Voluntary Long Term Disability Insurance

Answers to your questions about coverage from Standard Insurance Company

Harvard University
Voluntary Long Term Disability

Chances are you already purchase home, auto and life insurance to protect yourself and your family against the threat of loss. And you probably have health insurance to guard against costly medical bills.

So what steps have you taken to help shield yourself and your loved ones from an unexpected loss of income? Would you be able to meet your financial obligations if you became disabled and unable to work?

Harvard University provides eligible employees the opportunity to purchase LTD insurance. Group Voluntary Long Term Disability (LTD) insurance is designed to pay a benefit to you in the event you cannot work because of a covered illness or injury. This benefit replaces a portion of your income, thus helping you to meet your financial commitments in a time of need.

The Risk Of Disability

The risk of disability may be greater than you think:

• Every 90 seconds someone files for bankruptcy in the wake of a serious illness (Source: The American Journal of Medicine, Vol 122, No. 8 August, 2009)

• Almost 3 in 10 of today’s 20 year olds will become disabled before reaching age 67 (Source: Social Security Administration, Fact Sheet 2009)

• One in four Americans say they would have difficulty supporting themselves financially immediately following a disability; three out of four say they would face financial trouble within six months (Disability survey conducted by Kelton Research on behalf of the LIFE Foundation, April 2009)

Planning For the Unexpected

To help determine your need for disability income protection, complete the worksheet on the right. Fill in amounts for your monthly expenses and income, and compare the two.

Learn More About Your LTD Benefit Plan

The following pages of this brochure provide more information about the Harvard University Group LTD insurance plan from Standard Insurance Company. You may also visit www.standard.com/presentations/harvard and HARVie (harvie.harvard.edu).
Count On The Standard
The Standard has earned an excellent reputation for its quality products, superior customer service, expert resources, steady growth, innovation and strong financial performance. Founded in 1906, The Standard has developed a national presence in the employee benefits industry, providing customers with group and individual disability insurance and retirement plans, and group life and dental insurance.

Group Long Term Disability Insurance – Harvard University
Effective June 1, 2007 the Harvard University Long Term Disability Plan is insured and administered by Standard Insurance Company.

Standard Insurance Company has developed this document to provide you with information about the optional insurance coverage you may select through Harvard University.

Long Term Disability (LTD) insurance is designed to pay a monthly benefit to you in the event that you cannot work because of a covered illness or injury. This benefit replaces a portion of your income, thus helping you to meet your financial commitments in a time of need. If you elect coverage and become insured, the cost of the LTD insurance will be automatically deducted from your paycheck and will be deducted on an after-tax basis. For costs and more complete details of coverage, contact Harvard Benefits at 617-496-4001, or visit HARVie (harvie.harvard.edu).

This information is only a brief description of the Harvard University Long Term Disability Plan. The controlling provisions will be in the group policy issued by The Standard. The group policy contains a detailed description of the limitations and exclusions. A group certificate of insurance that describes the terms and conditions of the group policy is available for employees who become insured according to its terms.

Who Is Eligible For This Coverage?
• A benefits eligible employee of Harvard University working at least 17.5 hours each week or earning at least $15,000 annually.
• A benefits eligible employee does not include a temporary or seasonal employee, a full-time member of the armed forces, a leased employee or an independent contractor.

Voluntary Long Term Disability Worksheet

| Monthly Expenses          | $___________ |
| Food                     | $___________ |
| Mortgage/rent            | $___________ |
| Childcare/education      | $___________ |
| Utilities (electricity, gas, cable, phone, etc.) | $___________ |
| Clothing                 | $___________ |
| Debts (credit cards, student and auto loans, etc.) | $___________ |
| Insurance (health, life, auto, home, etc.) | $___________ |
| Taxes                    | $___________ |
| Other Expenses           | $___________ |
| Total Monthly Expenses   | $___________ |

| Monthly Income            | $___________ |
| Take Home Pay             | $___________ |
| Spouse Income             | $___________ |
| Other Income              | $___________ |
| Total Monthly Income      | $___________ |
What Is The Waiting Period Before Becoming Eligible For Insurance?
You are eligible on the first day of employment or the date you become benefits eligible, if later.

