

13. VIRGINIA LOCAL DISABILITY PROGRAM

HB 1130 in the 2012 session of the General Assembly created a new hybrid retirement program, administered by the Virginia Retirement System (VRS), that contains a defined contribution and a defined benefit component. All new state employees, local employees, and judges commencing employment on or after January 1, 2014, are required to participate in the hybrid plan.

The bill further created a disability program for local employees participating in the hybrid plan known as the Virginia Local Disability Plan (VLDP). Participation in the VLDP is automatic ***unless*** a governing body elects to opt-out and provide comparable employer-paid disability coverage effective January 1, 2014.

The decision to either participate or opt-out is irrevocable.

In evaluating alternatives, Mrs. Lowe participated in a webinar earlier this year facilitated by VRS and followed up by attending an educational seminar facilitated by VACoRP (Risk Pool sponsored by the Virginia Association of Counties).

The VACoRP Supervisory Board endorsed an opt-out solution to the Virginia Local Disability Plan (VLDP). The plan, provided by Standard Insurance Company, is a customized coverage plan that meets or exceeds the comparable plan requirements of §51.1-169 of the Code of Virginia. The following benefits and enhancements are included in the Standard Plan:

- Benefits for occupational and nonoccupational disabilities
- First day coverage for catastrophic disabilities
- 80% income replacement for catastrophic disabilities
- Long Term Disability coverage begins when Short Term Disability ends
- Rehabilitation Incentive - helps claimants focus on recovery
- Reasonable Accommodation Benefit - reimburses employers for worksite modifications that help a claimant return to work
- Survivor Benefit - pays 3 times the monthly benefit
- Rate guarantee for three years (through 12/31/16)

The rate quoted by VRS, which is locked in for only 6 months, is 0.91 percent of the hybrid plan covered payroll for political subdivisions. Standard Insurance's opt-out plan locks in a 0.79 percent rate for 3 years.

In order to opt-out of automatic participation in the VLDP, it is necessary for the Board to adopt the attached resolution, and further authorize me to sign a participation agreement for Long Term Disability Insurance offered by Standard Insurance Company through the VACoRP.

MOTION REQUIRED:

If the Board is so inclined, a motion is required to adopt the attached opt-out resolution and authorize participation in Standard Insurance Company's opt-out plan.

RESOLUTION

Irrevocable Election Not to Participate in Virginia Local Disability Program

WHEREAS, by enacting Chapter 11.1 of Title 51.1 of the *Code of Virginia*, the Virginia General Assembly has established the Virginia Local Disability Program (“VLDP”) for the payment of short-term and long-term disability benefits for certain participants in the hybrid retirement program described in Virginia Code § 51.1-169; and

WHEREAS, for purposes of VLDP administration, an employer with VLDP-eligible employees may make an irrevocable election on or before September 1, 2013, requesting that its eligible employees not participate in VLDP as of the VLDP effective date of January 1, 2014, because it has or will establish, and continue to maintain, comparable employer-paid disability coverage for such employees that meets or exceeds the coverage set out in Chapter 11.1 of Title 51.1 of the Code of Virginia, with the exception of long term care coverage, by January 1, 2014; and

WHEREAS, it is the intent of the Southampton County Board of Supervisors, Employer Code #55187, to make this irrevocable election to request that its eligible employees not participate in VLDP;

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Southampton County Board of Supervisors irrevocably elects not to participate in VLDP because it has or will establish, and continue to maintain, comparable employer-paid disability coverage for such employees; and it is further

RESOLVED that, as an integral part of making this irrevocable election, the Southampton County Board of Supervisors certifies that it has or will establish, and continue to maintain, comparable employer-paid disability coverage for such employees.

Adopted in Courtland, Virginia this 26 day of August, 2013.

Michael W. Johnson, County Administrator



P.O. Box 2500, Richmond, Virginia 23218-2500
Toll free: 1-888-VARETIRE (827-3847)
Web site: www.varetire.org
E-mail: vrs@varetire.org

February 15, 2013

Dear Employer,

I am pleased to provide this resolution packet to assist you and your local governing body while you consider participation in the Virginia Local Disability Program (VLDP).

The 2012 General Assembly created VLDP for political subdivision and school division employees who will be covered under the VRS Hybrid Retirement Plan effective January 1, 2014. Participation in VLDP by political subdivisions and school divisions is automatic unless your governing body elects to opt out and provide a comparable employer-paid disability program effective January 1, 2014. The comparable coverage must include short-term and long-term disability, but does not have to include the long-term care component provided in VLDP. The decision to participate or opt out is irrevocable. Political subdivisions and schools in the same locality may choose to participate or opt out separately. Schools that decide to opt out will submit one resolution for all employees. Please note that VRS Disability Retirement will not be available to Hybrid Retirement Plan participants.

The deadline to submit an opt-out resolution to VRS is September 1, 2013. Your packet includes:

- An opt-out resolution to return to VRS, if applicable
- Copy of Chapter 11.1 of Title 51.1 of the *Code of Virginia*
- An at-a-glance description of the program and rates

VLDP focuses on assisting employees with their recovery and helping them make a safe return to their full work duties, if possible. Please read the Virginia Local Disability Program Employer Manual at www.varetire.ermanuals for program details. In addition, we encourage you to register for the upcoming February 26 VLDP webinar at 1:30 p.m. To register, visit the VLDP web page on the VRS website at www.varetire.org/vldp. Stay tuned to this page for frequently asked questions, which will be posted soon.

We appreciate your efforts to review this information and the Virginia Local Disability Program Employer Manual. If you have any questions about the information in this packet, please contact Ms. ZaeAnne Sferra, Employer Coverage Coordinator, at zsferra@varetire.org or (804) 775-3514.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert P. Schultz'.

