



Disability Insurance

Voluntary Supplemental Benefits

Am I eligible to enroll in Disability?

You can enroll if you are a State Employee. Exceptions include: members of the Labor, Trades and Crafts (LTC) unit, the Teachers' Retirement System (TRS), on-call employees, temporary legislative employees, employees of the National Guard (including Emergency Guard), short-term non-permanent employees, student interns, leased employees, and emergency employees hired for natural disasters, including emergency firefighters.

You can enroll if you are an employee of a participating political subdivision covered under the terms of the political subdivision's participation agreement.

What is Disability Insurance?

Disability insurance protects your most valuable financial asset—your ability to work and earn an income. It insures that if you are not able to work due to an injury or illness, you will still have an income source. It protects you, your family and your future from suffering financial disaster if an unexpected illness or injury occurs.

Why Buy Disability Insurance?

Consider these statistics:

- Today's 20-year-old has a 3 in 10 chance of becoming disabled before retirement age.
- Nearly 1 in 7 working age people will be disabled for 5 years or more prior to age 65—that number increases to nearly 1 in 5 for ages 35 to 65.
- Over 36 million Americans are classified as disabled and 50% of them are in their working years.

PERS or TRS Disability Benefit

A PERS or TRS disability benefit may be available if you are in the PERS or TRS defined benefit retirement plan (PERS Tiers I-III or TRS Tiers I-II) and you are vested. (If you are injured on the job, you need not be vested). You must either be normal retirement age or be totally, permanently disabled from your occupation to receive these benefits. A PERS or TRS disability benefit is based on your salary and years of service, so you may need additional funds to cover your monthly expenses. **Note:** Defined contribution plan members (PERS Tier IV and TRS Tier III) have coverage only for *occupational, on-the-job injuries or illnesses*.

Purchasing Disability Insurance

Many people think disability insurance is expensive, but it's cheaper than you think. Remember, all premiums are pre-tax, making the impact on your take-home pay less than the actual premium. And the real question is—can you afford not to have disability insurance? To decide, you should review your financial commitments and assets you can use to meet them in the event of a disability. Then take a look at the disability plans offered—both short-term and long-term disability plans are available. You can take either or both to fully protect yourself against an extended disability.

Disability insurance pays benefits if you are disabled. You are considered disabled if you are unable to perform the material and substantial duties of your regular occupation, and these duties cannot reasonably be modified or omitted. You are not working in any occupation, and are under the care of the physician. For long-term disability, after 24 months you must be disabled from any occupation to continue to receive benefits.

By replacing a portion of your income while you are disabled, you are protected against the losses that can occur when your paycheck stops. It is comprehensive—covering you both on and off the job.

Short-Term Disability

Short-term disability (STD) protects you in the event of a brief absence from work. It can also fill in the waiting (elimination) period before long-term disability benefits begin.

STD benefits can begin after you have been disabled and off work for seven days, and you are not in pay status from accrued or donated leave. STD pays 60% of your base salary up to a maximum of \$577 per week, less other income (see below). Benefits continue as long as you are disabled, for up to 180 days from the date of disability.

Long-Term Disability

Long-term disability (LTD) protects you in the event of an extended disability. You may elect a plan that covers either 50% or 70% of your salary, less other income (see below).

Benefits begin after you've been disabled and off work for at least 180 days. For most conditions, benefits continue for as long as you remain disabled—up to age 65 if you are disabled before age 60 or for up to 4-1/2 years if you are disabled after age 60. Certain conditions will be covered for 24 months only. For a complete list, please visit the Division website at drb.alaska.gov.

How Your LTD Premiums Are Calculated

Premiums are based on your monthly base wage. Your monthly base wage is updated as of October 1 for the benefit year beginning January 1.

How Your LTD Benefits Are Calculated

If you are disabled, benefits are calculated at 50% or 70% of your pre-disability earnings (based on the last day of active work before disability begins). This is typically your base wage, excluding overtime, and excluding any allowances.

The maximum monthly benefit is \$8,000. Some other types of income (see below) are deducted from this amount before your benefits are paid. If other income reduces your benefit to less than \$100, the plan will pay the minimum \$100 monthly benefit.

Other Income

The disability plans will pay your benefit after deducting the following “other income.” Please visit drb.alaska.gov for a complete list.

- Retirement benefits required by law, such as PERS or TRS
- Social Security disability benefits
- Workers’ compensation
- Maintenance and cure

Other income that is not deducted from the disability benefit includes:

- Veteran’s benefits
- SBS annuity payments
- Deferred compensation

When you consider whether to purchase disability insurance, you must first consider the benefit you would receive. If you have other income, you should review the example below. And then ask yourself, could you live on your retirement, savings, or other assets alone?

In this example, you would receive an extra \$1,800 per month from the disability plan after your retirement benefit was taken into account.

Example: Long-Term Disability

Monthly Base Wage:	\$4,000
Plan C Selected:	x 70%
	= \$2,800 (Maximum Monthly Benefit)
Retirement Benefit:	-1,000
	= \$1,800 (LTD Benefit Payable)

Appropriate Care and Treatment

While receiving disability, you must be receiving treatment and/or medical care by appropriate medical professionals; consistent with your diagnosis; consistent in type, frequency and duration with relevant practice guidelines; and intended to maximize medical and functional improvement.

Participation in Rehabilitation

If you are medically able to participate in rehabilitation, you must do so while on LTD. By participating you will be eligible for value-added benefits such as rehabilitation, work, family care, and moving incentives.

Pre-Existing Exclusion

The Long-Term Disability plan does not pay benefits if you become disabled in the first 12 months of coverage because of a pre-existing condition that occurred in the three months before your coverage started. You have a pre-existing condition if:

- You received medical treatment, consultation, care or services including diagnostic testing or took prescribed drugs or medicines; or
- You had symptoms for which an ordinarily prudent person would have consulted a health care provider.

For example, if you select coverage during the open enrollment period in November 2015, your coverage is effective January 1, 2016 (assuming you are in pay status and the premium is paid for January). If you took medication at any time between October 1, 2016 and December 31, 2016, you have a pre-existing condition. If that condition causes you to become disabled between January 1, 2016 and December 31, 2016, no benefits are payable. But if a different new condition disables you or if your disability begins after December 31, 2016, the disability benefits would be available.

Effective January 1, 2023, there are no pre-existing condition limitations in the Short-Term Disability plan.

Exclusions

The disability plans don’t pay benefits for a disability that results from:

- War, declared or undeclared, or any act of war
- Active participation in a riot
- Intentionally self-inflicted injuries or attempted suicide
- Loss of professional license, occupational licenses or certification
- Commission of a crime for which you have been convicted under state or federal law
- Any period of disability during which you are incarcerated

This information is intended as a summary of the benefits provided. For complete information, please refer to your *Voluntary Supplemental Benefits* or *Select Benefits Information* booklet or visit the Division website at drb.alaska.gov. If you have questions, please contact the Division toll-free at (800) 821-2251, in Juneau at (907) 465-4460, or by email at doa.drb.msc@alaska.gov.

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December 2023

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