



VOLUNTARY SUPPLEMENTAL LONG TERM DISABILITY PLAN

**Designed in Consultation with the
State Universities Retirement System (SURS)
as a Supplement to Your Disability Coverage**

Insured by The Prudential Insurance Company of America

**Western Illinois University
#93020**

Help Protect Your Most Valuable Asset... Your Paycheck

A quality income protection insurance plan may be the single most important coverage that an employee should help to protect against the loss of their ability to work and earn an income. While nearly everyone has auto and homeowner insurance, many people probably have not insured their most valuable asset...their paycheck.

Would you and your family be able to keep your home, auto and other prized possessions, and be able to pay your bills if you stopped receiving your paycheck? If you're like most people you wouldn't be able to meet your financial obligations if you were disabled and unable to work for an extended period of time.

The State Universities Retirement System (SURS) provides a base of disability coverage which requires a voluntary supplement to make the coverage comparable to a corporate plan of benefits. Now you have an opportunity to enroll in a disability insurance plan that will help you safeguard your lifestyle and provide you and your family greater peace of mind. This Voluntary Supplemental Long Term Disability plan insured by The Prudential Insurance Company of America was designed in consultation with the State Universities Retirement System.

Advantages of participating in this Voluntary Supplemental Long Term Disability (LTD) program include...

- ✓ **Economical Group Rates Which Are Typically Lower Than Individual Rates**
- ✓ **Convenient Payroll Deduction**
- ✓ **Benefits Not Subject To Income Tax When Premiums Paid With Employee After-Tax Dollars**
- ✓ **Partial Income Replacement When You Are Unable To Work Due To Sickness, Injury Or Pregnancy**
- ✓ **Assistance In Returning To Work Through Rehabilitation Programs, Worksite Modifications, And Benefits While Working**

How do I become eligible to enroll for coverage?

Your coverage begins when you are actively at work. Each active full-time employee or faculty-staff member who is (a) a participant in the State Universities Retirement System; and (b) a continuing employee with an appointment of 50% time or more; or an employee with a term contract with an appointment of 50% time or more for at least eight months is eligible. You are covered under the terms of the plan on the date you are in active employment, working at least 18.75 hours per week or you are on an eligible temporary absence.

What will my benefits be?

Your monthly LTD benefits will be 66 2/3% of your monthly pre-disability earnings, less deductible sources of income and disability earnings, up to a maximum monthly benefit of \$8,000. The minimum monthly benefit is \$100.

What are deductible sources of income?

Deductible sources of income include benefits from the State Universities Retirement System, statutory plans, Social Security to you and your dependents, workers' compensation, and other sources. (See Certificate for details.)

When will my benefits begin?

Your LTD benefit becomes payable after you have been continuously disabled through the elimination period, which is the greater of 90 days or the exhaustion of accumulated sick leave and accrued vacation time following accidental injury, sickness or pregnancy. This period can be satisfied with days of total or partial disability or a combination of both. (See Certificate for details.)

When am I considered disabled?

You are considered disabled when, because of injury, sickness or pregnancy, you are unable to perform the material duties of your regular occupation and your disability results in a loss of income of at least 20%. After receiving benefits for 60 months, you may continue to receive benefits if you are unable to perform the material duties of any gainful occupation for which you are reasonably fitted by education, training or experience.

How long is my benefit period?

The longest period of time that payments can be made for any one period of disability may be up to age 65 or your normal retirement age under the Social Security Act, but not less than 60 months. If disabled at or after age 61, benefits are payable according to an age-based schedule.

What if I'm still disabled and attempt to return to work part-time? Would my benefits continue?

Yes. The return to work incentive provision allows you to remain eligible for benefits while you are working part-time and are still disabled. Your monthly benefits may be reduced by a portion of your disability earnings. (See Certificate for details.)

What does the State Universities Retirement System (SURS) disability plan pay if I’m disabled?

The amount of SURS disability benefit will be the greater of (1) 50% of your basic compensation on the day you became disabled or (2) 50% of your average earnings for the 24 months prior to the date you became disabled. The SURS disability benefit is taxable. It is paid until you have received 50% of your earnings while a participant of SURS. You must re-qualify for the 35% Disability Retirement Allowance (DRA) which is also taxable. To qualify, you must be unable to perform any gainful occupation (for additional information, see your SURS Member Guide). **LTD benefits are tax-free and they supplement SURS or DRA benefits. They pay a benefit when SURS does not pay, provided you have qualified for disability.**

EXAMPLE OF BENEFIT PAYMENTS TO TOTALLY DISABLED SURS EMPLOYEE

Employee: 45 Year Old Male Totally Disabled
Annual Salary: \$60,444
Monthly Salary: \$5,037
Months of Employment: 48 months

State Universities Retirement System 50% (before tax) of monthly salary up to 50% of total SURS earnings less deductible sources of income.

(SURS) Monthly Disability Benefit: Two years of SURS service credit is required to be eligible*, and benefits commence the later of exhaustion of sick days or 60 day elimination period.

**2 year service requirement is waived in the event of a job related accident.*

In this example, \$2,518.50 is payable until you’ve received 50% of your earnings under SURS.

