

STANFORD
UNIVERSITY



Changes to Voluntary Disability Insurance (VDI) Effective January 1, 2009

As you may know, on your date of hire you were automatically enrolled in Stanford's short-term disability plan – called, Voluntary Disability Insurance (VDI). This plan pays a benefit if you are unable to work due to a non-work related illness or injury, as well as during a maternity leave.

Background

All employers can offer their own plan if it provides a better benefit than the state plan. One requirement for Stanford to provide its own plan is to fund VDI only with employee contributions. This makes the benefit tax-free when you most need the money. Unfortunately, in the past two years, employee contributions have not been sufficient to keep the plan fully funded. In an effort to keep VDI available and maintain the benefit tax-free, Stanford has made some moderate changes to the plan.

Stanford's Changes

These changes to the Stanford VDI plan become effective January 1, 2009:

- For disabilities starting January 1, 2009 or later, your weekly disability benefit will be 60% of your pre-disability earnings. This is a change from the previous rate of 66 $\frac{2}{3}$ %. (The SDI plan pays 55% of earnings based on a specific period of time determined by the state.)
- Payment for all disabilities will begin after a 7-day waiting period. You can use any available sick leave, vacation, or PTO during the waiting period. This period will not be reimbursed regardless of the length of your disability. **Exception:** The waiting period is waived on the first day of hospital confinement.

State Mandated Changes

These changes match the state plan as mandated by law.

- The VDI contribution rate increases from .8% of the first \$86,698 of annual earnings to 1.1% of the first \$90,669. This change increases the maximum annual contribution from \$693.58 to \$997.36. These changes match those made by SDI.
- The maximum weekly benefit increases from \$917 to \$959.
- The maximum annual benefit increases from \$47,684 to \$49,868 (\$959 x 52 weeks).

(more on back)

Benefits Department

320 Panama Street, Bambi Modular Stanford, CA 94305-4160 650.736.2985 <http://benefits.stanford.edu>

You Can Change Plans

You can reject coverage in Stanford's VDI plan and instead enroll in California State Disability Insurance (SDI). To do that you must complete a **VDI Rejection Notice** and submit it to your Payroll Department (Campus at MC 8440 and SLAC at MS-05). You may always return to the VDI plan as long as you complete a **SDI Rejection Notice**. If you choose to opt out of the Stanford VDI plan you will be required by law to participate in SDI. For more information on SDI, visit California's Employment Development Department Web site.

Both rejection notices are available:

- On the Stanford Benefits Web site at <http://benefits.stanford.edu> in the *Resource Library*.
- In the lobby of the Human Resources /Stanford Benefits office in the Bambi Modular (320 Panama Street).

If you have questions about your VDI benefits, call Stanford Benefits at (650) 736-2985 or toll-free at (877) 905-2985.

Regards,

Stanford Benefits
December 22, 2008