



## **A Guide to Long Term Disability Benefits**

The University of Maine System is proud to offer a Long Term Disability (LTD) plan to eligible employees. Long term disability is defined as a severe illness or injury that prevents you from working at all or prevents you from working full-time, for a period of six months or longer.

The purpose of this plan is to protect you and your family from complete loss of income should you suffer a long term disability.

This brochure summarizes the University's plan in everyday language and explains how and when to apply for benefits. Please refer to your Summary Plan Description/Plan Document for more detailed information. In the event of any conflict between this brochure and the Summary Plan Description/Plan Document, the Summary Plan Description/Plan Document will govern.

Long term disability benefits are offered at no cost to eligible employees.

### **Who is eligible?**

- Full-time regular employees are automatically enrolled as of their date of hire.
- Benefits regular employees are automatically enrolled on the date they attain BR status, which is defined as completion of the equivalent of five years of full-time regular continuous service.
- Employees with shared appointments are eligible as of the date of the shared appointment and employees who are participating in partial/phased retirement (PPRP) continue to be eligible for LTD during the PPRP period.

Please note that employees may continue eligibility for long term disability while on an approved University paid or unpaid disability, educational, or personal leave of absence. \*Employees on layoff may continue eligibility for a maximum of 12 months from the beginning of the layoff. Coverage ceases as of the first of the month following the end of the leave or layoff unless the employee returns to active working status.

\*Employees in the COLT, Service & Maintenance, and Police collective bargaining units and non-represented hourly employees are not eligible for LTD while on an unpaid personal leave of absence. LTD eligibility ceases as of the first of the month following the beginning of the unpaid personal leave of absence unless the employee returns to active working status.

### **What is covered?**

The University's long term disability program covers physical or mental illness that prevents employees from performing their jobs for a period of six months or longer.

A wide range of conditions is covered, including (but not limited to):

- progressive, uncontrolled cancer;
- loss of major functions of arms and/or legs;
- serious brain damage;
- alcohol or drug addiction;
- and severe mental illness.

### **Is there a pre-existing restriction for illness or injury?**

The plan has a pre-existing condition provision. That is, if you were treated (or if a prudent person would have been treated) for a condition within 3 months prior to entering the plan, long term disability benefits are not available during the first 12 months of coverage for that condition only. Coverage is immediately available for other conditions.

### **How does it work?**

Under this program, monthly benefits are paid to employees who are totally or partially disabled for a period of 180 calendar days or longer. The first 180 days is called the waiting or elimination period, and no benefits are paid during that time. However, if your application for disability benefits is approved, the University will reimburse you what you normally would have earned during that six month waiting period. (See below “What happens if the application for benefits is approved?”)

### **How long do benefits continue?**

Disability benefits continue until the earlier of the date that you complete the maximum benefit period, are able to return to work, retire or die. Please see the section on **Duration of benefits**.

**What do disability benefits pay?**

The monthly benefit is equal to 60% of your basic monthly earnings, minus the amount of certain other types of income you receive, such as Social Security or third party disability payments and Workers' Compensation benefits. If you are partially disabled, partial benefits may be payable.

The maximum monthly benefit is \$13,000 and the minimum monthly benefit is the greater of either \$100 or 10% of the disability benefit, before other types of income are subtracted.

**What happens if the disability stops temporarily during the waiting period?**

If your disability stops for no more than 30 consecutive or intermittent days during the six month waiting period, your disability is considered continuous. Please note, however, that the days during which you are not totally disabled do not count toward completion of the waiting period. In other words, if you recover for five days during the waiting period before having a relapse, you will have to wait a total of 185 days from the onset of the disability before you can begin collecting benefits.

**Must sick/disability leave or other types of leave be used during the waiting period?**

If you have applied for long term disability benefits, you are required to use all the sick/disability leave you have built up. You must start using this leave beginning on the first day you take off due to the long term disability.

If your request for disability benefits is approved, the University will restore to you all sick/disability leave used during the waiting period.

If you so choose, you can also use any annual leave and compensatory time you have during the waiting period so that you can continue to receive your pay.