Overview of LTD Benefits

- **Monthly Benefit:** 60 percent of the first $25,000 of your monthly predisability earnings, reduced by deductible income (e.g., Social Security, Workers’ Compensation, etc.)
- **Maximum Monthly Benefit:** $15,000
- **Minimum Monthly Benefit:** $100 or 10 percent of your maximum monthly benefit
- **Waiting Period Before Benefits Become Payable:** 180 days from date of disability

Some Other Features Of LTD Coverage Include:

- It covers disabilities that occur 24 hours a day, both on and off the job.
- Since premium payments are made with “after-tax” dollars, LTD benefits are tax-free under current tax law.
- You make premium payments for the LTD Plan through payroll deduction.
- While LTD benefits are payable, you may qualify to participate in a rehabilitation plan that prepares you to return to work. If you qualify, The Standard may pay for return to work expenses you incur, such as job search, training and education and family care expenses.
- A cost of living adjustment (COLA) benefit is included. This provision is designed to help protect a disabled employee’s LTD benefit from inflation.
- If you die while LTD benefits are payable, and on the date you die you have been continuously disabled for at least 180 days, a survivors benefit equal to six times your unreduced monthly LTD benefit may be payable to eligible survivors.
- If the group policy terminates while you are receiving LTD benefits, those benefits will continue as long as you remain eligible to receive them.
- If your employer makes an approved work-site modification that enables you to return to work while disabled, The Standard will reimburse your employer up to a pre-approved amount for some or all of the cost of the modification.
- You may temporarily recover from your disability and then become disabled again from the same or related cause or causes without having to serve a new benefit waiting period. Temporary recovery means you cease to be disabled for no longer than the applicable allowable period.
**Will I have to provide information regarding my medical history?**
You are not required to provide evidence of insurability if you apply within 30 days of becoming eligible. Should you choose to opt out of LTD coverage, evidence of insurability will be required if you elect to re-enroll at another time.

**When am I considered disabled?**
During the benefit waiting period and the own occupation period, you are considered disabled if, as a result of physical disease, injury, pregnancy or mental disorder:

- You are unable to perform with reasonable continuity the material duties of your own occupation; or
- You are unable to earn 80 percent or more of your indexed predisability earnings when working in your own occupation.

The own occupation period for LTD coverage is the first 24 months for which LTD benefits are paid. You are not disabled merely because your right to perform your own occupation is restricted, including a restriction or loss of license. You may work in another occupation while you are disabled from your own occupation, however, you will not be considered disabled when your work earnings from another occupation meet or exceed 80 percent of your indexed predisability earnings.

After the own occupation period, you are considered disabled if, as a result of physical disease, injury, pregnancy or mental disorder, you are unable to perform with reasonable continuity the material duties of any occupation that you are able to perform, whether due to education, training or experience, and for which both of the following are true:

- The occupation is available at one or more locations in the national economy, and
- The occupation is one in which you can be expected to earn at least 80 percent of your indexed predisability earnings within 12 months following your return to work, regardless of whether you are working in that or any other occupation.

**How is the LTD benefit amount calculated?**
The LTD benefit amount is determined by multiplying your insured predisability earnings by the specified benefit percentage. This amount is then reduced by other income you receive or are eligible to receive while LTD benefits are payable. This other income is referred to as deductible income.

In the following example, the LTD benefit amount is 60 percent of insured predisability earnings. If your monthly earnings (or predisability earnings) before becoming disabled were $4,000 (or $48,000 annually) and you now receive a monthly Social Security disability benefit of $1369 and pay $163 in monthly medical and dental premium, your monthly LTD benefit would be calculated as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insured predisability earnings</td>
<td>$4,000</td>
</tr>
<tr>
<td>LTD benefit percentage</td>
<td>x 60%</td>
</tr>
<tr>
<td></td>
<td>2,400</td>
</tr>
<tr>
<td>Less Social Security</td>
<td>- 1369</td>
</tr>
<tr>
<td>Less Medical/Dental Deductions</td>
<td>- 163</td>
</tr>
<tr>
<td>LTD Benefit Amount Payable</td>
<td>$868</td>
</tr>
</tbody>
</table>
What are predisability earnings?
Predisability earnings typically include:

- Salary; overtime; shift differential pay; summer salary;
- Contributions you make through a salary reduction agreement with your employer to an IRC Section 401(k), 403(b), or 457 deferred compensation arrangement, or an executive nonqualified deferred compensation arrangement; and
- Amounts contributed to fringe benefits according to salary reduction agreements under an IRC Section 125 plan.

Predisability earnings exclude bonuses and your employer’s contribution to a deferred compensation arrangement or pension plan or any other extra compensation. They are based on your earnings in effect on the last full day of active work.

