

benefits BULLETIN



Preparing people to lead extraordinary lives

Disability Benefits – for all Benefits-Eligible Faculty and Staff

Effective September 1, 2007, the University will change its benefits package to include a Short-Term Disability program for benefits-eligible staff and will enhance the Long-Term Disability Program for benefits-eligible faculty and staff.

Human Resources has reviewed the University’s current paid time off policies that have been in effect for a number of years. After careful consideration, we feel that certain *changes and enhancements* to our Short and Long Term Disability Programs will provide the University with the opportunity to maintain our competitiveness with other colleges and universities. Plus, the disability benefits meet our goal of providing consistent, equitable, and ongoing income for all full-time benefits-eligible faculty and staff. While we recognize that these benefit programs may only affect a few faculty and staff each year, it is important for you to know about the disability benefits included in the University benefits package, in the event you ever need them.

Most importantly, we feel that the changes will make your disability benefits easier to understand, more uniform in their availability, and better able to offer you a secure source of income replacement if you are disabled and unable to work. The University pays the full cost of your disability benefits. As a result, any payments you receive from the Short-Term Disability or Long-Term Disability programs are considered taxable income.

The STD and LTD benefits apply only to absence from work due to your own disability. You may use your accrued vacation time to continue your pay for an absence from work due to a family member’s incapacitation or other personal reasons.

The STD and LTD plan changes will be initiated effective September 1, 2007. Unless Staff employees are scheduled for vacation or Faculty members on a scheduled *academic break*, you must be actively at work on that day in order for your new benefits to take effect. If you are absent from work due to illness or injury on that day, or you begin a period of disability prior to September 1st, your paid time off and LTD benefits will be determined by the arrangements in place prior to September 1, 2007 (until you actively return to work).

Here’s a brief look at the new design:

| Short Term Disability (STD) | | | Long Term Disability (LTD)* | |
|---|---|---|---|---|
| All University Full-Time Benefits-Eligible Faculty and University Administrators who have completed 6 months of employment | All Other University Full-Time Benefits-Eligible Staff Employees who have completed 6 months of employment | Eligibility (This describes who is entitled to participate in and receive benefits from each plan.) | All University Full-Time Benefits-Eligible Faculty and University Administrators upon Date of Hire | All Other University Full-Time Benefits-Eligible Staff Employees upon Date of Hire |

| Short Term Disability (STD) | | | Long Term Disability (LTD)* | |
|--|---|--|--|---|
| Faculty | Staff | | Faculty | Staff |
| Your absence from work lasting more than 3 days due to your own illness or non-work related injury. | | <p align="center">Definition of Disability <i>(This describes how each plan defines what a disability is.)</i></p> <p align="center">Elimination Period <i>(This described how long you must be disabled (unable to work) before benefits are paid.)</i></p> <p align="center">Benefit Duration <i>(This describes how long you may receive benefits for any one period of disability)</i></p> <p align="center">Benefit Amount <i>(This describes how much your benefit will be. STD benefits will be paid on the dates of your biweekly or monthly payroll cycle; LTD benefits will be paid on a monthly basis.)</i></p> <p align="center">Period of Disability <i>(This described how mixed periods of inability/ability to work will be treated for purposes of having to satisfy new Elimination Periods and meeting the maximum Benefit Duration period.)</i></p> | The inability to perform the regular duties of your job. During the Elimination Period, unlimited trial (or partial) workdays are allowed as long as you do not earn more than 80% of your pre-disability earnings, Partial return to work is also allowed once your LTD benefits have begun. After 2 years from the onset of your disabling condition, disability will be determined based on your inability to engage in any work for which you have practical training, education or experience. | |
| Benefits are payable from the 1 st day of absence (when the absence lasts more than 3 days). | Benefits are payable after 10 working days of absence. | | Benefits are payable after 180 calendar days of disability beginning with the onset of the illness or injury causing disability. | Benefits are payable after 90 calendar days of disability beginning with the onset of the illness or injury causing disability. |
| Benefits are payable for up to 26 weeks for any one period of disability. | Benefits are payable for up to 12 weeks for any one period of disability. | | Benefits are payable up to age 65 when disability begins before age 60; if disability begins at or after age 60, benefits are payable for a period of time of no less than 1 year but no longer than 5 years, based upon your age at the onset of disability | |
| 100% of pre-disability earnings for the first 14 weeks, 80% thereafter. | 100% of pre-disability earnings. | | 66 2/3% of monthly earnings, to a maximum of \$12,500 | |
| If you begin a period of disability, return to work for less than 10 working days and are again unable to work due to the same illness or non-work related injury, your entire absence will be treated as a single period of disability. | | | If you begin a period of disability, then <u>return to work in a trial or partial capacity</u> , you will interrupt your Elimination Period if your earnings exceed 80% of your pre-disability earnings. | |