**What happens after all leave time is used up?**

Represented faculty, represented hourly employees, represented professional employees, and non-represented employees who have used up all sick/disability leave, annual leave, and compensatory time may request an advance or an extension of paid sick/disability leave, whichever is appropriate, or may apply for a leave without pay. If an advance or extension is approved and you are able to return to work, repayment of the advance or extension will be in accordance with University policy.

Employees holding appointments for less than 12 months per year who have applied for disability benefits are not required to use accrued leave time during those months when they normally perform no University service, but continue to receive any regularly scheduled salary payments due them during this period.

### **What happens to employees who are granted long term disability status?**

Employees who are unable to return to work are terminated from University employment six months after their last date worked. In some cases, the University may grant a leave of absence for an additional six months if there is medical evidence the individual will be able to return to work within that period. In those cases, employees still unable to return to work will be terminated from University employment 12 months after the last date worked.

Any employee terminated under either of these conditions is paid for any unused compensatory time, unused annual leave, and any annual leave earned but not used during the waiting period.

### **Examples of how leave time can be used during the waiting period**

The way leave is accrued varies depending on your collective bargaining unit and your employee classification. Please contact your University Benefits Office for help in determining your specific leave status.

What follows are examples of how leave can be applied in various situations:

1. An hourly employee who has applied for long term disability benefits has accrued a total of 30 days sick/disability leave, annual leave and compensatory time. Before requesting an advance of sick/disability leave, the employee must use all of these leave credits, starting on the first day that disability causes absence. If the request is granted, the employee will continue to receive salary during the period for which sick/disability leave has been advanced while the disability claim is being processed.
2. A professional employee with the maximum sick/disability leave accrual of 180 days is seriously ill for a month. The physician then says that the employee may not be able to return to work within another five months. The employee's accrued sick/disability leave will last throughout the 180-day waiting period, so salary is continued. By submitting a disability claim as soon as possible after the onset of illness, the employee minimizes the chance that accrued leave will be exhausted before eligibility is determined, and helps to ensure minimal loss of income. If the employee's disability does extend beyond the waiting period and the claim is approved, all 180 days of sick/disability leave will be restored.

3. A faculty member holding an academic year appointment becomes disabled on April 1. The employee applies the 40 days of sick/disability leave accrued to the period of absence from April 1 through May 31, which is the final day of the employee's work year. During the months of June, July and August — which are outside the work year — the employee continues to receive salary. Still unable to work in September, the employee has now used all sick/disability leave credits and, in this example, applies for leave without pay rather than an advance/extension of sick leave. The end of the 180-day waiting period for this employee is October 1. If the disability application is approved, the employee will receive retroactive payment of salary for the month of September, which was the only time on unpaid leave. The 40 days sick/disability leave will also be restored at this time.

### **Where do Social Security disability benefits fit in?**

Employees who are totally and permanently disabled may also be eligible for Social Security disability benefits beginning with the fifth (5<sup>th</sup>) month of disability. Part-time and temporary employees who are not covered by the University's disability plan may be eligible for Social Security disability benefits.

If you file a disability claim through the University's plan, you are also required to file a Social Security claim. If your Social Security application is granted, the amount of the monthly Social Security benefit will be subtracted from any University long term disability benefits.

Once you have received Social Security disability benefits for 24 months (regardless of age), you become eligible for Government Medicare A (hospitalization) and B (physician/out-patient) coverage.

### **What if an employee receives payment from a third party?**

The long term disability benefit is reduced by payments you may receive from a third party that are applicable to lost wages.

### **How to apply for long term disability benefits**

The first thing to remember when it becomes apparent that you may have a long term disability is to file a request for benefits with both the University and the Social Security Administration as soon as possible. The reasons are twofold:

- If your long term disability application is not filed in a timely manner, your application may be denied by the carrier.

- The review procedures under both the University's and the Social Security Administration's programs are lengthy. If you file early and are approved, you should get your first check with minimum disruption of income. Also, please keep in mind that back payments from Social Security disability benefits are limited to the 12 months preceding the month when the application was made.

