Disability Insurance

Short-Term Disability Benefits

DISABILITY INCOME INSURANCE PLANS
To help protect your income in the event of a disability, the State provides eligible employees with Short-Term Disability (STD) Insurance. Employees who regularly work at least 30 hours or more each week are eligible to enroll in Optional Long-Term Disability (LTD) Insurance on a voluntary basis. For the FY 2016-17 plan year both the STD and Optional LTD plans will be provided through the Unum Insurance Company.

SHORT-TERM DISABILITY (STD) INSURANCE
For FY 2016-17 the State provides most benefit eligible employees with short-term disability insurance which pays up to 60% of your weekly pre-disability covered compensation, up to a maximum STD weekly benefit payment of $3,000 per week, for up to 150 days during any 12 month period, following the required STD benefit waiting period which is 30 days or until the end of all sick leave, whichever is longer. If you are eligible you are automatically enrolled into the short-term disability insurance plan and coverage is effective the first day of the month following your date of hire.

However, your STD insurance effective date will be delayed if you are not in active employment because of injury, sickness, temporary layoff, or leave of absence on the date that your STD insurance would otherwise become effective. Your STD insurance will become effective the first day of the month following your return to active employment.

What Disabilities Will Not Be Covered Under Your Unum STD Plan?
The Unum STD plan does not cover any disabilities caused by, contributed by, or resulting from the employee’s:

- intentionally self-inflicted injuries
- active participation in a riot
- loss of a professional license, occupational license or certification
- commission of a crime for which the insured has been convicted

STD Plan Exclusions

- Your Unum STD plan will not cover a disability due to war, declared or undeclared, or any act of war.
- Your Unum STD plan will not pay a benefit for any period of disability during which the insured is incarcerated.

Taxation of STD Benefits

Internal Revenue Code (IRC) Section 105 indicates that STD benefits, as sick pay, are to be included in the gross income of employees if the employer pays part or all of the premium for the STD coverage. In these situations, the STD disability benefits received by the employee are subject to federal taxation. The State of Colorado pays the entire STD insurance premium which means that the STD benefits received are 100 percent taxable to the employee.
**PERA Defined Benefit Vested Employee & Unum Short-Term Disability (STD)**

Employees with at least five years of PERA Defined Benefit (DB) Retirement Plan covered employment service may be eligible for PERA STD benefits. The Unum STD insurance coverage will always coordinate with an employee’s PERA STD coverage. The PERA STD benefits will always be the primary STD benefits and will be an offset to Unum’s STD benefits.

**Optional Long-Term Disability Benefits**

**OPTIONAL LONG-TERM DISABILITY (LTD) INSURANCE (Employee Paid)**

Eligible employees who regularly work at least 30 hours or more each week can choose Optional Long-Term Disability (LTD) insurance, but must pay the entire premium each month.

The Optional LTD insurance plan will pay up to 60% of your monthly pre-disability covered compensation, up to a maximum monthly benefit of $10,000 per month, following the required Optional LTD benefit waiting period of six (6) months. Optional LTD benefits can pay until age 65.

The Optional LTD premiums for FY 2016-17 are determined by salary, age and PERA Defined Benefit (DB) Retirement Plan vesting status. Optional LTD premiums are deducted from pay post-tax.

If you elect to enroll in the Optional LTD insurance plan during the FY 2016-17 open enrollment period you will need to provide proof of good health (medical evidence of insurability) to the Unum Insurance Company medical underwriting department. Unum will review your medical information and either approve or decline your benefit election for Optional LTD coverage. If you are approved by Unum for Optional LTD coverage on or before June 30, 2016, your effective date for coverage will be July 1, 2016, as long as you are in active employment on that day. If you are approved by Unum for Optional LTD coverage on or after July 1, 2016, your coverage will be effective the first day of the following month your approval date as long as you are in active employment on that day.

