

Why Long-term Disability?

The State of Colorado provides you with Short-term Disability (STD) benefits at no cost to you. The maximum period of time you can receive benefits for STD is 180 days minus the 30 day benefit waiting period. In addition, the State provides you with the option to purchase Long-term Disability (LTD) insurance. LTD provides benefits after the 180-day STD benefit period, as long as you remain disabled after STD benefits expire.

If you become disabled as defined in the policy, LTD replaces 60% of your income up to a monthly maximum of \$10,000. Because it replaces income, disability insurance is perhaps one of the most valuable benefits you can obtain. All of the premiums for LTD are paid by you on an after-tax basis, and therefore benefits are not taxable if and when you ever need them. In this way, your disability benefit could be rather close to your net pay. Premiums are based on your age, and whether you are vested in PERA benefits.

Once you become vested in PERA's defined benefit retirement plan, your LTD premiums are reduced. This is because there is a disability component to the PERA retirement plan, and those benefits complement the State's LTD plan. Because the LTD insurance provided by the State and the disability program benefits provided under PERA are different, please see the comparison chart under the list of "Topics" on the disability web page for additional information.

Some employees believe that once they are vested in PERA they no longer need the State's separate LTD plan. This is not necessarily true. The two plans are separate, with very different plan designs, even though the benefits are coordinated and they are both provided through Standard Insurance Company. Therefore, employees should keep the following information in mind when deciding if they should apply for/continue coverage under the State's LTD plan:

1. LTD and PERA have very different definitions of disability. You could be turned down for PERA disability benefits, but be approved for State LTD benefits;
2. more often than not, the State's LTD benefit is higher than PERA's;
3. In the event that you are receiving Deductible Income which exceeds the amount of your monthly State LTD benefit, the State's LTD group policy does provide a minimum benefit of \$100.00 per month. However, there is no minimum benefit provided by Colorado PERA's short-term disability (STD) plan. Under this plan, if your Deductible Income exceeds the amount of your monthly STD payment, there will simply be \$0.00 payable to you.
4. the LTD premiums for PERA-vested members are low, but the benefit they provide could be significant and well worth the modest cost.
5. if you terminate your LTD coverage and want to apply again in the future you will need to submit evidence of insurability and may not be approved for coverage.

For these reasons, you may wish to consider continuing your participation in the State's LTD plan even after you become PERA-vested.