

# ***Town of Duxbury, Massachusetts***

## ***OFFICE OF HUMAN RESOURCES***



TO: All Town and School Benefit Eligible New Hires

FROM: Jeannie Horne, Town Human Resources Director

RE: Long Term Disability Insurance - New Hire Enrollment Packet

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The Town of Duxbury and the Duxbury Public Schools are pleased to offer benefit eligible employees Long Term Disability (LTD) Insurance. This benefit is designed to pay monetary benefits (60% of your salary income tax free) for extended periods of time when an injury or illness prevents an employee from earning an income. In essence, it is income replacement insurance, or paycheck insurance.

Please note that new hires and newly benefit eligible employees have 30 days from their first date of hire to enroll in the LTD program on a guaranteed issue basis. This means there is no medical questionnaire or physical required to enroll in this insurance during this period. Enrollment at any other time will require evidence of insurability and employees will not be guaranteed a policy.

Included in this packet is additional information about this insurance, the premium costs of the plan and an enrollment form.

**All completed forms should be emailed to Brian Fitzgerald at [brf@mosseservices.com](mailto:brf@mosseservices.com) within the first 30 days of employment.**

878 Tremont Street, Duxbury, MA 02332 Telephone: 781-934-1100 x5410 Fax: 781-934-9011

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*The mission of the Town of Duxbury is to deliver excellent services to the community in the most fiscally responsible and innovative manner while endeavoring to broaden our sense of community and preserve the unique character of our town*

**Town of Duxbury & Duxbury Public Schools**  
**Long Term Disability Program Outline**

- **Guaranteed Issue.** The benefit is a guaranteed issue product, meaning if you sign up within 30 days of your date of hire or benefit eligibility, you cannot be denied access to the plan so long as you are actively at work and not on leave of absence. However, if you do not elect the coverage during this open enrollment and then wish to join the plan at a later date, you have to prove evidence of insurability and you may be denied access to the plan. All new enrollees are subject to our plan's pre-existing condition clause highlighted below.
- **Benefit: 60% of gross pay to a maximum of \$10,000 per month.** All benefits will be paid income tax free, both federal and state, because the employees are paying the premium with post tax payroll deductions.
- **Elimination Period: 90 Calendar days.** This is the length of time that one has to be out of work due to an injury/illness/disability before collecting benefits.
- **Benefit Duration:** benefits payable for disability to retirement age/SSNRA/ADEA (schedules attached).
- **Exclusions:**
  - Intentional self-inflicted injury
  - War, declared or undeclared, or any act of war
  - Committing or attempting to commit an assault, felony or other illegal act
- **Two year limitation** on benefits for:
  - Outpatient drug and alcohol abuse
  - Outpatient mental and nervous disorder
- **Residual/Partial Benefit:** During elimination and benefit period, an employee showing a 20% or greater earnings loss due to disability is benefit eligible. In the elimination period, the days worked on partial basis count towards fulfillment of period. After the elimination period, employee will receive partial benefits not to exceed 100% of pre-disability earnings.
- **Integration/Minimum benefit/the “double dip” rule:** plan offsets with other forms of income including: workers’ compensation, social security and retirement awards. Minimum benefit is greater of 10% or \$100 per month.
- **Two Year Own Occupation Protection** for all Town Custodians, Fire, Foremen, Laborers, Mechanics, Police and Technicians. **Extended Own Occupation Protection** for all other employees. Extended Own Occupation states that an individual is disabled if he or she is unable to perform the material and substantial duties of his or her own occupation. Two year own occupation protects an employee’s own occupation for the first two years of disability. After two years an employee is considered disabled if they can’t perform the duties of any occupation they are qualified to perform through education, training and experience.
- **3/12 Pre-Existing Condition Clause:** Benefits will not be paid for any disability which begins in the first 12 months of being insured which is due to, or results from, a pre-existing condition. A pre-existing condition is a sickness or injury for which the employee has received treatment, took prescribed drugs or medicines, or consulted a physician during the 3 months prior to the employee's effective date of coverage. Once an active employee with a pre-existing condition is enrolled in the program for 12 months, that pre-existing condition is then covered going forward.

### *Who should sign up for the long term disability coverage?*

All employees not yet at 80% retirement should consider signing up for the coverage. If you are at 80% retirement, or have enough accrued sick leave to get you to 80% retirement if you were to be disabled tomorrow, there is no need for you to sign up for the coverage. All other employees are encouraged to consider the program.