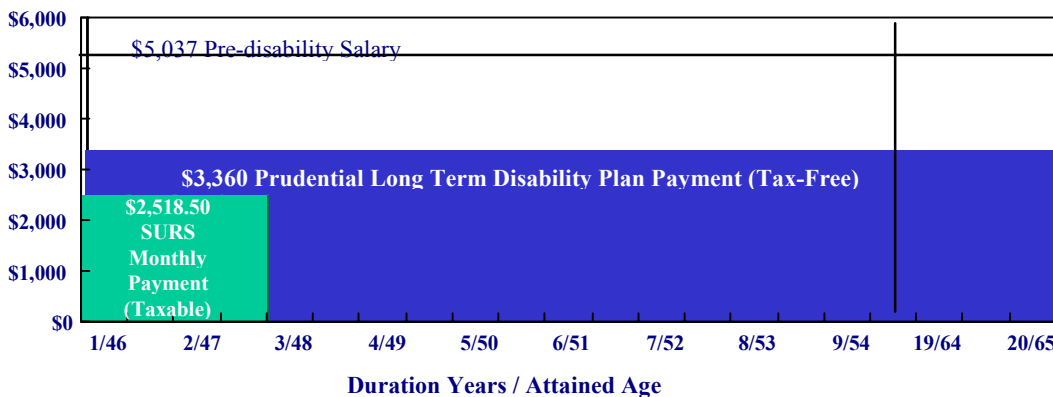
Disability Retirement Allowance (DRA) 35% (before tax) of monthly salary to age 65.

Monthly Disability Benefit: **In this example, \$1,762.95 is payable to age 65, assuming continuation of total disability.**

Voluntary Supplemental LTD Benefit: **66.67% (tax-free) of monthly pre-disability earnings to age 65 after a 90-day elimination period.**

In this example, \$3,360 is payable monthly to age 65, reduced by SURS or DRA (if payable), assuming continuation of total disability.

Monthly Benefit (\$) when Totally Disabled



If this employee partially recovers (thereby not qualifying for DRA benefits), SURS would pay 50% (before tax) of salary for approximately 2 ½ years, at which point benefits would end because the employee doesn’t qualify for DRA continuation. LTD benefits would supplement the SURS payment up to 66.67% (tax-free) of pre-disability earnings, and then continue up to age 65 or normal Social Security retirement age.

Are any disabilities excluded from coverage?

Yes. You are not covered for a disability caused by war or any act of war, an intentionally self-inflicted injury, active participation in a riot, and commission of a crime for which you have been convicted. Benefits are not payable for any period of incarceration as a result of a conviction.

During the first 24 months of coverage, no LTD benefits will be paid for a disability that is due to a pre-existing condition. A pre-existing condition is an injury or sickness for which you received medical treatment, consultation, care or services, including diagnostic measures, took prescribed drugs or medicines, or followed treatment recommendations during the six (6) months prior to your effective date of coverage. But, a condition will no longer be considered a pre-existing condition if, after the date your coverage under the plan becomes effective, there is a period of six (6) months or more during which you do not receive medical treatment, consultation, care or services, including diagnostic measures, take prescribed drugs or medicines or follow treatment recommendation for that condition. The pre-existing condition provision also applies if you did not consult a physician when an ordinarily prudent person would have.

drug and alcohol abuse), and/or adjustment disorders. Disabilities with a limited pay period do not extend the maximum period of benefits.

Do I need to answer any medical questions or be examined by a doctor to enroll?

There are no medical questions or physical examinations required to enroll for this coverage at open enrollment or within 60 days of employment. However, coverage is subject to a pre-existing condition limitation.

What is the cost for this plan?

The cost is based on your age. Follow the steps below to calculate your total monthly LTD cost.

Step 1: Indicate your annual salary. \$ _____

Step 2: Divide your annual salary by 12 to get your monthly salary. \$ _____

Step 3: Multiply your monthly salary by .6667. (66 2/3% Scheduled Benefit). \$ _____

Step 4: *The maximum monthly benefit is \$8,000.* If the amount in Step 3 is greater than \$8,000, indicate \$8,000 here. Otherwise, indicate the amount in Step 3. \$ _____

Step 5: Multiply the amount in Step 3 by the rate coinciding to your age.

Rates are effective July 1, 2000.*

Age	Rate
To age 24	\$0.0024
25-29	\$0.0029
30-34	\$0.0035
35-39	\$0.0044
40-44	\$0.0064
45-49	\$0.0106
50-54	\$0.0143
55-59	\$0.0163
60-64	\$0.0169
65-69	\$0.0212
70+	\$0.0243

TOTAL MONTHLY COST* \$ _____

*All changes of premium due to age and/or salary level will occur on the policy anniversary date of each year.

Do I have to pay premiums if I am disabled?

No. While you are collecting disability benefits, you do not have to pay premiums.

Can I convert my coverage if I leave my present employment?

Yes. If your employment ends for reasons other than retirement, you may convert your disability plan to the Prudential Conversion Trust plan. You must have been covered for LTD for at least 12 consecutive months, not be disabled and be less than age 70.

Enroll For This Valuable Insurance TODAY!

To enroll, complete the Enrollment Form and return it to the Human Resources Department on your Campus.

After your Prudential LTD insurance becomes effective, you will receive a Certificate which details your plan provisions.

Long Term Disability coverage is underwritten by The Prudential Insurance Company of America, a Prudential Financial company, 751 Broad Street, Newark, NJ 07102, 1-800-290-5903. This is a communication piece only and it is not a certificate of insurance. A Certificate, with complete plan information, including limitations and exclusions, will be provided. If there is any discrepancy between this document and the Certificate issued by The Prudential Insurance Company of America, the terms of the Certificate will govern. Contract provisions may vary by state. Contract Series: 83500. Prudential Financial is a service mark of The Prudential Insurance Company of America, Newark, NJ, USA and its affiliates.