Robert Schultz
VRS Director

Virginia Local Disability Program

For Political Subdivisions and Schools

Effective January 1, 2014

At-a-glance



The 2012 General Assembly created the Virginia Local Disability Program for political subdivision and school division employees who will be covered under the VRS Hybrid Retirement Plan effective January 1, 2014. The Hybrid Retirement Plan will apply to most new employees

hired on or after January 1, 2014 and current employees who opt to switch to the plan.

For detailed program information, view the VLDP Employer Manual at www.varetire.org/ermanuals.

Eligibility	This program applies to political subdivision and school employees covered by the VRS Hybrid Retirement Plan that do not submit an opt-out resolution to VRS. Coverage is automatic. VLDP-covered employees are not eligible for VRS Disability Retirement.
Exemptions	Hazardous duty employees covered under enhanced benefits are exempt from the Hybrid Retirement Plan and will continue to be covered under VRS Disability Retirement.
Rates	Rates beginning January 1, 2014 through June 30, 2014: Teachers: 0.39 percent of Hybrid Retirement Plan covered payroll Political Subdivisions: 0.91 percent of Hybrid Retirement Plan covered payroll Schools will pay the teacher rate for teachers and the political subdivision rate for non-administrative employees. New rates will be set each biennium.
Opting Out	Coverage for your employees is automatic under VLDP unless your governing body elects to opt out and provide a comparable employer-paid program. The comparable program does not require you to provide long-term care coverage even though this coverage is included in VLDP. To opt-out, return the VLDP opt-out resolution to VRS by September 1, 2013 (Attn: Susan Keith, P.O. Box 2500, Richmond, VA 23218-2500). The election to opt out of VLDP is irrevocable. Schools that decide to opt out will submit one resolution for all employees (teachers and non-administrative employees).
Program Features	VLDP provides income protection if an employee can't work because of a non-work related or work-related illness, injury or other condition, such as surgery, pregnancy, complications from pregnancy or a catastrophic or major chronic condition. It includes both short-term and long-term disability coverage. The program focuses on assisting employees with their recovery and helping them make a safe return to their full work duties, if possible. Program details are available in the VLDP Employer Manual at www.varetire.org/ermanuals .

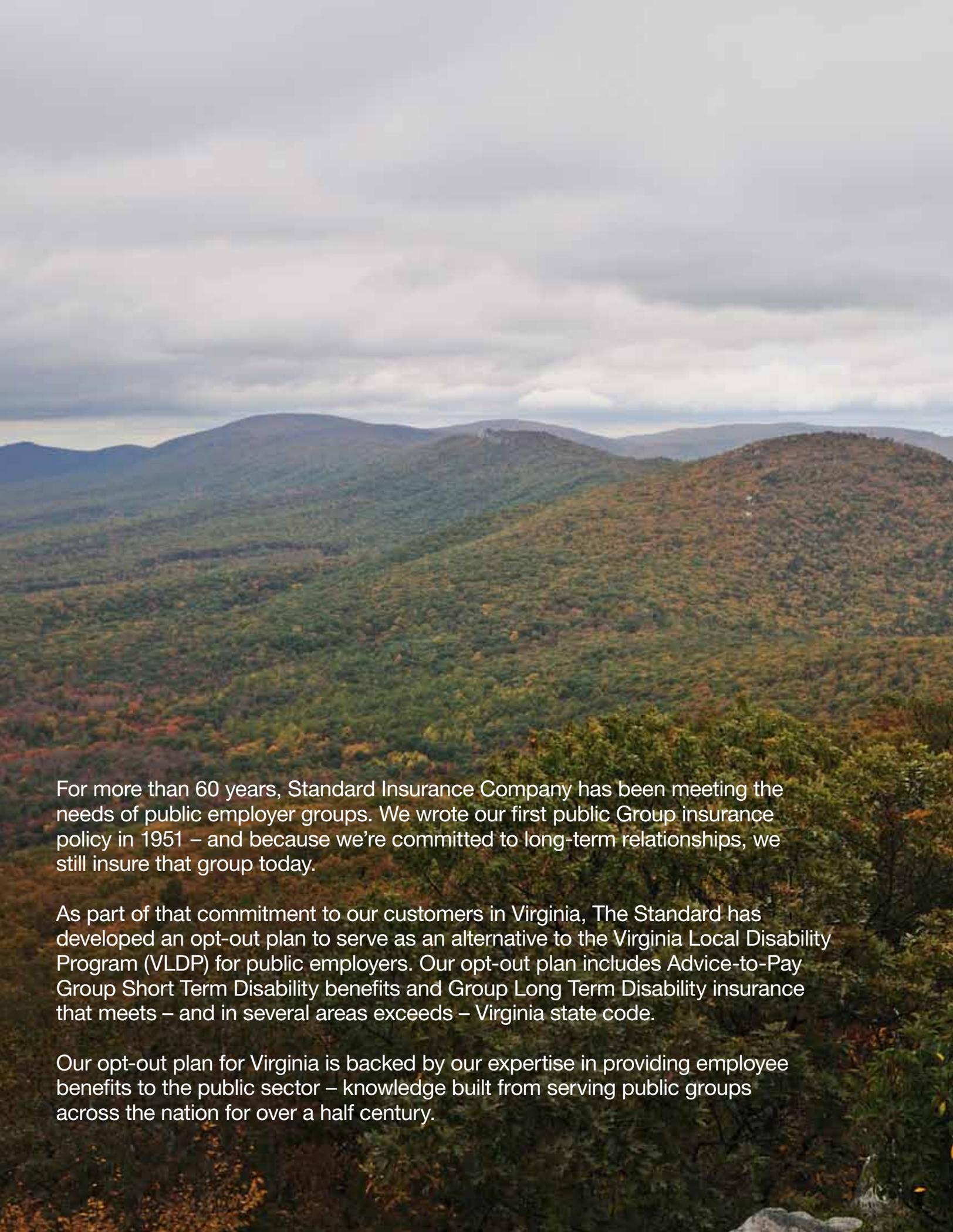
Expertise Virginia's Public Employers Can Count On