If you elect to enroll in the Optional LTD Insurance plan as a new hire during the FY 2016-17 plan year you will automatically be enrolled into the Optional LTD insurance plan, without having to prove good health (Guarantee Issue), with an effective date as of the first day of the month following your date of hire as long as you are in active employment on that day. However, your Optional LTD insurance effective date will be delayed if you are not in active employment because of injury, sickness, temporary layoff, or leave of absence on the date that your Optional LTD insurance would otherwise become effective. Your Optional LTD insurance will become effective the first day of the month following your return to active employment.

**What Disabilities Will Not Be Covered Under Your Unum Optional LTD Plan**

Your Unum Optional LTD plan does not cover any disabilities caused by, contributed by, or resulting from the employee’s:

- intentionally self-inflicted injuries
- active participation in a riot
- loss of professional license, occupational license or certification
- commission of a crime for which the employee has been convicted
- pre-existing condition if you are a new hire and your Optional LTD coverage is approved on a Guarantee Issue basis
What is a Pre-Existing Condition?
The employee has a pre-existing condition if:

- the employee received medical treatment, consultation, care or services including diagnostic measures, or took prescribed drugs or medicines in the 3 months just prior to the employee’s effective date of Optional LTD coverage; and
- the employee’s disability begins in the first 12 months after the employee’s effective date of Optional LTD coverage.

Optional LTD Plan Exclusions
- Your Unum Optional LTD plan will not cover a disability due to war, declared or undeclared, or any act of war.
- Your Unum Optional LTD plan will not pay a benefit for any period of disability during which the insured is incarcerated.

Taxation of Optional LTD Benefits
The employee’s Optional LTD benefits are not subject to federal taxation because an employee pays 100% of the Optional LTD premium on a post-tax basis which means that the Optional LTD benefits are not included in the gross income of the employee.

PERA Defined Benefit Vested Employee & Unum Optional Long-Term Disability (LTD)
Employees with at least five years of PERA Defined Benefit (DB) Retirement Plan covered employment service may be eligible for PERA Disability benefits. The Unum Optional LTD insurance coverage will always coordinate with an employee’s PERA Disability coverage. The PERA Disability benefits will always be the primary Disability benefits and will be an offset to Unum’s Optional LTD benefits.

FY 2016-17 Optional LTD Insurance—Monthly Premium Rates
Monthly premium rate is a percentage of an employee’s monthly covered compensation.

Example of Premium Calculation
If you are vested in the PERA Defined Benefit (DB) Retirement Plan, age 42, with a monthly covered salary of $4,000, your monthly premium would be $7.20 per month (the age 42 PERA Vested premium rate is .0018, multiplied by monthly covered salary of $4,000 = $7.20 per month).

<table>
<thead>
<tr>
<th>Age</th>
<th>PERA Vested*</th>
<th>PERA Non-Vested**</th>
</tr>
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<tbody>
<tr>
<td>Under age 30</td>
<td>0.0012</td>
<td>0.0035</td>
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<tr>
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<td>Age 70 and Over</td>
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</table>

* If you are vested in the PERA Defined Benefit (DB) Retirement Plan, use these Optional LTD premium rates.
** If you are non-vested in the PERA Defined Benefit (DB) Retirement Plan or you are enrolled in the PERA Defined Contribution (DC) Retirement Plan, use these Optional LTD premium rates.
Many workers think winning the Mega Millions, being struck by lightning or an IRS audit are more likely to happen than becoming disabled during their careers. In actuality, more than 37 million American live with a disability each year. And 3 out of 10 employees between the ages of 35 and 65 will be out of work for 3 months or longer due to an injury or illness.

As a leading provider of disability benefits, Unum is proud to have the partnered with State of Colorado to provide better benefits through work. Unum’s disability benefits can help you pay your bills and protect your finances at a time most needed.

Have questions about your disability benefit? Please call or visit us at:

Call: 1-877-225-2712
Visit: www.unum.com/employees

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1 Council for Disability Awareness, “America’s income Protection Picture: 2014 Disability Awareness Study”
2 U.S. Census Bureau, “2009-2013 5-Year American Community Survey”
3 Commissioners Individual Disability Table A, Society of Actuaries, 1985.