As soon as your physician advises you that the disability you have incurred may continue for a period longer than six months, you should follow this procedure:

1. Notify your supervisor that the disability may make you unable to work for more than six months.
2. Contact your University Benefits Office for an explanation of the long term disability plan.
3. Contact Prudential Insurance at 1-866-466-4606. Follow the prompts to submit a Long Term Disability claim. Provide the Customer Service Representative with your company name (University of Maine System and the campus where you are employed) and control number #24769.
4. Contact the local office of the Social Security Administration to apply for Social Security disability benefits. Complete and return the application form to the Social Security office.
5. When all leave credits and compensatory time are exhausted, you may request an advance of sick/disability leave (represented faculty, hourly employees, and represented professional employees), or extension of sick/disability leave (non-represented employees). These requests are to be made to your supervisor and approved by the President's designee.

### **Status of other insurance during the waiting period**

Premium deductions for your University benefits will continue during the waiting period while you are on paid leave. Once you switch over to unpaid leave, you can continue benefits by paying your share of any applicable premium while your LTD application is being reviewed. If LTD benefits are not approved by the carrier, you are responsible for paying the difference, up to the full premium amount, for benefits in effect during the waiting period. If you do not file an LTD application, you must pay the full premiums to continue benefits while on unpaid leave.

### **What happens if an employee recovers during the waiting period?**

If you recover from your disability at any time during the waiting period, it is your responsibility to notify your supervisor and Benefits Office as well as the LTD carrier. If you were out of work less

than 180 days, your application for benefits will be withdrawn and you will not be eligible for LTD benefits.

You may attempt to return to work at any time during the six month waiting period. Please keep in mind, however, that if you return to work for more than 30 days and then have to stop again, you will be subject to a new six month waiting period. If you return to work for less than 30 days before having to stop, you will not have to meet a new waiting period for the same disability.

### **What happens if the application for benefits is approved?**

At the end of the six month waiting period, if your application is approved, your employment will be terminated. Under current University of Maine System policy (which is subject to change), you will receive the following benefits, in addition to monthly disability payments:

1. You will receive a payment equal to any portion of your salary for the waiting period that has not already been paid including annual leave and compensatory time, minus any sick/disability leave payments and Workers' Compensation payments received during the six month waiting period.

Please note that payment of annual leave applies to all employees; however payment of compensatory time applies only to hourly employees.

2. Any sick/disability leave you used during the waiting period will be restored to your balance. Upon termination, you will be paid for any unused compensatory time and annual leave not previously paid to you.
3. You will be responsible for a portion of your individual health premium based on your years of service (7%, 10%, or 15%) as well as one-half the premium for any dependent coverage.
4. Your employee life insurance coverage (basic and supplemental) will continue (paid by the University), either until you reach the end of the specified disability period or you retire, whichever occurs first. Please note, however, that if your disability period extends beyond age 65, the group life insurance is reduced to 65% of its former level. You would be offered the opportunity to convert the reduced amount to an individual policy at that time. Any dependent life insurance will be terminated and you will have the opportunity to convert the coverage to individual policy directly with the carrier.
5. The University will continue to make both the University's and your contributions to the basic retirement plan, based on your salary at the time of the disability. For faculty, professional, and hourly employees who participate in the TIAA-CREF Basic Retirement Plan, the applicable

monthly contribution will be paid to your account. These contributions continue for the duration of your disability until you complete the maximum benefit period, return to work, retire, die, or Prudential determines you are no longer disabled, whichever occurs first.

For hourly employees participating in the University of Maine System Retirement Plan for Classified Staff (formerly the Non-Contributory Retirement Plan), the University will continue your participation. The years during which you receive long term disability benefits will continue to count as years of continuous service in your retirement benefit formula, up to the maximum of 30 years.

6. If you are permanently disabled, a portion of your disability income may not be counted as taxable income by the Internal Revenue Service. Please contact the IRS for more information about claiming this exclusion on your federal tax return.

