

# Proposal prepared for:

## Transport Workers Union of America Local #s

**Presented to:**

EMERSON REID LLC

**Prepared by:**

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**Proposal valid through:** December 19, 2022

**Situs state:** Varies

**Products:**

Short-term disability, Long-term disability



Insurance products issued by:  
The Lincoln National Life Insurance Company

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## Welcome

**We're pleased to meet you.  
And we'd like to let you know how we  
do things just a little differently at Lincoln.**

After a century or so, you learn a thing or two.

You learn that integrity is more than a nice word to use with your customers. You learn that trust is something you continuously earn. You learn that value isn't always measured in dollars and cents.

And you learn that the key difference between one carrier and another often isn't the product itself. It's the personal commitment a company shows toward its customers, the flexibility that lets us deliver the right plan for each company, and the daily interactions that add up to the kind of experience you can count on when you work with Lincoln.

For more than 110 years, Lincoln Financial Group has been dedicated to delivering the flexible solutions and customer support needed at some of the most challenging times in a person's life. We promise to be there when our customers need us, giving them the tools and information they require to confidently select, use and administer their benefits. And we work closely with our customers to develop solutions that not only meet immediate needs but also recognize future developments and concerns.

**In short, we promise to do the right thing.**

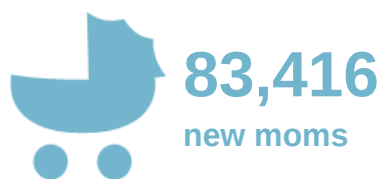
### **Doing the right thing for our customers**

We know that employers aren't looking for cookie-cutter coverage with impersonal service. Companies put their reputations on the line when they select a carrier to provide benefits for their employees. A carrier's actions — and inactions — can reflect directly on the company that made the choice.

That's why Lincoln is committed to working as an ally to each of our employer groups, focusing on what benefits each company and its employees need to grow and thrive.

## Doing the right thing for employees who depend on our coverage

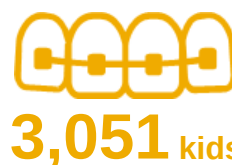
Of course, strong relationships with our customers are essential. But in the end, it comes down to results. Did our coverage make a difference in the lives of employees? Can they depend on Lincoln when it matters most? Here are just a few of the ways how — and how many — people were helped by Lincoln group benefits:<sup>1</sup>



who enjoyed time off  
with their babies



whose lives we helped get  
back on track and who we  
helped regain  
the ability to work



whose smiles we enhanced by  
helping parents fund braces



who made trips to the ER for  
which we helped cover immediate  
“accidental” expenses

## Doing the right thing for the future

We're making sure our customer-oriented approach continues to meet your expectations, by making strategic clinical and technical investments and taking the proactive steps necessary to ensure our infrastructure will always be ready and able to:

- ✓ Anticipate future challenges and support our customers with purpose-built employee benefit solutions
- ✓ Deliver quick and accurate implementation and enrollment for every size workforce
- ✓ Meet specific plan-design requests that fit a company's needs and budget
- ✓ Offer robust self-service capabilities that help employees easily manage their benefits

## We've got your back

We are honored to be number 188 on the 2020 Fortune 500 list. As one of the nation's leading group disability insurers, we offer broad, flexible group benefits portfolios including total absence management services, as well as life, dental, vision, accident and critical illness protection.<sup>2</sup> Our sound and secure past and sharp eye toward the future mean that we'll be there when you need us — a trusted partner always ready to back up our promises with performance.<sup>3</sup>

We welcome the opportunity to meet, to further discuss the contents of this proposal and to explore how together, we can help you reach your employee benefit goals.

<sup>1</sup>2020 claims.

<sup>2</sup>2019 LIMRA ratings for Annuities, Life Insurance, Retirement Plan Services and Group Protection.

<sup>3</sup>Guarantees are subject to the claims-paying ability of the issuing company.



## Cost summary

### Short-term disability insurance rates

Option:	2	Class:	1
Rate guarantee:	12 months	Rate basis:	Age Banded PEPM
Effective date:	01/01/2023		

The above rate assumes the Policyholder is responsible for paying the employer's share of Social Security and Medicare (FICA) tax.