The Standard's Opt-Out Plan: An Alternative For Virginia



Standard Insurance Company
Employee Benefit Plans For Public Employers





For more than 60 years, Standard Insurance Company has been meeting the needs of public employer groups. We wrote our first public Group insurance policy in 1951 – and because we’re committed to long-term relationships, we still insure that group today.

As part of that commitment to our customers in Virginia, The Standard has developed an opt-out plan to serve as an alternative to the Virginia Local Disability Program (VLDP) for public employers. Our opt-out plan includes Advice-to-Pay Group Short Term Disability benefits and Group Long Term Disability insurance that meets – and in several areas exceeds – Virginia state code.

Our opt-out plan for Virginia is backed by our expertise in providing employee benefits to the public sector – knowledge built from serving public groups across the nation for over a half century.

Putting The Standard's Expertise To Work For Virginia

The Standard provides employee benefits to 4,574 public groups across the country,¹ with 23 in-force policies in the state of Virginia.² Public employers account for 27 percent of our in-force policies nationwide.³

Because of our large block of public business, we understand the unique circumstances public employers face when it comes to their employee benefits plans. Our long history of serving this sector has taught us how to ask the right questions about contractual provisions, administrative and reporting needs, integration with other benefits and programs, budget concerns and funding requirements.

Dedicated Support For Public Employers

To meet the needs of our sizable public sector business, we have specific claims teams dedicated to serving our state accounts and other large public accounts, with team members who specialize in public employee benefits. Our team implements benefits packages with minimal impact to your organization. We also offer enrollment support and online plan administration tools that give policyholders instant, round-the-clock access to resources and forms they need.

VRS-Specific Expertise

All of our analysts are knowledgeable in Public Employee Retirement Systems (PERS). We're able to obtain information directly from the Virginia Retirement System (VRS), exchange data electronically and customize our forms for Virginia's retirement plans. We can tailor our contract language to correspond with how the VRS pays benefits. We can also provide voluntary or employer-paid insurance plans that coordinate with VRS Disability Retirement.