### **What happens if an employee accepts a lump sum settlement?**

In some cases, the disability carrier may offer a LTD benefit recipient a lump sum settlement in lieu of on-going LTD benefits. The lump sum is considered taxable income in the year it is paid. If you accept a lump sum payment in lieu of on-going LTD benefits, it will impact your other benefits:

1. Group life insurance ceases at the point of the settlement; however, the option to convert to an individual plan is offered.
2. University contributions to the TIAA-CREF retirement plan cease upon payment of the lump sum settlement.
3. Further accrual to the University of Maine System Retirement Plan for Classified Staff (formerly the Non-Contributory Retirement Plan) ceases for hourly paid former employees enrolled in that plan.
4. Subsidized group health coverage continues for the individual on the same basis as a retiree, as it does when a former employee on LTD reaches retirement age.

### **Returning to work**

As noted above, the University terminates from employment any employee whose long term disability application is approved and who is not able to return to work within six months. In some cases, the University may grant an additional six (6) months leave of absence if medical information indicates the employee will be able to return to work within that time.

The University's practice, whenever possible, is to assist a formerly disabled employee to return to work if that person is no longer disabled and if an appropriate position is available. However, the University has no obligation to hold open or create a position for former employees.

If you have been disabled and are later able to return to work, it is your responsibility to promptly notify your Benefits Office.

### **What if an employee is able to return to work part-time after becoming eligible for long term disability?**

If you are eligible for and approved for long term disability benefits and subsequently are able to return to work part-time, you may be eligible for a partial disability benefit. This means you may be able to return to work part-time for a period of time and still receive a portion of your disability benefit. If you are able to work on a part-time basis, you will receive employee benefits as either an employee or an LTD recipient, whichever is more favorable to you.

For further information please refer to the summary plan description or contact your Campus Benefits Office.

### **Duration of benefits**

The length of time you may receive a monthly benefit depends upon your age when you become disabled. Use the following chart as a guide:

<b>Your Age on Date Disability Begins</b>	<b>Your Maximum Benefit Duration</b>
<b>Under age 61</b>	To normal retirement age*, but not less than 60 months
<b>Age 61</b>	To normal retirement age*, but not less than 48 months
<b>Age 62</b>	To normal retirement age*, but not less than 42 months
<b>Age 63</b>	To normal retirement age*, but not less than 36 months
<b>Age 64</b>	To normal retirement age*, but not less than 30 months
<b>Age 65</b>	24 months
<b>Age 66</b>	21 months
<b>Age 67</b>	18 months
<b>Age 68</b>	15 months
<b>Age 69 and over</b>	12 months

**\*Your normal retirement age is your retirement age under the Social Security Act, where retirement age depends on your year of birth, as follows:**

<b>Year of Birth</b>	<b>Social Security Retirement Age</b>
<b>Before 1938</b>	65
<b>1938</b>	65 and 2 months
<b>1939</b>	65 and 4 months
<b>1940</b>	65 and 6 months
<b>1941</b>	65 and 8 months
<b>1942</b>	65 and 10 months
<b>1943-1954</b>	66
<b>1955</b>	66 and 2 months
<b>1956</b>	66 and 4 months
<b>1957</b>	66 and 6 months
<b>1958</b>	66 and 8 months
<b>1959</b>	66 and 10 months
<b>1960 or after</b>	67

### **End of benefits**

Your monthly long term disability benefits end on the date that one of the following occurs:

1. You cease to be disabled.
2. You complete the maximum benefit period.
3. You agree to a lump sum settlement.
4. You die.

Please note that benefits begin and end on specific dates within a month (for example, June 10 to December 10).

### **Effect of disability on other benefits:**

**Partial/Phased Retirees** — Employees participating in this program are treated as full-time employees for purposes of long term disability insurance coverage; any benefits, however, are based on the reduced salary at the time of the disability.

**Dependent Tuition Waiver** — The spouse/domestic partner or dependent children of employees receiving long term disability benefits may be eligible to continue taking part in the waiver program if certain conditions are met. Please consult your employee handbook, collective bargaining agreement, or Benefits Office.