### Long-term disability insurance rates

Option:	2	Class:	1, 2, 3
Rate guarantee:	24 months	Rate basis:	Per \$100 of Covered Monthly Payroll
Effective date:	01/01/2023		

Age	Rate
0-29	\$0.240
30-34	\$0.500
35-39	\$0.500
40-44	\$0.950
45-49	\$0.950
50-54	\$1.100
55-59	\$1.100
60-64	\$0.990
65-69	\$0.990
70-74	\$0.710
75+	\$0.710

See rate section for specific rate information

## Considerations

### **General Considerations:**

Seasonal employees are not eligible for benefits

Minimum Hours to be eligible for benefits:

Full-time Employment: at least 30 hours weekly

Part-time Employment: at least 20 hours weekly

Situs:

The location of each Local# will determine the Situs, and Lincoln standard language will prevail.

### **Disability Considerations:**

- **Short-Term Disability Proposal assumes**

- Members who have enrolled within the last 365 days have a 60 day elimination period for Sickness before benefit begins
- One set of 10-Year Age Banded step rates for all Locals and Employment Groups
- Rate Basis is Per Employee Per Month
- Definition of Disability is Own Occupation
- Participation Requirement is minimum of 25% participation. Lincoln reserves the right to reprice or terminate coverage if participation is not met.
- Takeover Enrollment for 01/01/2023
- On-Going Enrollment will occur Annually for pre-determined Enrollment window defined by the Transportation Workers Union, and approved by Lincoln
- 12 Month Rate Guarantee

- **Long-Term Disability Proposal assumes**

- One set of Age Banded step rates for all Locals and Employment Groups
- Rate Basis is Per \$100 Monthly Covered Payroll
- Definition of Disability is Own Occupation
- Participation Requirement is minimum of 25% participation. Lincoln reserves the right to reprice or terminate coverage if participation is not met
- Takeover Enrollment for 01/01/2023
- On-Going Enrollment will occur Annually for pre-determined Enrollment window defined by the Transportation Workers Union, and approved by Lincoln
- 24 Month Rate Guarantee

Short-term disability insurance rates - Option 2				
Age	Rate	Lives	Volume	Quoted Premium
0-29	\$ 33.00	97	97	\$3,201
30-34	\$ 44.00	124	124	\$5,456
35-39	\$ 44.00	124	124	\$5,456
40-44	\$ 50.00	177	177	\$8,850
45-49	\$ 50.00	320	320	\$16,000
50-54	\$ 66.00	852	852	\$56,232
55-59	\$ 66.00	1442	1,442	\$95,172
60-64	\$ 97.00	1155	1,155	\$112,035
65-69	\$ 97.00	368	368	\$35,696
70-74	\$ 116.00	65	65	\$7,540
75+	\$ 116.00			\$0
		4724	4,724	\$345,638
Long-term disability insurance rates				
Age	Rate	Lives	Volume	Quoted Premium
0-29	\$ 0.240	52	267,381	\$642
30-34	\$ 0.500	88	529,823	\$2,649
35-39	\$ 0.500	89	569,908	\$2,850
40-44	\$ 0.950	134	889,723	\$8,452
45-49	\$ 0.950	250	1,948,689	\$18,513
50-54	\$ 1.100	892	6,910,583	\$76,016
55-59	\$ 1.100	1745	13,265,733	\$145,923
60-64	\$ 0.990	1426	11,081,298	\$109,705
65-69	\$ 0.990	376	2,922,694	\$28,935
70-74	\$ 0.710	56	422,928	\$3,003
75+	\$ 0.710	9	69,328	\$492
		5117	38,878,088	\$397,179

## Short-term disability insurance

### Product Conditions

- All employees to be covered are Actively at Work on the policy's effective date. If any individual does not meet the Actively at Work requirement, we will require full disclosure of all necessary information to evaluate the risk. After reviewing this information, we reserve the right to revise or withdraw this proposal. Unless disabled on the prior workday or on the day of absence, an employee will be considered Actively at Work on the following days;
  - a Saturday, Sunday or holiday which is not a scheduled workday;
  - a paid vacation day, or other scheduled or unscheduled non-workday; or
  - an excused or emergency leave of absence (except a medical leave).
- This plan does not replace any state mandated disability program. This plan does not cover any occupational injuries or sicknesses.