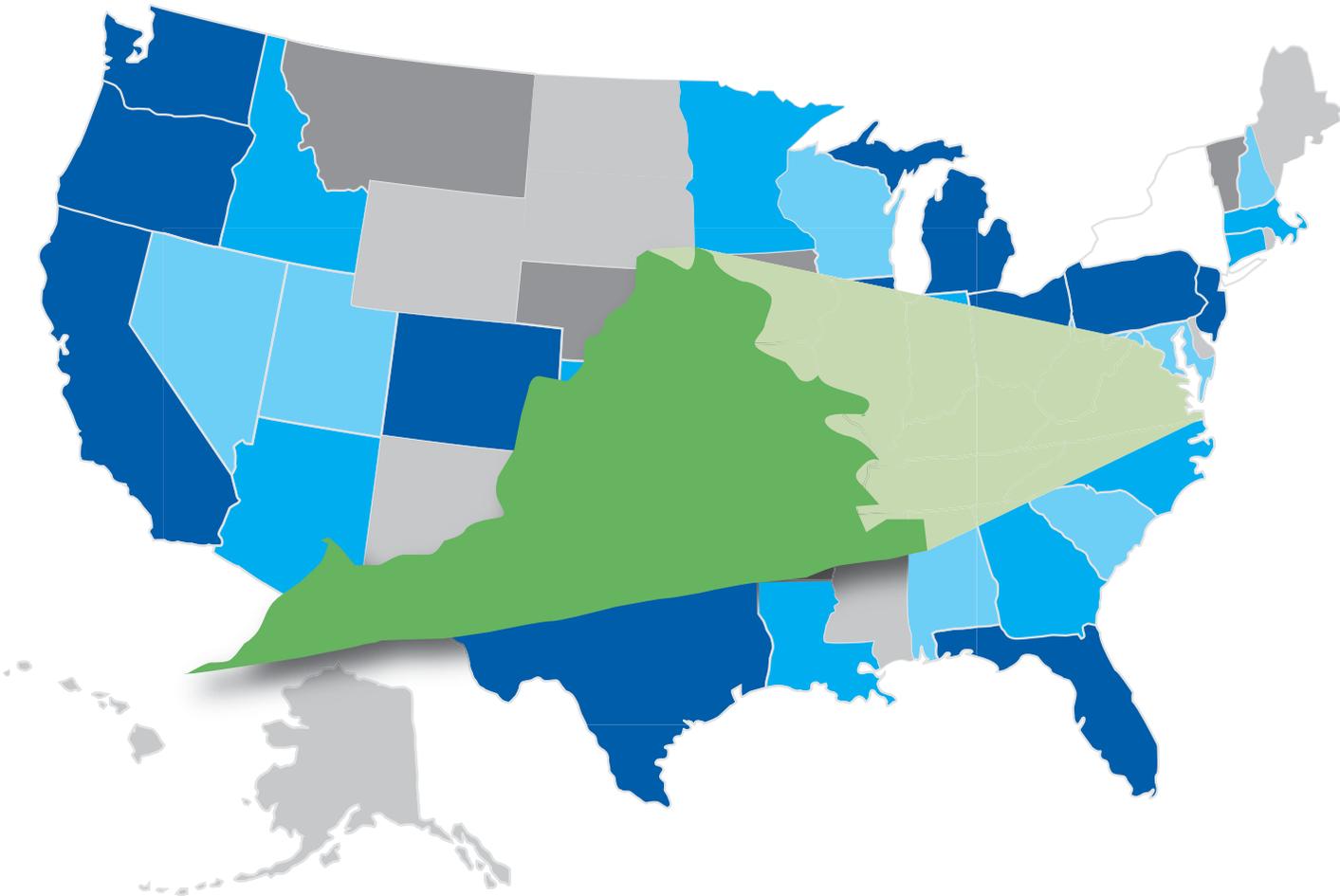
Underwriting For The Public Sector

Our long-time experience with public employers has given us a thorough understanding of typical public-employee occupations, enabling us to provide accurate risk underwriting. It's a strategy we call right pricing: We don't start with an artificially low price only to raise it later. We price our policies correctly from the beginning – which saves policyholders the time, energy and frustration involved in changing carriers.

1 Based on internal data as of December 31, 2011

2 Based on internal data as of March 31, 2013

3 As of September 2012, based on in-force premiums for Life and Long Term Disability insurance



**Total Group Policies With Public Employers
In Virginia As Of March 31, 2013**

Type of policies	
City Contract	5
County Contract	3
School Contract	6
College Contract	5
Safety Contract	2
Misc. Public Contracts	2
Total Contracts	23

**Total Group Policies With Public Employers
As Of December 31, 2011**

Total policies in force	Type of policies	
101 and up	City	1,292
51-100	County	275
31-50	School	1,686
16-30	College	124
1-15	Safety	615
	State	22
	Tribal	9
	Utility	95
	Miscellaneous	456
	Total	4,574

Note: Policyholders may have one or more coverages with The Standard.

For a state-by-state breakdown of public policies in force with The Standard, refer to Public Employers Map flyer (SI 8029).

Standard Insurance Company is not authorized to sell products in the state of New York. In New York, group insurance products are available from our sister company, The Standard Life Insurance Company of New York.

How The Standard's Opt-Out Plan Stacks Up

To serve Virginia's public employers, The Standard has developed a comprehensive opt-out plan that includes Long Term Disability (LTD) insurance and an Advice To Pay (ATP) service arrangement for Short Term Disability (STD) benefits. Our opt-out plan design is compliant with Virginia state code, and in certain areas, goes beyond what the code requires, which demonstrates The Standard's commitment to providing comprehensive benefits and facilitating employees' return to work.

Long Term Disability Insurance

Group LTD insurance helps to protect employees from the loss of income and lifestyle associated with an extended disabling illness or injury. The Standard's LTD plan design meets or exceeds the state code in all areas, and includes additional enhancements that focus on helping disabled employees recover and return to work sooner.



Comparing The Standard's LTD To Virginia Code

Virginia Code	The Standard's Opt-Out Offering	Comparable To Code	Exceeds Code								
Benefit Waiting Period 51.1-1157	LTD benefits will begin upon the expiration of the maximum period for which the employee receives STD benefits.	✓									
Maximum Benefit Period 51.1-1161	<table border="0"> <tr> <td>Age At Date Of Disability 59 or younger</td> <td>Maximum Benefit Period To Social Security Normal Retirement Age (SSNRA)</td> </tr> <tr> <td>60 through 64</td> <td>5 years</td> </tr> <tr> <td>65 through 68</td> <td>To age 70</td> </tr> <tr> <td>69 or older</td> <td>1 year</td> </tr> </table>	Age At Date Of Disability 59 or younger	Maximum Benefit Period To Social Security Normal Retirement Age (SSNRA)	60 through 64	5 years	65 through 68	To age 70	69 or older	1 year	✓	
Age At Date Of Disability 59 or younger	Maximum Benefit Period To Social Security Normal Retirement Age (SSNRA)										
60 through 64	5 years										
65 through 68	To age 70										
69 or older	1 year										
Minimum Benefit	\$100 minimum benefit		✓								
Taxability	The benefit is taxable since the employer will pay premiums for the insurance.	✓									
Catastrophic Condition Benefit 51.1-1171	If the insured is unable to perform two or more activities of daily living without hands-on assistance or requires substantial supervision for their health or safety due to severe cognitive impairment, the benefit percentage will be at least 80% of the insured's predisability earnings.	✓									
Own Occupation – Definition Of Total Disability 51.1-1150: Definitions	24-month Own Occupation period; the insured is disabled if he or she is unable to perform the essential duties of their own occupation.	✓									
Any Occupation – Definition Of Total Disability 51.1-1150: Definitions	After the first 24 months of benefit payment, the employee is disabled if he or she is unable to perform any occupation for which he or she is reasonably educated, trained and experienced to perform and he or she continues to suffer a loss of at least 20% of predisability earnings.	✓									
Definition Of Partial Disability 51.1-1150: Definitions	The insured is partially disabled if he or she is working in an occupation but is unable to earn 80% or more of predisability earnings.	✓									
Successive Periods Of Long Term Disability/Recurrent Disabilities 51.1-1158	The insured may temporarily recover from disability and then become disabled again from the same cause or causes without having to serve a new benefit waiting period. During the benefit waiting period, an insured is allowed 45 consecutive days of recovery before a new waiting period is required. During the maximum benefit period, an insured is allowed 125 consecutive workdays for each period of recovery before a new benefit waiting period is required.	✓									
Military Disability Benefits Offset 51.1-1159(F)	The Standard will not offset LTD benefits for any military disability benefits received.	✓									
Social Security Offset 51.1-1159(A)(3)	Social Security benefits payable to the insured or to the dependents of the insured will be considered deductible.	✓									
Workers' Compensation Benefit Offset 51.1-1159(A)(5)	Any amount received by the insured from workers' compensation, including amounts for partial or total disability, will reduce the LTD benefit.	✓									