*The Long Term Disability benefits are provided through an ERISA Plan. The benefits and definitions cited here are just for illustration. In the event of conflicting information, the actual terms of the Long Term Disability Plan, as evidenced by the Plan Documentation, shall govern. The University further reserves the right to terminate or modify the terms of its benefit programs at any time.

Here is an example of how our new STD/LTD design would work.

For Faculty and University Administrators

Sue Smith is a benefits-eligible faculty member who has completed more than 6 months of employment as a *full-time faculty* member and is eligible for both the STD and LTD plans. Unfortunately, Sue is involved in a car accident on September 9, 2007 (after the new STD and LTD benefits became effective) and is hospitalized with some broken bones. Her doctors certify that she will be able to return to work on October 15th. After returning to work, Sue experiences complications from one of the injuries she incurred in the accident and is again absent from work beginning October 22nd. Because of additional medical treatment and surgery, Sue is going to be unable to work for at least 9 months.

Sue's income replacement benefits would be:

1. Sue's absence from work began on September 10th (her first scheduled work day after the accident). Since she will be absent from work for more than 3 days, her STD benefits begin on September 10th (she has no Elimination Period to satisfy before benefits begin). She would receive 100% of her pre-disability earnings on the same monthly basis she receives her regular paychecks until she returns to full-time work on October 15th (5 weeks of benefits).
2. When Sue goes back out on disability on October 22nd, she has returned to work for less than 2 weeks and the absence is due to the same medical condition which previously enabled her to receive STD benefits. This makes the absence beginning on October 22nd part of the same period of disability dating back to September 10th. Sue would receive another 9 weeks at 100% of her pre-disability earnings (until December 24, 2007), then 80% for another 12 weeks (until March 17, 2008).
3. The LTD plan would measure Sue's disability from the September 9th date of the accident and after 180 days, begin paying her a benefit of 66 2/3% of her pre-disability earnings on a monthly basis (to a maximum of \$12,500 a month). Because the LTD plan also looks to a return to work of less than 2 weeks as being a single period of disability (during the Elimination Period), Sue's brief return to work did not interrupt the application of her LTD Elimination Period. Her LTD benefits would begin on March 9, 2008 (but would be reduced by the amount of STD benefits she received for the March 17 to March 9, 2008 period).

If Sue experiences a period of disability during an academic break, STD benefits would not be payable until the first actual day of absence from work. Academic breaks are considered as periods of active employment under the LTD program.

For All Other Staff Employees

Bill Smith has completed more than 6 months of employment as a *full-time staff* employee and is eligible for both the STD and LTD plans. Unfortunately, Bill was involved in the same car accident as Sue and was hospitalized with a head injury. His doctors certify that he will be able to return to work on October 1st. After returning to work, Bill experiences a stroke and is again absent from work beginning November 1st. It is determined that Bill's stroke was independent of any and all injuries he suffered in the earlier car accident. Bill probably will not be able to return to work.

Bill's income replacement benefits would be:

1. Bill's absence from work began on September 10th (his first scheduled work day after the accident) and since he will be absent from work for more than 3 days, his STD benefits

begin on September 24th (he has an Elimination Period of 10 working days' absence to satisfy before benefits begin). He would receive 100% of his pre-disability earnings on the same bi-weekly basis he receives his regular paychecks until he returns to work on October 1st (1 week of benefits).

2. When Bill goes back out on disability on November 1st, he has returned to work for more than 2 weeks and the stroke occurred independent of his previous condition. This makes the absence beginning on November 1st a separate period of disability and a new 10 working days' absence Elimination Period would apply. However, Bill would be eligible for another full 12 weeks of benefits at 100% of pre-disability earnings. Bill's STD benefits would continue until February 7, 2008.
3. The LTD plan would measure Bill's disability from November 1st and after 90 days, begin paying him a benefit of 66 2/3% of his pre-disability earnings on a monthly basis to a maximum of \$12,500 a month. His LTD benefits would begin on January 30, 2008.
4. After two years of receiving LTD benefits, Bill's disability would be reviewed to determine if there is an occupation to which he could return based on training, education or experience he has in another field of work. To continue receiving LTD benefits, Bill must be disabled not just from his own "occupation" but from any occupation in which he could reasonably be expected to engage.