### Class and eligibility descriptions

Short-Term Disability Insurance	
Option	2
Class	1
Class Description	All active FT and PT Members who are members of the Transport Workers Union AFL-CIO who are employed by American Airlines, Envoy Air, or Allied Fueling and classified as payroll type 1, payroll type 2 and payroll type 3
Employer Contribution	0%
Required Employee Participation	The greater of 10 employees or 15%
Contribution Basis	Post - Tax
Minimum Hours	15 unless otherwise agreed upon

### Short-Term Disability Benefit Overview

Short-Term Disability Employee Benefits	
Option	2
Class	1
Class Description	All active FT and PT Members who are members of the Transport Workers Union AFL-CIO who are employed by American Airlines, Envoy Air, or Allied Fueling and classified as payroll type 1, payroll type 2 and payroll type 3
Benefit Percent	The weekly benefit will not exceed 50% of the Insured Person's weekly earnings
Minimum Weekly Benefit Amount	\$25
Maximum Weekly Benefit Amount	\$4000
Day Benefit Begins – Accidental Injury	15 <sup>th</sup> Day
Day Benefit Begins – Sickness	15 <sup>th</sup> Day
Benefit Duration	26 Weeks
Definition of Earnings	Basic Annual Earnings Excluding Overtime, Bonuses, & Commission
Integration	Backdoor

Salary Continuance Program	Included
C-Section Benefit Rider	8 week(s) gross benefit
Family Income Benefit Rider	3 week(s)
Rehabilitation Assistance Benefit	5% program reimbursement; reasonable accommodation
Waiver Of Premium	Included
Portability	Included

## Short-Term Disability Product Standard Features

### Recurrent Periods of Disability:

Unless the Insured Person returns to active full-time work for at least two weeks, two or more periods of Disability due to the same or related cause will be treated as one period of Disability.

### Partial Disability Benefits:

Lincoln Financial Group does not require that the employee be totally disabled prior to receiving partial benefits. A disabled employee can satisfy the elimination period with days of total disability, partial disability or a combination of both. An employee may qualify for a partial disability benefit if he or she is Partially Disabled and is under the regular care of a physician.

Partial Disability Benefits end on the earliest of:

- The date of Total Disability Benefits become payable;
- The date the Insured Person dies;
- The date the Maximum Benefit Period ends; or
- The date the Insured Person's current earnings exceed 99% of Basic Weekly Earnings.

The amount of the Weekly Partial Disability Benefit equals the lesser of A or B below:

- A - The Insured Person's Basic Weekly Earnings multiplied by the Benefit Percentage (limited to the Maximum Weekly Benefit); minus Other Income Benefits except for earnings received.
- B - The Insured Person's Basic Weekly Earnings, minus Other Income Benefits.

The Weekly Partial Disability Benefit will not be less than the Minimum Weekly Benefit.

Partial Disability means that, due to sickness or injury, the Insured Person is:

- unable to perform one or more of the material duties of his or her regular occupation; or,
- unable to perform such duties on a full-time basis

## Short-Term Disability Product Overview (expanded benefits for Option 2, Class 1)

### Total Disability Benefits:

Lincoln Financial Group will pay a Weekly Total Disability Benefit if an Insured Person becomes Totally Disabled while insured for this benefit. This benefit will be paid for each week Total Disability continues:

- beginning on the day benefits begin (as shown in the Schedule of Insurance); and
- ending on the day the Insured Person ceases to be Totally Disabled.

Benefits will not be payable beyond the end of the Maximum Benefit Period, as shown in the Schedule of Insurance. Proportional benefits will be paid for a partial week of Total Disability.

The amount of the Weekly Total Disability Benefit equals the lesser of:

- the Insured Person's Basic Weekly Earnings multiplied by the Benefit Percentage; minus Other Income Benefits except any pay received under the Employer's Sick Leave or Salary Continuance Plan;
- 100% of the Insured Person's Basic Weekly Earnings; minus Other Income Benefits including any pay received under the Employer's Sick Leave or Salary Continuance Plan; or
- The Maximum Weekly Benefit.

In no event will the amount of the Weekly Total Disability Benefit plus any pay received under the Employer's Sick Leave or Salary Continuance Plan exceed 100% of the Insured Person's Basic Weekly Earnings

The amount will not be less than the Minimum Weekly Benefit, unless the Company is entitled to recover an overpayment by deducting it from future benefits.

