

MESSA group long term disability

Underwritten by Life Insurance Company of North America

General information

Long term disability (LTD) insurance coverage provides benefits at a percentage of a member's salary in the event of total disability. Benefits begin after the satisfaction of a waiting period and continue as long as the member remains totally disabled as described under "Maximum Benefit Period" in the LTD certificate booklet. This is a brief summary of coverages available under MESSA's group LTD policies. Refer to the actual certificate booklet for complete information. Plan exclusions and limitations apply (required by state laws) and will vary depending on the type of plan selected.



LTD as a group benefit is an attractive policy because:

- It fills an important need in family economic planning. While most families have adequate protection upon the death of a wage earner, few are able to cope with a prolonged disability involving loss of income over a period of years.
- On an individual basis, LTD may be expensive and limited in benefits. Purchased on a group basis, however, it can be economical and usually offers broad protection.

Eligibility

Participation requirements if non-contributory or there is 100 percent employee participation guaranteed:

- There is no requirement to work a minimum number of hours (i.e., less than full-time employees)
- There is no minimum number of lives requirement

If contributory and 100 percent participation is not guaranteed, contact your MESSA field representative for special underwriting rules.

There is an at-work requirement for increases and eligibility.

Coverage

Benefits are either 50 percent, 60 percent, 66 2/3 percent or 70 percent of covered salary as long as a member is totally disabled up to a maximum benefit period. Monthly benefit maximum is available in \$500 increments up to the amount bargained.

The waiting period can be a straight wait or modified fill and either calendar days (30, 60, 90, 180) or work days (20, 40, 60, 120).

MESSA recommends a waiting period based on the modified fill option. This means disability benefits will begin after the expiration of the later of (1) a member's accumulated sick days or (2) the specified waiting period. These days need not be consecutive nor for the same condition as long as the last three days are consecutive and for the same condition.

Standard features

Waiver of premium: LTD premiums for an insured member's LTD insurance coverage will be waived while monthly benefits are being paid to the member due to total disability.

Waiver of MESSA medical premium: The cost of MESSA medical insurance may be waived once the group LTD benefit waiting period is satisfied. The waiver is available for up to two years following contractual obligations and termination by the employer under the following circumstances:

- The member remains disabled
- The member is presently covered under the employer medical plan with MESSA and the employer maintains MESSA's medical insurance
- The member is not eligible for medical benefits under Michigan Public School Employees Retirement System (MPSERS)



Successive disability: When a member returns to work after a disability, the member does not have to satisfy another waiting period if it has not been six months from the last day they were disabled due to the same or related disability. The disability benefits resume on the first day the member misses work provided they have been treated by a legally qualified physician who is verifying their disability through supportive medical documentation. If the current disabling condition is not the same or related to the previous disability or it has been more than six months, the member needs to satisfy a new waiting period.

Waiver of pre-existing conditions: Medical conditions for which the advice or treatment was received prior to effective date of coverage are included. However, doctor-verified disabilities in effect prior to the effective date are excluded.

Rehabilitation employment: Rehabilitative employment may be considered when a member's physician verifies that the member is able to return to work on a part-time basis at their job or at any other job. The goal of rehabilitation is for a member to return to work full time within a reasonable period of time. Rehabilitative employment is offered at MESSA's discretion based on the medical documentation in the member's file.

Two-year "own occupation": During the first two years of disability, "total disability" means the insured member is unable to perform any and every duty of his or her regular occupation.

Leave of absence/layoff: Coverage will be continued for up to 12 months for a leave of absence or layoff provided the contribution is maintained for all such members. Special provisions apply to the waiting period requirements and covered salary.

Termination of insurance: Termination of the group LTD policy will not affect any claim established prior to the date of termination. This means that a member who is in the process of satisfying the waiting period will continue to be covered. In the event your school district leaves MESSA, the medical waiver will end.

Maximum benefit period: Disability benefits may be payable during continuous disability. After the own occupation period, a member must be unable to perform any occupation for which he/she is qualified by training, experience or education. Benefits may be payable up to age 65. For benefits commencing at or after age 60, please see your benefit schedule.

Maternity: Treated as any other disability.

Minimum monthly benefit: There is a minimum monthly benefit of 5 percent of the gross monthly benefit or \$50, whichever is greater, after all offsets are applied, not to exceed the maximum monthly benefit.

Alcoholism or drug abuse: Alcoholism or drug abuse conditions will be covered as any other illness up to two years.

Mental disease or illness: Mental disease or illness will be covered as any other illness up to two years. Offsets: Benefits will be reduced by any income the member receives or is entitled to receive from the employer, workers' compensation, Social Security, any Social Security disability benefits received by the employee's family due to the employee's disability and MPSERS.

Alternative features

Waiver for alcoholism or drug abuse: These conditions will be covered as any other illness. Many standard policies place restrictions on coverage for these conditions, such as a two-year aggregate limitation.

Waiver for mental disease or illness: These conditions will be covered as any other illness. Many standard policies place restrictions on coverage for these conditions, such as a two-year aggregate limitation.

Freeze on offsets: When this feature is included, the Social Security benefit in force on the date LTD benefits began will be the offset amount for the duration of the disability period. Increases in the Social Security benefit due to automatic, statutory or general cost of living adjustment will not be added to the offset amount. When this feature is not included, all Social Security cost of living increases will be used to offset benefits.

Cost of living: A member's benefit may be increased while on claim due to an increase in the cost of living. The increase is designed to reflect changes in the income had the member continued to be employed in the same employment category. The increase is based on changes in the Consumer Price Index as of Jan. 1 each year and is payable on the anniversary of the commencement of benefit payment. There is a maximum annual increase of 3 percent.

Educational supplement program: This provides \$200 per month per child for the child's college expenses beginning when the member has been disabled for a period of one year or more (maximum of three children per family at one time). The benefit period is limited to 36 months per child and is available if the child is enrolled in a four-year degree granting institution or a two-year junior or community college in preparation for a four-year degree.

Survivor income benefit: In the event of the member's death, it provides the surviving spouse or eligible child(ren) with a lump sum benefit equal to three times or six times (depending on the option chosen) the last monthly benefit the employee was entitled to receive. If there is no surviving spouse, the benefit is paid in equal shares to any surviving eligible child(ren), which includes natural children, stepchildren, adopted children, and foster children under age 21. If there is no surviving spouse or any surviving eligible children at the time of the member's death, no survivor benefit is paid.



Rates

In order to provide a quote, MESSA needs a description of the desired benefits plus information for each eligible employee: name, date of birth, gender, salary, job category and accumulated sick days. MESSA's group LTD costs are based upon actual

contracted annual salary being earned on the effective date of coverage. Salary includes longevity and income which the employee receives from a supplemental signed contract (e.g., coaching, club sponsor, etc.). Include any percentage increase anticipated. Number of accumulated sick days is needed for modified fill quotes only. Give the number of sick days anticipated on the effective date. Send the information to your local MESSA field representative. If you currently provide group long term disability coverage through a carrier other than MESSA, contact your MESSA field representative to ask for a quote on matching your current benefits.



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