### *How much does the plan cost?*

The single composite rate for our plan is the most competitive in the marketplace for the benefits in our contract. The rate is \$0.88 per \$100 of income and each employee will have the same rate regardless of age or salary. Below are several examples of the costs associated with our plan but the actual cost will be tailored specifically to each employee's individual annual salary.

Annual Salary	Annual Cost	Cost Per Pay Period		
		26 Pays	27 Pays	22 Pays
\$20,000	\$176.00	\$6.77	\$6.52	\$8.00
\$30,000	\$264.00	\$10.15	\$9.78	\$12.00
\$40,000	\$352.00	\$13.54	\$13.04	\$16.00
\$50,000	\$440.00	\$16.92	\$16.30	\$20.00
\$60,000	\$528.00	\$20.31	\$19.56	\$24.00
\$70,000	\$616.00	\$23.69	\$22.81	\$28.00
\$80,000	\$704.00	\$27.08	\$26.07	\$32.00
\$90,000	\$792.00	\$30.46	\$29.33	\$36.00
\$100,000	\$880.00	\$33.85	\$32.59	\$40.00

$$\text{Annual Salary} / 100 \times \$0.88 = \text{Annual Premium}$$

$$\text{Annual Premium} / \text{Pay Periods} = \text{Cost per pay period}$$

### *How do I sign up?*

If you wish to take advantage of this coverage, please complete the enrollment form by filling out your name, date of birth, check "Yes, I Elect Coverage" and sign the bottom of the form. If you do not choose to enter the program, simply check "No" and sign the bottom of the form. All employees should complete a form, even if they don't wish to participate in the program.

If you have any questions about our LTD plan, please feel free to contact our consultant, Brian Fitzgerald, directly at **781-342-1198** or email him at [brf@mosseservices.com](mailto:brf@mosseservices.com). He will be happy to go over the program with you in more detail and answer any questions you may have.

## Maximum Benefit Duration Schedule

### Duration of Benefit Schedule - SSNRA

<u>Year of Birth</u>	<u>Social Security Normal Retirement Age</u>
Before 1938	Age 65
1938	Age 65 and 2 months
1939	Age 65 and 4 months
1940	Age 65 and 6 months
1941	Age 65 and 8 months
1942	Age 65 and 10 months
1943 through 1954	Age 66
1955	Age 66 and 2 months
1956	Age 66 and 4 months
1957	Age 66 and 6 months
1958	Age 66 and 8 months
1959	Age 66 and 10 months
After 1959	Age 67

### Duration of Benefit Schedule – ADEA

<u>Age at Disablement</u>	<u>Duration of Benefit</u>
Age 59 or less	To Age 65, but not less than 60 months
Age 60	60 months
Age 61	48 months
Age 62	42 months
Age 63	36 months
Age 64	30 months
Age 65	24 months
Age 66	21 months
Age 67	18 months
Age 68	15 months
Age 69 or older	12 months

*\*Maximum Benefit Duration is SSNRA or ADEA, whichever is longer*



The Lincoln National Life Insurance Company  
P.O. Box 2616, Omaha, NE 68103-2616  
Phone: (800) 423-2765 Fax: (877) 573-6177

## ENROLLMENT FORM FOR GROUP LONG TERM DISABILITY INSURANCE

Employee Information (Complete for ALL Enrollments)				
Employer Name/Company Name (Please Print) <b>Town of Duxbury &amp; Duxbury Public Schools</b>				
Employee Last Name	First Name	Middle Initial	Occupation	Date of Birth
Annual Salary				

Request for Coverage - Long Term Disability
This coverage has been offered to me and after careful consideration of the benefits, I have decided:
<input type="checkbox"/> <b>YES, I ELECT COVERAGE in the Program.</b> I hereby enroll for group insurance, for which I am eligible or may become eligible. As contributions are required, I authorize my employer to deduct premiums from my salary.
<input type="checkbox"/> <b>NO, I choose NOT ENROLL in the Program.</b> I understand that if I enroll for coverage at a later date, and if a physical examination or further medical information is required, it will be at my own expense.

The insurance requested on this enrollment form will not be effective until approved by the Group Insurance Service Office of The Lincoln National Life Insurance Company, or its insurance partners, and the initial premium is paid to The Lincoln National Life Insurance Company. A delayed effective date will apply if the employee is not Actively at Work or an Active Member, or a dependent is in a period of limited activity on the date insurance would otherwise take effect.

Employee Full Name: \_\_\_\_\_ Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_