

Fed Advantage

FAQs: QUESTIONS ABOUT DISABILITY INSURANCE

Q: Who is Eligible to Enroll? All active federal employees and federal contractors* working at least 20 hours per week are eligible.

*In order to be eligible for enrollment, federal contractors must receive compensation directly from their contracting agency.

Q: How does it work? Our program is designed to fill in the gaps with your federal programs; it does not replace any of your current benefits.

Short Term disability (STD):

- Bridges your income from when your leave stops or runs out and until you are ready to return to work.
- Assists disabled employees in getting back on their feet and back to work through vocational and rehabilitative training.

Long Term disability (LTD):

- Supplements your income from disability retirement and increases your take home pay.
- Assists disabled employees in getting back on their feet and back to work through vocational and rehabilitative training.

Short & Long Term disability (combined):

- Bridges your income from when your leave runs out until you are eligible for disability retirement.
- Supplements your income from disability retirement and increases your take home pay.
- Assists disabled employees in getting back on their feet and back to work through vocational and rehabilitative training.

Q: How long are benefits paid? Benefits under our program will be paid out for as long as you are disabled under the program or until you reach the following maximum benefit periods:

Short Term disability (STD): 52 weeks

Long Term disability (LTD): To age 65, reduced benefit period applies for disabilities occurring after age 60. For more details, please see the plan's group certificate in the forms section on the website.

Q: What are Waiting Periods? Waiting periods are time deductibles that begin the day you become disabled. These deductibles are based on calendar days and each of our plan options offer the following waiting periods:

Short Term disability (STD): 30 days

Long Term disability (LTD): 180 days



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Q: Why do I need supplemental disability insurance? Having a comprehensive disability program is essential for all working employees, and federal employees are no different. While you do have leave and disability retirement, these programs work as a base; but they can fall well short of what you may need if you were to suffer a prolonged disability.

Q: How do I enroll? You need to complete an enrollment form and submit it to our service center. You can enroll on-line or complete the form and return it (fax, mail, or e-mail) to our service center. We'll process the form (1 – 2 business days) and mail you instructions for setting up your payroll deduction. Our contact information is:

FedAdvantage Service Center
P.O. Box 191029
Dallas, TX 75219-1029
Phone: (866) 973-6605
Fax: (214) 252- 0312
Email: customerservice@fedadvantage.com
www.fedadvantage.com

Q: Do I have to take a physical exam? No, a physical exam or evidence of health is not required. All eligible employees are given guaranteed acceptance when enrolling on our program.

Q: Is there a pre-existing condition? Yes, whether you enroll in our short term, long term or combination disability insurance program; they all have the same pre-existing condition clause: A pre-existing condition means a sickness or injury which you received treatment, consultation or had symptoms for 12 months prior to this insurance takes effect. If you can go treatment free for 3 months on the program or you have been actively at work for 18 months, the pre-existing condition clause will no longer apply. For a more complete description of the pre-existing condition clause please consult the group certificate.

Note: If you enrolled on the FedAdvantage supplemental disability programs prior to 1/1/2014, please contact our Service Center at (866) 973-6605 for your specific plan details.

Q: What other exclusions or limitations exists? Exclusions include, war, insurrection, or rebellion, self-inflicted injury, attempted suicide, commission or attempt to commit a felony. Limitations on benefits apply to mental nervous, alcohol, drug, or substance abuse and are limited to 24 months. For a more complete description of the exclusions and limitations please consult the group certificate.

Q: Can I change or cancel the plan? Yes, each year during our open enrollment season you can make changes to the plan and you can cancel at any time.



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Q: How do my leave and disability impact finances? There are at least five reasons you are financially exposed:

- Because leave and disability retirement are separate programs with different eligibility requirements and don't coordinate, you could find yourself in extended periods of Leave without Pay (LWOP) with no income coming in.
- Leave donations, are just that – donations and donations are not guaranteed for a specific period of time and are not tied to your monthly bills.
- Now that you can convert your unused leave to increase your retirement income, like most federal employees, you should become more reluctant to make donations.
- Disability retirement provides a base pension benefit that offers a two year step rated down income stream that levels off at 40% of your high-3 average salary. This pension benefit is not only taxable it doesn't come with a Cost of Living Adjustment (COLA). As an actively working employee you may find it difficult to live on this benefit amount.
- The combination of LWOP with the reduced income received from disability retirement may force you to withdrawal funds from your TSP, or other savings and investments before you're ready. The premature liquidation of your TSP or other savings and investments will have a negative impact on your future income security.

Q: How do the disability plans compare? The Short Term, Long Term, and Combination plans differ in benefits. The Benefit Comparison chart is located on the website: www.fedadvantage.com under FAQs; Questions about Disability Insurance; How do the disability plans compare?

Q: How do I pay for the plan? Premiums are paid bi-weekly from your paycheck through salary allotment. Monthly-paid employees would pay monthly. All premiums are after-tax.

Q: Will my premiums increase with age? Yes, regardless of whether you enroll under the short term or long term disability plan our program is an age-banded group contract.

Regular Employees age-bands: Under 35, 35-44, 45-49, 50-54, 55-59, and 60 & over.



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Special Groups Employees age bands: Under 35, 35-44, 45-49, 50-54, and 55-57. (Special groups employees are law enforcement officers, firefighters, and air traffic controllers covered under the special groups retirement provision.)

Q: What are my federal leave and disability benefits? Your employer offers two types of protection; leave and disability retirement.

1. Leave – A short term solution. You have access to a leave program. Your leave is divided into two categories – Paid and Unpaid.

Paid Leave Annual – Most employees are limited to 30 days.

Sick – employees can earn 13 days per year with no limitations.

Leave Share – Allows employees to receive donated leave from other employees.

Unpaid Leave without Pay – Is an approved absence in a non-pay status granted at the employee's request.

2. Disability Retirement – The final solution.

Under FERS, you are considered disabled if you are unable to perform "useful and efficient service" in your position because of illness or injury. To qualify for disability retirement benefits, you must have at least 18 months of creditable service and your disabling condition must be expected to last at least 1 year.

If approved for FERS disability retirement, your two part pension formula is:

First 12 months	60% of High-3	- 100% of Social Security Benefit	= Disability Retirement Benefit
Starting the 13 th month	40% of High-3	- 60% of Social Security Benefit	= Disability Retirement Benefit

Q. What's wrong with my leave and disability benefit?

There are three basic reasons your leave and disability benefits are not enough.

1. **Your Paid Leave isn't enough** - Your employer restricts your ability to adequately bank enough leave to support you during times of a prolonged disability. Once exhausted, you are in a Leave without Pay (LWOP) status.

2. **You will have to live on a fixed pension** - Disability retirement provides a base pension income of approximately 40% of your high-3 salary to those who qualify, as an actively working employee you may find it difficult to live on this pension benefit.



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3. Your employer doesn't offer any assistance in helping you get back to work -
Without any services to retrain disabled employees, you are trapped, living indefinitely on a fixed income that is below your current income standards and unable to improve your situation.

Q. What gaps in my benefits do your programs fill?

There are three ways we fill the gaps in your federal leave and disability benefits:

1. Short-Term Disability (STD) insurance; is designed to provide income for up to one year, thus it protects your income when your leave runs out.
2. Long-Term Disability (LTD) insurance; is designed to provide income for the long haul until you reach age 65, so it increases your disability retirement benefits and provides more take home pay.
3. Combination of both (short and long-term disability) insurance; is designed to offer the most comprehensive plan by solving the shortfalls of both your leave and disability retirement benefits and by combining these programs you receive a discount on your premiums.

