

FGP LTD changes 9-1-2020

Due to the financial hardship experienced as a result of COVID-19, the University of Arkansas System Office and UAMS have been looking at several cost-cutting measures that have a positive financial impact with minimal disruption for our faculty and staff. One of those measures is a change to the long term disability (LTD) insurance plan for Faculty Group Practice (FGP) members. This change takes effect September 1, 2020.

[Read the June notice emailed to FGP members](#)

[Form to change taxation of the UAMS-paid LTD premium](#)

Not required unless you want to make a change; deadline is Sept. 11, 2020.

The new long term disability benefit for FGP members will be insured under one group policy through the University's current disability carrier, Standard Insurance Company. Currently it is a hybrid plan that consists of a Standard group policy to cover the first \$100,000 of income, and an individual policy through James D. Foss and Associates and Unum for income over \$100,000. The combination into one group plan is estimated to save UAMS over \$2 million annually.

Frequently Asked Questions

Please visit this page regularly as we will update it as new questions are received.

I've read the notice with the comparison of current and new LTD benefits. How do I access the full plan description?

The new certificate of coverage is now available, as of 7-30-2020. Although the certificate is dated 1-1-2019, the additional attachments clarify that the changes take effect 9-1-2020.

[Certificate](#), [Attachment 1](#), [Attachment 2](#), [Amendment 3](#)

I am concerned about "own occupation." I am a specialized physician. If I am no longer able to perform those duties will I be forced to take a lesser job and lose my LTD benefits?

No. Here is an excerpt from the plan description: *Own Occupation means any employment, business, trade, profession, calling or vocation that involves Material Duties of the same general character as the occupation you are regularly performing for your Employer when Disability begins. In determining your Own Occupation, we are not limited to looking at the way you perform your job for your Employer, but we may also look at the way the occupation is generally performed in the national economy. If your Own Occupation involves the rendering of professional services and you are required to have a professional or occupational license in order to work, your Own Occupation is as broad as the scope of your license.*

If your Own Occupation is medical doctor, during the Benefit Waiting Period through the end of the period for which benefits are payable, we will consider your Own Occupation to be the one general or sub-specialty in which you are board certified to practice for which there is a specialty or sub-specialty recognized by the American Board of Medical Specialties, provided

you have earned at least 60% of your gross professional service fee income in your specialty or sub-specialty during the 24 months immediately before you become Disabled. If the sub-specialty in which you are practicing is not recognized by the American Board of Medical Specialties, you will be considered practicing in the general specialty category.

Will my VA pay continued to be covered?

No. The group plan will only cover wages and incentives paid by UAMS and processed through our payroll system. This affects less than 50 faculty members.

If I elect to keep my current expanded individual plan and pay that premium myself to James D. Foss and Associates, and I become disabled in the future, will that plan pay in addition to the new UAMS group plan, such that my benefit will be greater than 60% of what I was making?

Yes, but only up to a point. If the combination of LTD benefits from your individual plan and the new UAMS group plan would exceed 80% of your previous income, then the UAMS benefit will be reduced so that the combined benefits would not exceed 80%.

If I decide to keep my current expanded individual plan, can I payroll deduct the premium?

No, there is no option to have those premiums deducted from your UAMS paycheck. James D. Foss and Associates will notify you by email of your option to keep the coverage and how to pay those premiums.

If I leave UAMS in the future, what is the cost to convert this new plan to an individual policy?

While converting to an individual policy is an option, it is rarely elected as the premiums can be substantial. As an example, the annual premium for a \$4,000 monthly benefit (60% of \$80,000 annual income) for a 50-year old is \$2,400. We recommend you first inquire about coverage through your new employer or shop the market for other individual coverage – or consider maintaining your individual coverage through Foss. You'll find the age-based conversion rates in the following LTD conversation applications. The maximum monthly benefit for which you can convert is \$4,000, raised to \$8,000 through evidence of insurability (i.e. pass a health screening), and not to exceed 60% of pre-disability salary.

[LTD Conversion Application for residents of AR, CO, DC, KY, LA, NJ, NM, NY, OH, OK, PA, TN](#)

[LTD Conversion Application for residents of Other States](#)

I currently pay the taxes on the UAMS-paid LTD premium so that any future LTD benefit would be tax-free. Will I still have this option?

Yes. Whatever your election is currently — either post-tax “tax me now” or pre-tax “tax me later” — that election will continue unless you change it by 9-11-2020. No action is needed on your part if you want to maintain your current taxation election. However, you will have the option to change this election to take effect Sept. 1, 2020. The process to make this change will be communicated by email to FGP members in August. That election will be irrevocable until

you reach age 60. Those age 60 and older will be given the opportunity annually to change from post-tax to pre-tax; we anticipate this annual 60+ opportunity will be held each November, to take effect the following January. FYI, a majority of FGP members currently elect the post-tax “tax me now” option. Because the employer-paid premium will be lower under the new group plan in September, those who currently have the post-tax option should see a reduction in the taxes withheld from their paychecks. For example, the maximum monthly premium starting in September will be \$150. That means if you elect the post-tax option, you would have additional taxes withheld on imputed income of a maximum \$150.00. If you were in a 25% tax bracket, for example, your true cost each month for a \$150 premium would be \$37.50 in additional taxes. Your W-2 would also reflect this amount as taxable earnings.

I don’t know if I should change my taxation election or not. How do I know what my current taxation election is for my FGP LTD?

Look at your paystub on the top left side under Earnings. If you see “TAX BEN-FGP BasicLTD” and “TAX BEN-FGP Exp LTD” that means you elected post-tax and are paying the taxes on the employer-paid premiums. If you take no action, that election will continue.

What is the maximum salary that can be covered? If I do elect to have the employer-paid premium taxed to me, what will my cost be?

There is no change from the current \$500,000 maximum salary that can be covered. The premium cost is $.0036 \times$ your monthly salary, not to exceed \$150.00 per month. For example, if your salary is \$240,000, your monthly salary is \$20,000. $20,000 \times .0036 = \$72$. UAMS would pay the \$72 monthly premium. If you elect to pay taxes on that amount (therefore assuring future benefits would not have taxes withheld), you would have taxes withheld as if you earned an additional \$72 per month.

If I have questions, who do I contact?

You may contact the UAMS Office of Human Resources at (501) 686-5650 or AskHR@uams.edu. Questions about your current individual Expanded coverage should be directed to James D. Foss and Associates at 501-221-3700.

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