Comparing The Standard's LTD To Virginia Code

Virginia Code	The Standard's Opt-Out Offering	Comparable To Code	Exceeds Code
Group Insurance Disability Offset 51.1-1159(A)(4)	Any amount received from another group disability plan provided by the employer will reduce LTD benefits from The Standard.	✓	
Cost-Of-Living Adjustments (COLA) Increases To Other Benefits 51.1-1159(C)	If a cost-of-living adjustment increases a deductible income benefit amount, The Standard will not increase the offset amount and will continue to offset the initial award amount.	✓	
Return-To-Work Incentive 51.1-1159(A)(1)-(2)	For the first 12 months after returning to work, the employee's LTD benefit will not be reduced until work earnings plus the LTD benefit exceed 100% of pre-disability earnings. After the first 12 months, The Standard will reduce LTD benefits by only 50% of the employee's work earnings.		✓
Substance Abuse/Alcohol Use And Drug Use Limitation 51.1-1176(B)	No benefits will be payable unless an employee is actively receiving treatment, and, in the judgment of the case manager, is fully complying with the treatment plan.*	✓	
Commission Of A Felony 51.1-1176(A)	Benefits are not payable for disabilities resulting from the commission of a felony, or during any period when an employee is confined for any reason in a penal or correctional institution.	✓	
Return-To-Work Responsibility 51.1-1160	Failure to cooperate with a prescribed rehabilitation program will reduce benefits payable to an employee by 50%.*	✓	
Mental Disorder Limitation	Mental disorders are not limited by the policy.	✓	
Subjective Conditions Limitation	Subjective conditions are not limited by the policy.	✓	
Reasonable Accommodation Expense Benefit	The Standard will issue up to \$25,000 to any employer for reimbursement of approved worksite modifications in order to assist a claimant returning to work.		✓
Rehabilitation Plan Provision	The Standard may issue payment for expenses a claimant incurs while participating in an approved rehabilitation plan. Expenses may include costs related to training, education, family care, work and job searches.		✓
Rehabilitation Incentive	While a claimant is participating in an approved rehabilitation plan, the LTD benefit will be increased by 10% of pre-disability earnings.		✓
Waiver Of Premium	The Standard will waive payment of premium for insurance while LTD benefits are payable.	✓	
Survivors Benefit	If the employee dies while LTD is payable and had been continuously disabled for 180 days, a lump-sum survivor benefit in the amount of three times the monthly benefit is paid. This is not subject to deductible income.		✓

*This provision is subject to filing with and approval by the Virginia Bureau of Insurance.

Advice-To-Pay Short Term Disability Benefits

Group STD replaces a portion of an employee's weekly income in a time of need, with an option for public employers who want to supplement a sick leave or statutory disability benefits program. The Standard's ATP STD allows public employers to pay their own claims from their payroll department and obtain pretax deductions. With ATP, The Standard will:

- Advise on claim decisions
- Calculate the benefit amount (if desired by the employer)
- Manage all claims to duration and advise on how long to pay

The Standard's ATP STD, available to public employers through our opt-out plan, meets all of the requirements outlined by Virginia's state code.



