

Summary of Benefits

ELIGIBILITY	All full-time active employees working 30 hours or more a week who are participating in the North Carolina Teachers' and State Employees' Retirement System (TSERS).
MONTHLY BENEFIT	66 2/3% of Basic Monthly Earnings benefits received from other income sources. (See Benefit Offsets below).
MAXIMUM MONTHLY BENEFIT	\$10,000
MINIMUM MONTHLY BENEFIT	The greater of \$100 or 10% of the gross monthly benefit NOTE: This benefit along with income received from other eligible income sources (Benefit Offsets) cannot exceed 100% of your pre-disability earnings.
ELIMINATION PERIOD (the number of days of disability before qualifying for a benefit)	90 days or the expiration of salary continuation, whichever is later.
DURATION OF BENEFITS	If you are under age 60, to age 65. (Age graded scale after age 60, see SPD for details.)
BENEFIT OFFSETS	Primary and Dependent Social Security; Workers' Compensation; retirement and disability benefits from TSERS; and any other University sponsored group disability insurance plan.
DEFINITION OF DISABILITY	For the first 36 months of benefits, the inability to perform all of the material and substantial duties of your "Own Occupation," because of an injury or sickness. After 36 months of benefits, the inability to perform all of the material and substantial duties of any occupation for which you are fitted by training, education, experience, age, and physical and mental capacity.
PARTIAL DISABILITY BENEFITS	Payable if you are disabled at least 90 days and suffer a 20% or greater loss of earnings.
PRE-EXISTING CONDITIONS (conditions for which you have received advice, consultation or medication in the 3 months prior to becoming insured)	Benefits are not payable if you become disabled from that condition in the first 12 months after becoming insured, unless no treatment was received for that condition for 6 consecutive months after the effective date.
COST	<i>Employees with less than 5 years of TSERS membership:</i> .64% per \$100 of your monthly covered salary <i>Employees with 5 years or more of TSERS membership:</i> .23% per \$100 of your monthly covered salary

NOTE: The above are only highlights of the plan. For more detailed information, please refer to the "Voluntary Supplemental Group Disability Insurance Plan" booklet available online at www.northcarolina.edu/hr/benefits/disability/disability.cfm. The adjudication of the plan will be governed by the master policy. If the terms of this brochure and the policy differ, the master policy language will govern.

Enrollment

As a newly eligible employee, there is no evidence of insurability requirement. If you decline coverage, and choose to enroll later, your coverage will be subject to satisfactory evidence of good health. Now is the best time to enroll for coverage in order to avoid the cost and burden of submitting evidence of good health. Please contact your University Benefits Office for enrollment forms.

Partnering for Success

Voluntary Supplemental Group
Disability Insurance Plan

University of North Carolina



Liberty Mutual

Designed for employees of
Appalachian State University
North Carolina School of Science and Math
Office of the President/General Administration
University of North Carolina at Asheville
University of North Carolina at Chapel Hill (including UNC Press)
University of North Carolina at Greensboro
University of North Carolina at Wilmington
University of North Carolina School of the Arts
Western Carolina University
Winston-Salem State University

Disability benefits are provided under a group insurance policy issued by Liberty Life Assurance Company of Boston, a member of the *Liberty Mutual Group*.

Need for Income Protection during a Disability

Unless you are independently wealthy, your standard of living depends on your ability to work and earn an income. Every month you are reminded just how much depends on your regular paycheck: your mortgage or rent, auto payments, utilities, groceries, the list goes on and on. Have you ever considered that an illness or injury could take away your ability to work and earn an income?

An accident or serious illnesses like heart disease or cancer could cause a long-term disability. Consider the facts:

- Between the ages of 35 and 65, you have a 30% chance of becoming disabled and unable to work for 90 days or longer. (Commissioner's Disability Table A, Society of Actuaries)
- More people lose their homes through disability than through fire or death. (National Safety Council '94/'95 Accident Facts)
- During the working years, the chance of a major disability is three times greater than dying.

