

Appendix: Other Benefits While on Disability

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OTHER EMPLOYER SPONSORED SUPPLEMENT SAVINGS

Short-term Disability

If the employee participates in the Commonwealth of Virginia 457 Deferred Compensation Plan or a 403(b) offered by the employer, the contributions and cash match will continue (if applicable) unless the employee is just receiving a workers' compensation benefit. Under Internal Revenue Service guidelines, the employee may be eligible to take a distribution from the plan for an approved hardship.

Long-term Disability

Employees are not allowed to contribute to the Commonwealth of Virginia Deferred Compensation Plan or a 403(b) plan while on long-term disability. However, under Internal Revenue Service guidelines, the employee may be eligible to take a distribution from the plan for an approved hardship.

PURCHASE OF PRIOR SERVICE CREDIT

Short-term Disability

The employee may purchase prior service while on short-term disability. The purchase may be made in a lump sum or through payroll deduction. The cost of purchasing service credit will be based on the full pre-disability income, regardless of the actual income replacement percentage received at the time of purchase.

Note: If an employee on work-related VLDP is not reported, he may purchase this time when he returns to work.

Long-term Disability

The employee may not purchase prior service credit during periods of long-term disability.

HEALTH INSURANCE

Short-term Disability

The employer's health insurance coverage continues in the same manner as if the employee was actively working. The employer will continue to pay the employer's share of the premium, and the employee continues to pay his share.

Long-term Disability

The employee will continue to be covered by the employer's health insurance program if the employer provides retiree or disability health insurance coverage. If the employer does not provide health insurance coverage for retirees or employees on disability, then no health insurance coverage is required. The employee may be eligible for COBRA health benefits.

HEALTH INSURANCE CREDIT

Short-term Disability

The time spent while on short-term disability counts toward the eligibility requirement for the health insurance credit if the employer offers it. However, if the employee is on work-related short-term disability and receives workers' compensation payments solely, this service is not reported and does not count towards health insurance credit eligibility unless the employee buys the service.

Long-term Disability

An employee on long-term disability can receive a health insurance credit if he is:

- a teacher;
- a political subdivision employee and the employer elects coverage;
or
- an employee of a non-participating employer, but was employed for 15 years under a state or teacher position prior to coming to a non-participating employer.

However, the credit cannot exceed the cost of the employee's premium.

Time spent on long-term disability counts toward the health insurance credit eligibility requirement needed to retain the health insurance credit into service retirement.

BASIC GROUP LIFE INSURANCE

Short-term Disability

For employees whose employers participate in the group life insurance program, basic group life insurance continues, including accelerated benefits and accidental death and dismemberment coverage as long as the employer submits group life insurance contributions for the member while on short-term disability.

Long-term Disability

For employees whose employers participate in the group life insurance program, basic group life insurance continues, including accelerated benefits and accidental death and dismemberment coverage. The amount of life insurance is based on the pre-disability annual salary at the time of transition to long-term disability.

When the employee retires, the basic group life insurance begins to reduce until it is 25 percent of its original amount. Accidental death and dismemberment coverage ceases at retirement.

OPTIONAL GROUP LIFE INSURANCE

Short-term Disability

Optional group life insurance continues (for the employee, spouse and any minor dependents) as long as the employee pays the premiums for this coverage through payroll deduction.

If the employee terminates employment or coverage ceases because of non-payment of premiums, the employee may convert to an individual policy.

Long-term Disability

Optional group life insurance continues (for the employee, spouse and any minor dependents) as long as the employee pays the premiums for this coverage via direct bill. If the employee's long-term disability ends or coverage ceases because of non-payment of premiums, the employee may convert to an individual policy.

The amount of life insurance is based on the pre-disability annual salary at the time of transition to long-term disability.

REFUND

The employee will lose all VLDP benefits if he takes a refund of his defined benefit component of the Hybrid Retirement Plan.

Short-term Disability

An employee may only request a refund of VRS retirement contributions and interest upon termination of employment. If a refund of the defined benefit component of the Hybrid Retirement Plan is taken, all benefits stop, including VLDP short-term and long-term disability benefits.

Long-term Disability

If a refund is taken of the defined benefit component of the Hybrid Retirement Plan, all benefits stop, including VLDP.

SERVICE RETIREMENT

Short-term Disability

The employee continues to accrue service credit and remains eligible for retirement after reaching age and service requirements. Time spent on short-term disability counts toward the five years needed to become vested for a retirement benefit.

If an employee goes on work-related short-term disability, receiving only a workers' compensation benefit, the employer does not deduct the VRS member contribution. This means the member will not accrue service credit for this period of short-term disability. However, the member will be eligible to purchase this period as service credit. If the member is receiving workers' compensation benefits while on short-term disability, the employee may not retire until workers' compensation benefits cease.

Long-term Disability

If vested, the employee retains eligibility for retirement benefits after meeting age and service requirements.

If receiving workers' compensation benefits while on long-term disability, the employee may not retire until workers' compensation benefits cease.

The employee is required to retire at his normal retirement date or as required under the program in order to continue receiving benefits.

When retiring, the employee may select any eligible option. The retirement benefit is calculated using the employee's highest average final compensation.

DEATH-IN-SERVICE

The VLDP benefit is not payable to a beneficiary or survivor if the employee dies while on disability. However, the beneficiary or survivor may be eligible for a death-in-service benefit from the defined benefit and defined contribution components of the Hybrid Retirement Plan.