Comparing The Standard's STD to Virginia Code

Virginia Code	The Standard's Opt-Out Offering	Comparable To Code	Exceeds Code																								
Eligibility 51.1-1150	A regular employee who is actively at work at least 20 hours per week, participating in the Virginia hybrid retirement program and hired on or after January 1, 2014	√																									
Participation Requirements 51.1-1153	Non-contributory coverage = 100% of eligible employees	√																									
Income Replacement For Non-Work-Related Disabilities 51.15-1155	<table border="1"> <thead> <tr> <th>Months Of Continuous Service</th> <th>Workdays Of Income Replacement At 100%</th> <th>Workdays Of Income Replacement At 80%</th> <th>Workdays Of Income Replacement At 60%</th> </tr> </thead> <tbody> <tr> <td>Less than 12</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>13-59</td> <td>0</td> <td>0</td> <td>125</td> </tr> <tr> <td>60-119</td> <td>25</td> <td>25</td> <td>75</td> </tr> <tr> <td>120-179</td> <td>25</td> <td>50</td> <td>50</td> </tr> <tr> <td>180 or more</td> <td>25</td> <td>75</td> <td>25</td> </tr> </tbody> </table>	Months Of Continuous Service	Workdays Of Income Replacement At 100%	Workdays Of Income Replacement At 80%	Workdays Of Income Replacement At 60%	Less than 12	0	0	0	13-59	0	0	125	60-119	25	25	75	120-179	25	50	50	180 or more	25	75	25	√	
Months Of Continuous Service	Workdays Of Income Replacement At 100%	Workdays Of Income Replacement At 80%	Workdays Of Income Replacement At 60%																								
Less than 12	0	0	0																								
13-59	0	0	125																								
60-119	25	25	75																								
120-179	25	50	50																								
180 or more	25	75	25																								
Income Replacement For Work-Related Disabilities 51.1-1163	<table border="1"> <thead> <tr> <th>Months Of Continuous Service</th> <th>Workdays Of Income Replacement At 100%</th> <th>Workdays Of Income Replacement At 80%</th> <th>Workdays Of Income Replacement At 60%</th> </tr> </thead> <tbody> <tr> <td>Fewer than 60</td> <td>0</td> <td>0</td> <td>125</td> </tr> <tr> <td>60-119</td> <td>85</td> <td>25</td> <td>15</td> </tr> <tr> <td>120 or more</td> <td>85</td> <td>40</td> <td>0</td> </tr> </tbody> </table>	Months Of Continuous Service	Workdays Of Income Replacement At 100%	Workdays Of Income Replacement At 80%	Workdays Of Income Replacement At 60%	Fewer than 60	0	0	125	60-119	85	25	15	120 or more	85	40	0	√									
Months Of Continuous Service	Workdays Of Income Replacement At 100%	Workdays Of Income Replacement At 80%	Workdays Of Income Replacement At 60%																								
Fewer than 60	0	0	125																								
60-119	85	25	15																								
120 or more	85	40	0																								
Benefit Waiting Period 51.1-1155	Seven calendar days. However, the waiting period will be waived for catastrophic or chronic conditions.	√																									
Maximum Benefit Period 51.1-1155	125 work days	√																									
Own Occupation Definition Of Disability 51.1-1150: Definitions	The insured is disabled if he or she is unable to perform the essential duties of their own occupation.	√																									
Partial Disability 51.1-1150: Definitions	The insured is partially disabled if he or she is working in an occupation but is unable to earn 80% or more of their predisability earnings.	√																									
Non-Occ Or 24-Hour Coverage 51.1-1162	24-hour coverage	√																									
Preexisting Condition Limitation	Not included	√																									
Return To Work Responsibility 51.1-1160	Failure to cooperate with a prescribed rehabilitation program will reduce benefits payable to an employee by 50%.*	√																									
Successive Periods Of Short Term Disability (51.1-1156)	The employee does not have to serve a new benefit waiting period if the period of recovery is less than 45 consecutive calendar days.	√																									
Catastrophic Condition Benefit 51.1-1171	If the insured is unable to perform two or more activities of daily living without hands-on assistance or requires substantial supervision for their health or safety due to severe cognitive impairment, the benefit percentage will be at least 80% of the insured's predisability earnings.	√																									

*This provision is subject to filing with and approval by the Virginia Bureau of Insurance.

Key Features That Set The Standard Apart

The Standard's LTD plan design is comparable to the VRS Hybrid Retirement Plan's VLDP offering, but also comes with some key features that set it apart – especially when it comes to helping disabled employees return to work and focus on recovery.

Return-To-Work Incentive

The Standard does not reduce the LTD benefit during the first 12 months of returning to work unless the employee's work earnings combined with the LTD benefit exceed predisability income – at which point, the benefit is reduced to equal predisability income. This provides more coverage than VLDP.

After 12 months, The Standard reduces the LTD benefit by 50 percent of the employee's work earnings (compared to 70 percent with VLDP).

Reasonable Accommodation Benefit

The Standard is committed to helping disabled employees overcome obstacles to going back to work. That's why we will reimburse an employer up to \$25,000 for making approved worksite modifications that help an employee return to work.

Rehabilitation Incentive

To help encourage a focus on recovery, we increase the LTD benefit by 10 percent of predisability earnings while an employee is participating in an approved Rehabilitation Plan.

Survivors Benefit

If the employee dies while LTD is payable and had been continuously disabled for 180 days, a lump-sum survivor benefit in the amount of three times the monthly benefit will be paid.

A Full Suite Of Employee Benefits Products

Public employers can count on The Standard to put over a half-century of public group experience to work for them. In addition to ATP STD and comprehensive LTD insurance, we offer a full suite of products for a well-rounded employee benefits package.

Group Life Insurance

Group Life insurance helps protect your employees and their families from financial hardship in the event of death. It can be combined with Accidental Death and Dismemberment (AD&D) and/or Dependents Life insurance for additional financial security.

Group Dental Insurance

Choose from a variety of group dental plan designs, including flexible indemnity, incentive, Participating Provider Organization (PPO) and Voluntary plans.

Group Vision Insurance

Our three vision plans make it easy to find the right balance of costs versus benefits. Available on both an employer-paid and voluntary basis, our Vision plans contain a variety of provisions that help employers save money on vision care services.

Workplace PossibilitiesSM Program

Our Workplace Possibilities program offers a unique, proactive approach to keeping employees at work and helping those who go out on disability to return to work sooner. Included with Group LTD insurance, the program helps employers realize rapid and measurable reductions in disability-related costs. For more information about the program, visit www.workplacepossibilities.com.

These policies have exclusions, limitations, reductions of benefits and terms under which the policies may be continued in force or terminated. Please contact The Standard for additional information, including costs and complete details of coverage.



v T f L g K h S i J y K k e L l M m N n v O o P p Q q R r S s

Mathematics: The World Is...
Name: _____ Date: _____
Topic: _____
Grade: _____



$$5 + x = 10$$
$$+ 1 = 3$$





Founded in Portland, Oregon in 1906, The Standard is a nationally recognized provider of group Disability, Life, Dental and Vision insurance and Individual Disability insurance. We provide insurance to more than 25,000 groups, covering over 8 million employees nationwide.* Our first group policy, written in 1951 and still in force today, stands as a testament to our commitment to building long-term relationships.

We always strive to do what's right – for our policyholders and their employees. This dedication has resulted in a national reputation for quality products, superior service and industry expertise.

To learn more about group insurance from The Standard, contact your insurance advisor or the Richmond, Virginia, Employee Benefits Sales and Service Office at 888.309.7772 or visit us at **www.standard.com**.

*As of March. 31, 2013, based on internal data developed by Standard Insurance Company.

