

“Special” Open Enrollment for Voluntary Short Term Disability (STD) & Long Term Disability (LTD) through Equitable Financial Life Insurance Company

PLEASE READ THIS ENTIRE NOTICE

Please share this notice with your employees who do not have a work email or check their email regularly. Thank you.

IMPORTANT STD & LTD COVERAGE CHANGE EFFECTIVE 6/1/ 2023:

Effective 6/1/2023, Short Term Disability (STD) and Long Term Disability (LTD) benefits will be changing from *offering up to 60%* of your *basic annual earnings** to **60%** of your basic annual earnings with a monthly benefit maximum. The monthly benefit maximum is also changing from \$5K to \$11K to allow for those who are currently underinsured to be brought up to 60% of their current basic annual earnings.

1. Premium changes for increased coverage levels will be effective 6/1/2023 and will be reflected in your first paycheck in June.
2. Going forward, 60% of your basic annual earnings (\$11K monthly benefit max) will automatically be adjusted for any pay adjustments/increases effective November 1st of each year and the premium increase will be reflected in your first paycheck in November.

IF YOU ARE CURRENTLY ENROLLED:

If you are currently enrolled in the STD and/or LTD benefits, you will automatically be transitioned to the new benefit (60% of your basic annual earnings) effective 6/1/23, **unless you opt out**. It is important to note that if a claim is filed after 6/1/23, the difference between your current benefit selection and 60% of your basic annual earnings will be subject to the pre-existing condition limitation (“pre-ex”) for the 1st twelve months of this policy.

IF YOU ARE NOT CURRENTLY ENROLLED:

Any benefit eligible employee (20+ hours) who is not enrolled in STD and/or LTD and wants to enroll in coverage during this “special” open enrollment only, medical underwriting is waived, and coverage will be offered with guaranteed issue coverage (no medical questions required). Outside of this “special” open enrollment, you would be subject to *medical underwriting*** (EOI - Evidence of Insurability).

PRE-EXISTING CONDITION LIMITATION / PRE-EX REVIEW

You are guaranteed to be enrolled in these benefits if you elect them. However, a “pre-ex” review is a part of any claims review should a claim for disability be filed to ensure your disability claim is not due to a pre-existing condition. This includes any treatment received for 6-months prior to your disability date. If your claim is deemed to be due to a pre-existing condition, then that particular claim could be initially denied.

If you have a claim within the 1st twelve (12) months of this policy that is due to a pre-existing condition, after 12 months from the date identified in the denial, any pre-existing condition would then be covered going forward. Any new claim that you had not received treatment for 6-months prior to enrolling in coverage would be covered, with the above explanations.

REASONS TO CONSIDER THIS IMPORTANT COVERAGE:

We strongly encourage you to review these valuable benefits as this is a “special” open enrollment offering due to the significant plan design changes. Making sure you have income continuation/replacement in the event of an illness, injury, or catastrophic event that leaves you unable to work is critical to you and your family. According to Bankrate.com, more Americans are living paycheck to paycheck, specifically, those making less than \$55k (76%), those making \$50k - \$100K (65.9%), and those making \$100K+ (47.1%). Even with careful planning and savings, most employees could only cover their expenses for a short period. Additionally, municipal/school employees do not contribute to Social Security leaving them ineligible for Social Security Disability benefits. This “special” open enrollment offering provides access to an important safety net should the need arise. We hope you will consider this valuable benefit.

BE ON THE LOOKOUT FOR:

Benefit summaries, rates, and required forms (including opt out forms) will be provided to you in the coming days. We will also be offering onsite meetings and call-in hours to speak with Equitable representatives. Please keep an eye out for these important documents and dates.

SALARY CALCULATIONS:

Information on how to calculate your rates will also be provided in the next several days.

*Basic Annual Earnings means Base compensation is most often expressed as an hourly rate, monthly income, or annual salary. It doesn't include benefits or additional earnings, such as commission, tips, overtime pay, or bonuses. With this in mind, base pay may only be one part of an employee's total compensation.

** Medical Underwriting is a process used by insurance companies to try to figure out your health status when you're applying for health insurance coverage to determine whether to offer you coverage, at what price, and with what exclusions or limits.

Additional Information:

Pre-disability Earnings means your regular monthly rate of pay from your employer in effect on the date immediately prior to the date you become disabled. Pre-disability Earnings includes any deductions made for pre-tax contributions to a qualified deferred compensation plan, Section 125 plan or flexible spending account and does not include commissions, bonuses, tips and tokens, overtime pay or any other fringe benefits or extra compensation.

-Reduced by other income benefits

-Time must be continuous