These examples are meant purely to show how benefits *may* be paid. The dates and circumstances of each employee's disability can make the benefit results a little different in each situation. The examples are meant to illustrate two important points. First, that the new STD/LTD plan design can provide a secure source of income replacement without using time you have accrued under other paid time off arrangements offered by the University. Second, though many similarities exist between the terms and conditions of the STD and LTD programs, there are differences that you need to be aware of when a period of disability arises (for example, the differences in when benefits begin, how long benefits will continue, and when a return to work affects your benefits).

If you are eligible for federal Family and Medical Leave and your disability qualifies as a serious medical condition under the **Family and Medical Leave Act (FMLA)**, your absence from work will be counted towards your available FMLA time. During periods of absence (up to twelve weeks) covered by FMLA, your life and health insurance benefits are continued, and you are entitled to certain "job restoration" protections upon your return to work. For more information on the FMLA policy, please go to Human Resources' web site at www.luc.edu/hr/policy_loafmla.shtml.

Benefits and Compensation

An employee may keep his/her benefits elections while on a paid leave of absence. Sick and vacation time will not accrue while receiving Short-Term Disability benefits. During a paid leave of absence, the University's contribution to the Defined Contribution Retirement Plan (DCRP) will continue to be made for an employee on the basis of the compensation being paid by the University. In addition, any pay increases due an employee during an approved Short-Term disability will be delayed until the employee returns to work.

Faculty members or a 10-month employee, who becomes disabled while on a scheduled break in the academic schedule, will not be considered as disabled until the date regular work activities are scheduled to resume.

Notification of Absence

In case of absence for three or more consecutive workdays, an employee is required to notify his or her supervisor and Human Resources at least ten days in advance of the Short-Term Disability leave whenever possible. This notification should indicate the reason for the leave, the date it is anticipated to begin and its expected duration. Within 24 hours of being notified of an absence exceeding three working days, Human Resources will send you an application for STD benefits. If your illness qualifies under the Family and Medical Leave Act, the information needed to secure your Short-Term Disability benefits may be obtained from your FMLA Healthcare Provider Certification.

It is an employee's responsibility to see that all portions of the Healthcare Provider Certification form or application for Short-Term Disability is completed and submitted to Human Resources in a timely manner. If the requested information, including a doctor's written certification of disability, is not provided within ten business days from the date the form is sent to you, disability benefits will not be paid.

Approval Process

Payment for Short-Term Disability benefits is authorized by Human Resources, and at Human Resources discretion, benefits are available only to an employee who is under a certified physician's care. A physician's verification of the employee's illness may be requested. The University reserves the right to request additional information from the employee's physician before granting approval of Short-Term Disability benefits. If false claims for Short-Term Disability benefits are discovered at any time, or an employee fails to report to work on the first regularly scheduled workday following an absence under the Short-Term Disability program, he or she will be subject to disciplinary action up to and including termination of employment.

Reoccurring Disabilities

If an employee returns to work as an active employee after a period of disability and becomes disabled again, within ten consecutive working days due to the earlier disability, the second period of disability will be considered an extension of the earlier period of disability and the balance of the remaining STD benefits from the earlier disability shall be payable.

If an employee returns to work after a period of disability and again becomes disabled after one working day of his or her return to work, due to a medical condition unrelated to the earlier disability, the second period of disability will be considered a new period of disability.

Returning to Work

If you return to work, in a trial or partial work capacity, and not working full-time, your STD benefits will be reduced by the amount you are receiving in salary. In no instance will your total

Short-Term Disability benefits, due to full and/or partial disability, exceed the maximum benefit available.

Claim forms and physician certifications are required under both plans. Human Resources will work with you to complete the necessary forms and obtain the necessary certifications to secure your benefits.

Other staffs paid time off arrangements - Vacation, Sick Time, Personal Time, Bonus Days, T-Time – *are currently under review*. Proposed changes are being discussed with the *Staff University Policy Committee*. Simplification and re-alignment of other Paid Time Off programs will be made later this fall.

The **paid time off arrangements** will remain as they currently are (including accrual and carry-over provisions), for the time being. However, we do plan to review these arrangements to further their effectiveness for both you and the University.

If you have questions, please contact Human Resources at (312) 915-7244.