Standard Insurance Company
1100 SW Sixth Avenue
Portland OR 97204

www.standard.com

GP190-LTD/S399, GPTC1002-LTD, GCTC1002-LTD
GP399-STD, GPTC1002-STD, GCTC1002-STD,
GP190-LIFE/S399, GP399-LIFE/TRUST,
GPTC1002-LIFE, GCTC1002-LIFE, 9000 Ed. 03-08,
9000 Ed. 01-05, 9000 Rev. 03-05

Employee Benefit Plans for Public Employers
SI **16809** (5/13) PR/ER

Employee Benefits

Presented by:
The Standard

Proposal And Cost Summary

Prepared for:
**Virginia Association of Counties
Risk Pool**
June 2013

Participating Entity:
Southampton County



Virginia Standard Opt Out Plan:

- **Group STD Advice to Pay**
- **Group Long Term Disability Insurance**

Standard Insurance Company



How The Standard's Focused Expertise Can Benefit Your Business

At Standard Insurance Company, group Life and Disability insurance aren't add-ons. They're our primary business. For you, our focused expertise means people who understand your needs and employee benefits that work harder to support your goals.

From fast, responsive claims handling to flexible plan designs that help you control costs, we're here to partner with you for the long term. Our proactive approach and solutions can help reduce the workload for your HR team and help you maintain a more efficient and productive workplace.

Key Reasons To Choose The Standard	
Partnership Focus	With The Standard's 40-plus fully-staffed sales and service offices across the country, you can count on a smooth, hassle-free transition, local account resources and personal, responsive service. We're here to minimize your administrative burden and simplify claim management. With access that works the way you work – online, phone or in person – we're easy to reach and quick to follow through.
Long-Term Perspective	We've tailored this proposal to address your needs, today and for the long-term. Need more options? Just ask. We offer millions of possible plan design combinations. We also emphasize giving you the "right rate" from the beginning to avoid a big increase later.
Proactive Approach	We focus on helping employers prevent disabilities, increase employee well-being and maintain a more productive workplace through innovative solutions that deliver measurable results, including: <ul style="list-style-type: none">• Industry-leading Workplace PossibilitiesSM program• Exclusive partnership with Health AdvocateTM• Employee Assistance Program included with our LTD plans• Comprehensive Absence Management services• Flexible Dental and Vision plans

We Keep Our Promises

At The Standard, doing the right thing for our customers is in our DNA. More than 100 years of history and our long track record of financial strength back up our commitment to you and your employees.

Employee Benefits Proposal and Cost Summary

Prepared for: Virginia Standard Opt Out Plan
Proposed Effective Date of January 1, 2014

Presented By: The Standard

STD Plan – Advice to Pay (ATP)

Covered Members

You are a member if you are a regular employee of the Employer actively working at least 20 hours each week, a citizen or resident of the United States or Canada, and either 1) hired on or after January 1, 2014 and who is participating in the Virginia hybrid retirement program described in § 51.1-169 of the Code of Virginia, or 2) made an irrevocable election to participate in the Virginia hybrid retirement program described in § 51.1-169 of the Code of Virginia on or before April 30, 2014. You are not a member if you are a temporary or seasonal employee, a full-time member of the armed forces, a leased employee or an independent contractor.

Plan

STD Weekly Benefit

Months of Continuous Service	Workdays at 100% Replacement	Workdays at 80% Replacement	Workdays at 60% Replacement
Less than 12	0	0	0
13 - 59	0	0	125
60 - 119	25	25	75
120 - 179	25	50	50
180 or more	25	75	25

Accident/Sickness Benefits begin on day	8
Major/Catastrophic Conditions Benefits begin on day	1
Maximum Benefit Period	125 work days

Features

- Sick leave pay is not deductible unless STD benefits plus sick leave exceeds 100% of predisability earnings. Only the excess will be used to offset benefits.
- An Assisted Living Benefit is included for non-occupational disabilities. An additional 20% of your Predisability Earnings, not to exceed a total STD Benefit of 100%. The Assisted Living Benefit is not reduced by Deductible Income.
- Plan includes a Partial Disability provision.
- Administrative services, reports and Consolidated DisabilitySM claim management
- Communication with the Claimant, Employer and Physician
- Seamless transition to LTD of the Virginia Standard Opt Out Plan, when appropriate

Employee Benefits Proposal and Cost Summary

Prepared for: Virginia Standard Opt Out Plan
Proposed Effective Date of January 1, 2014

Presented By: The Standard

LTD Plan

Covered Members

You are a member if you are a regular employee of the Employer actively working at least 20 hours each week, a citizen or resident of the United States or Canada, and either 1) hired on or after January 1, 2014 and who is participating in the Virginia hybrid retirement program described in § 51.1-169 of the Code of Virginia, or 2) made an irrevocable election to participate in the Virginia hybrid retirement program described in § 51.1-169 of the Code of Virginia on or before April 30, 2014. You are not a member if you are a temporary or seasonal employee, a full-time member of the armed forces, a leased employee or an independent contractor.

