



November 7, 2011

Supplemental Disability Coverage

Liberty Mutual

We are pleased to announce some enhancements to the Supplemental Disability Plan underwritten by Liberty Mutual offered through The University of North Carolina System effective January 1, 2012.

Plan Enhancements

The supplemental disability plan now includes the following features:

- A single rate structure for all employees regardless of years of service. The rates for this plan were previously determined on a step rate basis using years of service as a factor in determining your rate.
- A new more competitive rate of \$0.00233 of monthly pay will be used for all employees and this rate is guaranteed for three years. This represents more than a 58% decrease in rates previously used for new employees electing coverage under the plan. Some employees already participating in this program may see a rate change to \$.00233 of monthly pay. See the **Cost of Coverage** section for an illustration in determining your premium
- All enrolled employees will have unlimited coverage period in the event of an illness for any mental or nervous conditions
- A one-time open enrollment, without providing evidence of good health, for all eligible employees not yet enrolled, provided you have not been previously denied coverage.

Need for Income Protection during a Disability

Although the University provides you with basic short term and long term disability coverage at no cost to you, you may wish to consider purchasing additional protection in the form of supplemental disability coverage. ***Supplemental disability coverage pays benefits when your basic coverage does not, and increases your overall monthly benefit.***

Who's Eligible to Participate

This program is open to all full-time active employees working 30 or more hours per week who are participating in the Teachers' and State Employees' Retirement System (TSERS).



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How the Supplemental Disability Plan Works With Your Basic STD and LTD Coverage

This table summarizes how the supplemental disability plan works with and supplements the basic STD and basic LTD plans:

Your Creditable Service as a Participant in TSERS	During This Period of Your Disability	Benefits Paid	
		Basic STD Plan and Basic LTD Plan	Supplemental Disability Plan
Less than 1 year	For as long as you are disabled	No benefit	After a 90-day elimination period, the plan pays 66 2/3% of your monthly salary, up to \$10,000 per month
1 through 4 years	1st year of disability	Short-term disability: After a 60-day elimination period, the plan pays 50% of your monthly salary, up to \$3,000 per month	After a 90-day elimination period, the plan pays an additional 16 2/3% of your monthly salary, bringing your total benefit to 66 2/3% of your monthly salary, up to a total of \$10,000 per month
	Beginning 2nd year of disability and continuing for as long as you are disabled	Long-term disability: No benefit	The plan pays 66 2/3% of your monthly salary, up to \$10,000 per month
5 years or more	1st year of disability	Short-term disability: After a 60-day elimination period, the plan pays 50% of your monthly salary, up to \$3,000 per month	After a 90-day elimination period, the plan pays an additional 16 2/3% of your monthly salary, bringing your total benefit to 66 2/3% of your monthly salary, up to a total of \$10,000 per month
	Beginning 2nd year of disability and continuing for as long as you are disabled	Long-term disability: The plan pays 65% of your monthly salary, up to \$3,900 per month	The plan pays an additional 1 2/3% of your monthly salary, bringing your total benefit to 66 2/3% of your monthly salary, up to a total of \$10,000 per month



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Pre-Existing Condition Exclusion

New Enrollee's will be subject to a Pre-Existing Condition Exclusion. Benefits are not payable for pre-existing conditions if you become disabled in the first 12 months after becoming insured, unless no treatment was received for that condition for 6 consecutive months after your effective date of coverage.

Pre-existing condition means a condition resulting from injury or sickness for which you received a diagnosis or treatment within 3 months prior to your effective date of coverage.

Cost of Coverage

Just as certain provisions and benefits vary among different versions of the supplemental disability plan, so do the calculations for figuring your monthly premium cost. See that method that applies to your plan.

Cost of Coverage for Employees Enrolled in the Liberty Mutual Plan for TSERS Participants

Your monthly premium for supplemental disability coverage is equal to your monthly salary multiplied by 0.00233.

For example, if your monthly salary is \$4,000:

$\$4,000 \times 0.00233 = \9.32 monthly premium cost.

How Do I Enroll

All employees participating in TSERS now have an opportunity to enroll in the plan without providing any evidence of insurability, provided you have not been denied coverage in the past. If you choose not to participate in this program and enroll later, your coverage will be subject to satisfactory evidence of good health. To enroll, please complete *The University of North Carolina Liberty Mutual Long-Term Disability Enrollment/Cancel Form* located online at:

http://www.northcarolina.edu/hr/Liberty_Mutual_LTD_Enrollment_and_Change_Form.pdf

Please refer to your campus' communication concerning the open enrollment dates and instructions on where to return your forms.