### **Waiver of Premium:**

Premium payments for a disabled employee may be waived during a period for which total or partial disability benefits are payable.

### **Portability:**

An insured may keep his/her coverage for up to one year after he/she leaves employment at the same rates that were in effect at the time of termination. Coverage must be in force at least 12 months prior to termination and the insured must not be disabled, on a leave of absence, or retired.

### **Other Income Benefits:**

Other Income Benefits means those benefits shown below:

1. Any disability income benefits for which the Insured Person receives under:
  - a. any compulsory benefit act or law; or
  - b. any governmental retirement system as a result of the Insured Person's job with the Group Policyholder.
2. Any disability benefits or retirement benefits the Insured Person receives under a Retirement Plan.
3. Benefits under the Social Security (or any similar plan or act) including:
  - a. disability or unreduced retirement benefits for which the Insured Person receives; or for which his or her spouse or children receives because of the Insured Person's eligibility for unreduced retirement benefits; or
  - b. reduced retirement benefits received by the Insured Person; or by his or her spouse or children because of the Insured Person's receipt of reduced retirement benefits.
4. Earnings from work the Insured Person performs for the Group Policyholder or from another employer for which the Insured Person becomes employed after the Disability begins.
5. Any employer-sponsored group disability, sick leave or salary continuance plans.

After the first deduction for each of the Other Income Benefits, the Weekly Total Disability Benefit will not be further reduced due to any cost-of-living increases under these Other Income Benefits (except for increases in earnings from any form of employment). Other Income Benefits paid in a lump sum will be prorated:

- on a weekly basis over the time period for which the sum is given; or
- over the time the Company expects the Insured Person to live, if no time period is stated.

### **Survivor Income (Family Income) Benefit:**

If an employee dies after having been disabled and eligible to receive a benefit, Lincoln will pay a benefit to the survivor.

### **Rehabilitation Assistance Benefit:**

The Rehabilitation Assistance Benefit strives to identify those employees who will benefit from a rehabilitation program early in the disability to generate a useful outcome for the employee. Employees

who participate in Rehabilitation Assistance will receive an additional benefit while the employee is participating in the program. Program costs may also be reimbursed. The benefit may also reimburse employer's reasonable accommodation activities.

**Initial Enrollment Period:** On the effective date, eligible employees will be allowed to elect or increase coverage. The Pre-Existing Condition Exclusion will apply on any new coverage election or any increased amount of insurance.

## Long-term disability insurance

### Product conditions

- All employees to be covered are Actively at Work on the policy's effective date. If any individual does not meet the Actively at Work requirement, we will require full disclosure of all necessary information to evaluate the risk. After reviewing this information, we reserve the right to revise or withdraw this proposal. Unless disabled on the prior workday or on the day of absence, an employee will be considered Actively at Work on the following days;
  - a Saturday, Sunday or holiday which is not a scheduled workday;
  - a paid vacation day, or other scheduled or unscheduled non-workday; or
  - an excused or emergency leave of absence (except a medical leave).
- This plan does not replace any state mandated disability program.

### Class and eligibility descriptions

Long-Term Disability Insurance			
Option	2	2	2
Class	1	2	3
Class Description	All eligible FT Members, excluding Flight Dispatchers, Flight Simulator Instructors, FCTI, SIMP, & Flight Simulator Engineers	All Full-time eligible Flight Dispatchers, Flight Simulator Instructors, FCTI, SIMP & Flight Simulator Engineers	All eligible PT Active Members
Employer Contribution	0%	0%	0%
Required Employee Participation	The greater of 10 employees or 25%	The greater of 10 employees or 25%	The greater of 10 employees or 25%
Contribution Basis	Post-Tax	Post-Tax	Post-Tax
Minimum Hours	30 unless otherwise agreed upon	30 unless otherwise agreed upon	20 unless otherwise agreed upon