Benefit Cost & Payroll Deductions

You pay the cost of the Supplemental LTD plan. If you elect LTD coverage the premium will be deducted from your paycheck via convenient payroll deductions. Liberty offers very low group insurance rates. Use the calculation sheet on the inside cover to determine your monthly premium cost.

The Benefit Is Tax Free

Because you pay the entire cost of the Supplemental LTD coverage on a post tax basis, if you become disabled the benefit paid by Liberty Mutual is tax free.

Calculating the Premium

Your monthly premium is based on your length of service in the Teachers' and State Employees' Retirement System (TSERS) and your monthly base salary. Adjustments are made to reflect any changes in your salary.

Enter Monthly Base Salary: _____

I. Employee with less than five years participation in TSERS

$$\begin{array}{rclcl} \text{Monthly Salary} & \times & \text{Rate Factor} & = & \text{Monthly Premium Cost} \\ \$ \text{_____} & \times & .0064 & = & \$ \text{_____} \end{array}$$

Example:

$$\begin{array}{rclcl} \text{Monthly Base Salary: } \$2,000 & & & & \\ \$2,000 & \times & .0064 & = & \mathbf{\$12.80 \text{ per month}} \end{array}$$

II. Employee with five or more years participation in TSERS

$$\begin{array}{rclcl} \text{Monthly Salary} & \times & \text{Rate Factor} & = & \text{Monthly Premium Cost} \\ \$ \text{_____} & \times & .0023 & = & \$ \text{_____} \end{array}$$

Example:

$$\begin{array}{rclcl} \text{Monthly Base Salary: } \$2,000 & & & & \\ \$2,000 & \times & .0023 & = & \mathbf{\$4.60 \text{ per month}} \end{array}$$

How Can I Protect My Paycheck?

The University of North Carolina has partnered with Liberty Mutual to provide you Voluntary Supplemental Group Long Term Disability (LTD) coverage via convenient *inexpensive* payroll deductions. The supplemental coverage replaces a portion of your salary should you become disabled. In the event of disability, you need to determine if the benefits you will receive from the State of North Carolina Disability Income Plan is enough to support you and your family.

- Did you know that if you become disabled before one year of membership in the NC Teachers' and State Employees' Retirement System (TSERS), there is no disability benefit provided to you by the State?
- Did you know that if you become permanently disabled and have less than five years of TSERS membership, your benefit from the State's disability plan is limited to one year?
- Did you know that after five years of TSERS membership, the state will provide only **50%** of your salary for the first year of disability?
- The Liberty Mutual Voluntary Supplemental Group LTD program is designed to raise your total disability income replacement to **66 2/3%** of your salary.

The following table illustrates how the Liberty Mutual Voluntary Supplemental Group Disability Insurance Plan supplements the NC Teachers' and State Employees' Retirement System Disability Income Plan.

TSERS* MEMBERSHIP CREDIT	DISABILITY PERIOD	TSERS DISABILITY INCOME PLAN	LIBERTY MUTUAL SUPPLEMENTAL DISABILITY PLAN
Less than 1 year	Duration of disability	No benefit	66 2/3% of monthly salary up to \$10,000, following a 90-day elimination period
1 to 5 years	1st year of disability	50% of monthly salary up to \$3,000, following a 60-day elimination period	Total income protection equal to 66 2/3% of monthly salary up to \$10,000, less the TSERS benefit, following a 90-day elimination period
1 to 5 years	Beginning 2nd year of disability and continuing for duration of disability	No benefit	66 2/3% of monthly salary up to \$10,000
5 years or more	1st year of disability	50% of monthly salary up to \$3,000, following a 60-day elimination period	Total income protection equal to 66 2/3% of monthly salary up to \$10,000, less the TSERS benefit, following a 90-day elimination period
5 years or more	Beginning 2nd year of disability and continuing for duration of disability	65% of monthly salary up to \$3,900	Total income protection equal to 66 2/3% of monthly salary up to \$10,000, less the TSERS benefit

*North Carolina Teachers' and State Employees' Retirement System