## **Additional information**

**Recurrent Disability** — This is defined as a disability that is related to a prior disability for which you received a monthly benefit.

If a recurrent disability occurs at least six months after you resumed your regular job, it is treated as a new disability. In this case, you will have to complete another waiting period before you become eligible for long term disability benefits.

If a recurrent disability occurs after you have been back at your regular job for less than six months, it is considered a continuation of the prior disability. You do not have to complete another waiting period before becoming eligible for long term disability benefits. Please note, however, that if the University changes its long term disability insurance carrier during the time you were back at work, you will have to complete a new waiting period.

**Death Benefit** — If you die while receiving monthly long term disability benefits, a lump sum payment equal to three times your monthly benefit will be paid:

- To your spouse if living; or
- to be divided equally among your children under the age of 25; or
- to your estate

**Government Medicare A (Hospitalization) and B (Physician/Out-Patient) Health Coverage** – Once you have received Social Security disability benefits for 24 months (regardless of age), you are eligible for Government Medicare A and B. The University of Maine System requires that you enroll in Medicare A and B when first eligible if you wish to continue your University group health coverage. Government Medicare A and B become your primary payer (pay first) and your University health plan is the secondary payer.

**Cost-of-Living Adjustment** — An annual cost-of-living adjustment may be made each year that you receive LTD benefits. The 3% adjustment is effective on the anniversary date when benefits began, provided you are totally disabled on that date and were totally disabled for the entire 12 months prior to that date.

If you are receiving partial disability, the adjustment may be increased as of July 1 of a calendar year:

- if you are partially disabled on that date and you were disabled throughout all of the 12 months before that date; and
- benefits for partial disability that would be payable after that July 1 are less than the benefits for total disability.

The amount of the first such increase is determined by multiplying your Pre-Disability Earnings by the Index Factor. The amount of each subsequent increase is determined by multiplying your Pre-Disability earnings, as adjusted after the last such increase, by the Index Factor.

The Index Factor is the lesser of:

- (1) the annual percentage increase in the Consumer Price Index for the preceding calendar year; or
- (2) 10%.

### **General information**

This summary describes the benefits available under the University of Maine System Group Long Term Disability Plan. Every attempt has been made to be informative about benefits available under the plan.

The benefits described herein are subject exclusively to the provisions and limitations of the contract. In any event, where a question may arise as to a claim for benefits or denial of a claim for benefits, the University, the Plan Administrator, the Contract Administrator and such other individuals as may be party to or associated with the Plan shall be guided solely by the contract.

The University of Maine System hopes and expects to be able to continue the Plan indefinitely, but reserves the right to make changes in the Plan or to discontinue the Plan at any time.

## Non-Discrimination Notice

In complying with the letter and spirit of applicable laws and in pursuing its own goals of diversity, the University of Maine System shall not discriminate on the grounds of race, color, religion, sex, sexual orientation, transgender status or gender expression, national origin or citizenship status, age, disability, or veterans status in employment, education, and all other areas of the University. The University provides reasonable accommodations to qualified individuals with disabilities upon request.

Questions and complaints about discrimination in any area of the University should be directed to the campus Equal Opportunity Office.

Inquiries or complaints about discrimination in employment or education may also be referred to the Maine Human Rights Commission. Inquiries or complaints about discrimination may be referred to the U.S. Equal Employment Opportunity Commission.

Inquiries about the University's compliance with Title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color, and national origin; Section 504 of the Rehabilitation Act of 1973 and Title II of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability; Title IX of the Education Amendments of 1972, which prohibits discrimination on the basis of sex; and the Age Discrimination Act of 1975, which prohibits discrimination on the basis of age, may also be referred to the Boston Office, Office for Civil Rights (OCR), U.S. Department of Education, 33 Arch Street, Suite 900, Boston, MA 02110-1491, telephone (617) 223-9662 (voice) or (877) 521-2172 (TDD) or (617) 289-0150 (FAX) or by E-mail: [OCR.Boston@ed.gov](mailto:OCR.Boston@ed.gov) Generally, an individual may also file a complaint with OCR within 180 days of alleged discrimination.