What is deductible income?
Deductible income is income you receive or are eligible to receive while LTD benefits are payable. It is used to reduce the amount of your LTD benefit and includes, but is not limited to, the following:

- Sick pay, annual or personal leave pay, severance pay or other forms of salary continuation (including donated amounts) paid by your employer
- Benefits under any workers’ compensation law, state disability income benefit law or similar law
- Amounts paid under unemployment compensation law or similar law
- Social Security disability or retirement benefits, including benefits for your spouse and children
- Disability benefits from any other group insurance. This does not include payments made under Harvard’s Supplemental Long Term Disability Plan.
- Work earnings that you receive or are eligible to receive when LTD benefits are payable
- Amounts due from or on behalf of a third party because of your disability
- Any amount you receive by compromise, settlement or other method as a result of a claim for any of the above

What is the maximum benefit period?
The maximum benefit duration is determined by your age when disability begins as indicated in the table below.

<table>
<thead>
<tr>
<th>Age when disability begins</th>
<th>Maximum benefit period</th>
</tr>
</thead>
<tbody>
<tr>
<td>61 or younger</td>
<td>To age 65, or to SSNRA*, or 3 years 6 months, whichever is longest</td>
</tr>
<tr>
<td>62</td>
<td>To SSNRA, or 3 years 6 months, whichever is longer</td>
</tr>
<tr>
<td>63</td>
<td>To SSNRA, or 3 years, whichever is longer</td>
</tr>
<tr>
<td>64</td>
<td>To SSNRA, or 2 years 6 months, whichever is longer</td>
</tr>
<tr>
<td>65</td>
<td>2 years</td>
</tr>
<tr>
<td>66</td>
<td>1 year 9 months</td>
</tr>
<tr>
<td>67</td>
<td>1 year 6 months</td>
</tr>
<tr>
<td>68</td>
<td>1 year 3 months</td>
</tr>
<tr>
<td>Age 69 and above</td>
<td>1 year</td>
</tr>
</tbody>
</table>

How are my Harvard benefits affected if I become disabled?
If you should become disabled, the benefit programs you are enrolled in at the time of your disability continue as follows:

- Basic and Supplemental life insurance will continue free of cost based on your predisability salary.
- Cost for LTD coverage will be waived.
- Medical and dental deductions will continue at a Harvard subsidized group rate.
- Your participation in the Health Care and Dependent Care Flexible Spending Accounts may not continue while on LTD.
- Pension contributions will continue based on the base rate of pay on the last day you worked before receiving any disability payments.
- You continue to accrue Participation Service toward retirement as if you were actively employed.
- Your participation in the TDA/457(b) program(s) may not continue while you are receiving LTD benefits unless you are working part-time at Harvard. You may have TDA deductions taken from your part-time earned income.
- Arrangements may be made for other miscellaneous payroll deductions.
**When does my coverage end?**

LTD benefits end automatically on the earliest of:

- The date you are no longer disabled;
- The date your maximum benefit period ends;
- The date you die;
- The date benefits become payable under any other LTD plan under which you become insured through employment during a period of temporary recovery; or
- The date you fail to provide proof of continued disability and entitlement to benefits.

**What exclusions apply to this coverage?**

You are not covered for a disability caused or contributed to by any of the following:

- Your committing or attempting to commit an assault or felony, or your active participation in a violent disorder or riot;
- An intentionally self-inflicted injury, while sane or insane;
- War or any act of war, declared or undeclared, and any substantial armed conflict between organized forces of a military nature;
- The loss of your professional or occupational license or certification; or
- A preexisting condition. See your certificate for the complete definition of a preexisting condition and the exclusion.

**What Limitations Apply To This Coverage?**

LTD benefits are not payable for any period when you are:

- Not under the ongoing care of a physician in the appropriate specialty as determined by The Standard;
- Confined for any reason in a penal or correctional institution;
- Payment of LTD benefits is limited in duration to 12 months if you reside outside the United States or Canada; or
- Able to work and earn at least 80 percent of your predisability earnings.
When Does My LTD Insurance Coverage End?

LTD insurance ends automatically on the earliest of the following:

- The date the last period ends for which you make a premium contribution (except if premiums are waived while disabled);
- The date your employment terminates, except as provided in the group policy;
- The date the group policy terminates; or
- The date you cease to be a member, however, insurance may continue for limited periods under certain circumstances as described in the group policy.

What If I Have Additional Questions?

Contact the Harvard Benefits office at 617-496-4001, or visit HARVie at http://harvie.harvard.edu/Compensation_Benefits/Disability_Life_Insurance/Long_Term_Disability.html

Just as others count on you, you can count on The Standard for LTD insurance in a time of need. To learn more about The Standard, visit their website at www.standard.com.