Class 1: Members with fewer than 12 months continuous participation in the Virginia hybrid retirement program described in § 51.1-169 of the Code of Virginia

Class 2: Members with at least 12 months continuous participation in the Virginia hybrid retirement program described in § 51.1-169 of the Code of Virginia

Plan

LTD Income Benefit	60%
Insured Predisability Earnings	\$41,667
Maximum Monthly Benefit	\$25,000
Minimum Monthly Benefit	\$100
Benefit Waiting Period	The period for which benefits are payable under the Employer's short term disability benefits program, including any benefit waiting period under that plan
Maximum Benefit Period	59 or younger...To age 65 SSNRA 60 through 64...5 years 65 through 68...To age 70 69 or older.....1 year
Own Occupation Period	24 Months
Guarantee Issue (benefit)	Full Benefit
Eligibility Waiting Period	One year of continuous employment for non work related disabilities
Employer Contribution	100%
Benefit Taxation	100% Taxable

Features

- An Assisted Living Benefit is included. This is an additional benefit that, when added to the LTD benefit, provides income replacement equal to 80% of predisability earnings. To qualify, disabled members must be unable to perform two or more activities of daily living, and/or suffer from a severe cognitive impairment expected to last 90 days or more.
- Rates are guaranteed until January 1, 2017.
- A Rehabilitation Plan Benefit is included. This pays for approved expenses incurred by a disabled member as part of a rehabilitation plan in preparation for a return to work. Expenses may include: training and education, family care, job search and other job-related expenses.
- AdminEASE service is included. These time-saving online tools are the fastest, easiest and most secure way to administer your plan.

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- To simplify administration, The Standard will pay your matching FICA and Medicare taxes and prepare W-2s for members who are receiving LTD benefits.
- The plan includes a Reasonable Accommodation Expense Benefit that is among the most generous in the industry. This benefit reimburses your expenses toward approved workplace modifications that help members return to work or remain at work.
- The plan includes E-Contract document service for efficient, convenient online contract document delivery. Printed documents are available on request. Certificates must be distributed to insured members. Note: Under ERISA, plan administrators may deliver Summary Plan Descriptions/certificates electronically, but must implement measures to ensure participants actually receive them. Please consult legal counsel to clarify your delivery or recordkeeping requirements.
- For the first 12 months after returning to work, the employee's LTD benefit will not be reduced until work earnings plus the LTD benefit exceed 100% of Predisability earnings. After the first 12 months, only 50% of work earnings are deducted.

Plan Design

- A Rehabilitation Incentive Benefit is included. The LTD benefit amount will be increased by 10% of predisability earnings as long as a disabled member is participating in an approved rehabilitation plan. The LTD benefit may still not exceed the plan maximum benefit amount.
- Partial disability is covered from the first day of disability.
- A Survivors Benefit is included. This provides a lump sum payment equal to three times the LTD benefit without reduction by deductible income.
- None of the following plans/resources will be used as deductible income: Profit sharing, thrift or savings plans, 401(k), 403(b), 408(k), 408(p), 457 plans, IRAs, TSAs, stock ownership, Keogh, or deferred compensation plans.
- Primary and dependents Social Security benefits will be used as deductible income.
- The plan includes a 24-month own occupation definition of disability where you are disabled when you are unable to perform your own occupation duties.
- Sick leave pay will not be used as deductible income unless the LTD benefit plus the sick leave pay exceed 100% of indexed predisability earnings. Only the excess above 100% will be used as deductible income.
- Deductible Income includes Social Security, SSDI, Self Employment income, Benefits received from any other state employer sponsored group insurance contract, Workers Comp, Severance and Unemployment Compensation. COLA increases are not included in deductible income.

Assumptions

- The proposed rates assume the group participates in Social Security.
- The proposed rates do not include commissions.
- The proposed rates assume you participate in a Workers' Compensation plan.
- Proposed rate includes electronic documents.
- Rates assume 100% enrollment of those hired on or after January 1, 2014.

Cost:

Rate: Percent of Monthly Insured Earnings

0.79

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Producer Compensation Disclosure

We recognize the valuable role of Insurance advisors, consultants and brokers ("producers") in helping their clients design an employee benefits program, and we support reasonable and fair compensation for these services. Producers may be eligible to receive compensation from The Standard. Any questions regarding the compensation connected with this proposal should be directed to the producer. Please visit our website at www.standard.com/compensation/eb/ to view our normal commission scales. If this proposal is quoted with a non-standard scale or override it is noted below. An override if noted is compensation paid in addition to or in lieu of commissions. Please consult with your producer for details.

Non-standard commission scale: **Rates are net of commission**
Override: **N/A**

Unless participation is declined by the producer or client, contingent compensation is additional compensation that may also be paid and is contingent on the satisfaction of one or more minimum requirements, such as a specified amount of new premium volume or persistency in connection with the producer's block of business. For information about our customary producer rewards program visit www.standard.com/compensation/eb/. Some producers may have a contingent compensation arrangement that differs from our customary program. Please consult with your producer for additional details.

Additionally, fees for administrative, marketing or consulting services may apply. If applicable, fees are noted below.

Fees: **TPA fees payable to Virginia Association of Counties Risk Pool are included**

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We appreciate the opportunity to provide you with this benefit and cost summary proposal from The Standard. This document outlines certain important features of the group insurance coverages available. This is not a contract or an offer to contract for such coverages. Detailed information about other important features of the coverage proposed is available on request. Just ask your broker/consultant or Standard representative.

A completed application must be submitted before a group can be considered for coverage. Insurance will be effective after the application is accepted by The Standard. If approved, we will issue a contract containing our customary language. It will not duplicate existing policy language, if any. The group contract will contain provisions and defined terms not described in this Benefit and cost summary proposal. The group contract will control if there are discrepancies between it and this proposal.

The proposed premium rate and plan design for each coverage are based on the underwriting data received by The Standard. Final premium rates and plan provisions will be determined by The Standard on the basis of: applicable state laws, policyholder contributions, confirmation of occupations, the actual composition of the group of persons who will become insured, and our current underwriting rules and practices.

This benefit and cost summary proposal expires on December 31, 2016, unless replaced or withdrawn by The Standard.