

Knowing the Facts about Optional Benefits

When choosing optional benefits you typically want to consider your financial assets, and how loss of income or abilities would affect you and your dependents. Read through these Optional Benefit Decision Scenarios to help you make your decision.



Scenario 1: Short-term disability

Sally, a state employee, has short-term disability and becomes pregnant five years after the plan's effective date. How would her short-term disability benefit replace her income during her maternity leave?

Since the pregnancy is not a pre-existing condition, short-term disability will pay a benefit (minus deductible income, including paid and donated leave) after a seven-day waiting period. Sally will receive the benefit for 12 weeks if her physician verifies that she is disabled during the entire period.

Scenario 2: Short- and long-term disability

Gary, a state employee, is enrolled in long-term disability (with a 180 day waiting period) and short-term disability. He has accrued 360 hours (45 days) vacation leave. Gary is in a severe accident and sustains injuries that qualified him for disability. How will Gary's disability insurance help him with income replacement?

Gary's short-term disability will start right away and will last a maximum of 90 days as long as he remains disabled because of the injuries. If his recovery goes past 90 days, Gary can use his accrued vacation leave until his long-term disability begins 180 days after the accident. He will experience a period of time without pay.



Scenario 3: AD&D and Optional Life Insurance

As a newly hired state employee, Shannon enrolled in \$50,000 of AD&D (with spouse coverage) and \$100,000 of optional employee life insurance. Shannon and her husband both were killed in a car accident. How much will their children receive after their accidental death?



Both benefits will pay, because their death was caused by “**accident**,” AD&D will pay out \$50,000 for the employee, but only half that amount for the covered spouse. The optional employee life plan will pay \$100K and the employee basic life plan will pay \$5K. A total of \$180K will be paid to the children.



Scenario 4: Optional Life Insurance

Oliver, a state employee, had some past medical issues before he was hired and knew he could not get life insurance if a medical history was needed. When he was a new hire, he enrolled in the guarantee-issue max of \$40,000 in optional employee life insurance and \$20,000 of optional spouse life insurance.

Jacob had a similar health issue, but waited till Open Enrollment to enroll in the same amount. Why did Jacob have to submit a medical history and Oliver didn't?

Every new employee has a 30-day window to enroll in benefits. During these 30 days, newly hired employees may enroll in optional benefits up to a guarantee issue amount without submitting a medical history. This is a one-time shot, and Jacob was outside his 30-day window. Some optional benefit plans have guarantee issue amounts for new hires.

- Optional Employee Life Insurance - \$40,000
- Optional Spouse or Domestic Partner Life Insurance - \$20,000
- Long-term care \$4,000 monthly benefit, six-year benefit plan.

Scenario 5: Dependent Life

Lauren has four children. When Lauren was hired by a state agency, she enrolled in dependent life. Two years later her two daughters died in an accident. How would dependent life help this poor parent?

The dependent life benefit covers \$5,000 for a spouse or domestic partner and each dependent for a low monthly premium. The benefit would pay out \$10,000 to Lauren for the loss of her two children.



Scenario 6: Long-term Care Insurance

Kathy (age 45) has been employed by a state agency for two years and is interested in enrolling for long-term care insurance. What should she know?

Unlike the other optional benefits, Kathy can enroll anytime during the year for long-term care insurance. Kathy should weigh the different benefit plans offered through long-term care insurance and decide which one fits her best. She should also consider that her premium cost, which is based on her age at enrollment, will never increase unless she changes her plan in the future. Kathy can convert the plan to individual insurance if she leaves state employment.

Scenario 7: Long-term Care Insurance

Jimmy has been a state employee for three years and enrolled in the guarantee issue amount for long-term care insurance. Jimmy's parents also applied and were approved for enrollment in the PEBB long-term care insurance plan that includes "total home care." Four years after enrolling, Jimmy's father had a stroke and lost the ability to do daily activities, such as bathing.

This is a unique optional benefit because family members (spouse or domestic partner, parents, grandparents, children, and siblings) are eligible to enroll in this group plan, but only upon approval of their medical history statement. For Jimmy's father, the long-term care insurance will send him a monthly amount to pay for a caregiver since he chose the "total home care" option. This will keep him in his home and protect his savings.

