amount of your disability insurance will be adjusted accordingly on the first day of the month following your earnings change. In addition, your LTD payroll deduction amount will be automatically adjusted.

### What Qualifies as a Disability?

To be eligible to receive LTD benefits, your disability must meet the following conditions:

- You are unable to perform the material duties of your regular occupation, or
- Due solely to injury or sickness, you are unable to earn more than 80% of your indexed covered earnings.

After benefits have been payable for 24 months, you are considered disabled if:

- You are unable to perform all the material duties of any occupation for which you may reasonably become qualified based on education, training, or experience, or
- Due solely to injury or sickness, you are unable to earn more than 80% of your indexed covered earnings.

## How LTD Works

LTD benefits pay you a portion of your pay after you have been disabled for:

- **Exempt employees:** 8 months
- **Non-exempt employees:** 6 months

### SMART Health Care Consumer Tip



#### Why Disability Insurance Is Important

A disability can have a significant financial impact on a family. Not only does the income from the disabled person stop, but expenses usually increase because of the need for more medical care and rehabilitation costs. LTD offers a cost-effective way to help protect your family's financial well-being.

Your LTD benefits will continue for as long as you remain eligible or to age 65. Your LTD coverage is coordinated with other sources of disability income, meaning the amount of your LTD benefits are reduced by the amount of any other disability benefit or payments you or your dependents receive from other sources such as:

- Social Security,
- Worker's Compensation, and
- the Beaumont Health Systems Employees' Retirement Plan.

Even if your other disability resources add up to more than your LTD benefit, you will receive a minimum monthly benefit under the plan of \$100 and a maximum monthly benefit of \$10,000. You begin receiving disability payments once the insurance company has approved your claim.

## Pre-existing Conditions

If you have a medical condition which exists before the effective date of coverage, you must be treatment-free for 12 months or covered for 24 months under the Plan in order to be covered for the pre-existing condition.

A pre-existing condition is an injury or sickness for which you incurred expenses, received medical treatment, care or services including diagnostic measures, took prescribed drugs or medicines, or for which a reasonable person would have consulted a physician during the 12 months prior to the effective date of your insurance.

For example, if you have been taking medication for hypertension beginning July 2014 and become unable to work as a result of that condition between January 1, 2016 and December 31, 2016 you would not qualify for an LTD benefit. However, if you were taking medication for hypertension and suffered an unrelated condition, such as breaking your hip, that created an inability to work, you would be eligible for LTD benefits.