## Long-Term Disability Benefit Overview

Long-Term Disability Benefits			
Option	2	2	2
Class	1	2	3
Class Description	All eligible FT Members, excluding Flight Dispatchers, Flight Simulator Instructors, FCTI, SIMP, & Flight Simulator Engineers	All Full-time eligible Flight Dispatchers, Flight Simulator Instructors, FCTI, SIMP & Flight Simulator Engineers	All eligible PT Active Members
Benefit Percent	50%	50%	50%
Benefit Increment	None	None	None
Maximum Monthly Benefit Amount	\$5000	\$6000	\$1000
Minimum Monthly Benefit Amount	Greater of \$100 or 10% of Benefit	Greater of \$100 or 10% of Benefit	Greater of \$100 or 10% of Benefit
Elimination Period	180 Days	180 Days	180 Days
Maximum Benefit Period	Later of Age 65 or SSNRA	Later of Age 65 or SSNRA	Later of Age 65 or SSNRA
Pre-Existing Conditions*	Subject to a 3/12 pre-existing limitation	Subject to a 3/12 pre-existing limitation	Subject to a 3/12 pre-existing limitation
Definition of Earnings	Basic Annual Earnings Excluding Overtime, Bonuses, & Commission	Basic Annual Earnings Excluding Overtime, Bonuses, & Commission	Basic Annual Earnings Excluding Overtime, Bonuses, & Commission
Integration	Social Security	Social Security	Social Security
Own Occupation Period	24 Months	24 Months	24 Months
Specialty Own Occupation	Not Applicable	Not Applicable	Not Applicable
Return to Work Incentive	Later of Age 65 or SSNRA	Later of Age 65 or SSNRA	Later of Age 65 or SSNRA
Partial Disability	Residual with Progressive	Residual with Progressive	Residual with Progressive
Mental and Nervous Limitation	24 Months	24 Months	24 Months
Substance Abuse Limitation	24 Months	24 Months	24 Months
Specified Illness Limitation	No Limitation	No Limitation	No Limitation
Vocational Rehabilitation Benefit	Voluntary	Voluntary	Voluntary
Reasonable Accommodation Benefit	Included		
Conversion	Not Included	Not Included	Not Included
Portability	Included	Included	Included
Family Income Benefit	3 Months	3 Months	3 Months
Progressive Income Benefit	10% maximum of \$5000	10% maximum of \$5000	10% maximum of \$5000
Family Care Benefit	\$350 for 12 Months	\$350 for 12 Months	\$350 for 12 Months
Employee Assistance Program (EmployeeConnect)	Included	Included	Included

\* Pre-existing condition limitation applies to **all** insurance amounts, including those offered on a Guarantee Basis.

A FICA MATCH SERVICE is included on all new and existing LTD business at no additional charge. With this service, Lincoln Financial Group matches the policyholder's share of FICA taxes on payments made to disabled employees; generates monthly reports summarizing what has been paid and withheld; and prepares W-2 forms at year-end for LTD benefits paid to each disabled employee.

## Long-Term Disability Product Standard Features

**Monthly Total Disability Benefit:** After the Elimination Period is satisfied, the LTD policy provides a monthly benefit for an employee who is totally disabled and under a physician's regular care. This monthly total disability benefit equals:

- the benefit percentage times the insured's predisability income, up to the maximum monthly benefit;
- minus other income benefits.

This benefit amount will not be less than the minimum monthly benefit; unless the Minimum Monthly Benefit plus Other Income Benefits would exceed 100% of the Insured Employee's predisability income.

The policy also provides a monthly benefit for an employee who is partially disabled, under a physician's regular care, and sustaining a specified percentage of lost earnings. See the Partial Disability Benefit section of this proposal.

### **Disability Due to A Pre-Existing Condition:**

Benefits may be payable for a disability due to a pre-existing condition for an employee who:

1. was insured by the prior carrier at the time of transfer; and
2. was actively-at-work and insured under this policy on its effective date.

The benefits will be determined as follows:

1. Lincoln Financial Group will apply the policy's pre-existing condition exclusion. If the employee qualifies for benefits, he or she will be paid according to the policy's schedule.
2. If the employee cannot satisfy the policy's pre-existing condition exclusion, the prior carrier's pre-existing condition exclusion will be applied as follows:
  - a. If the employee satisfies the prior carrier's pre-existing condition exclusion, giving consideration for continuous time insured under both policies, the employee will be paid according to the prior carrier's benefit schedule.
  - b. If the employee cannot satisfy the pre-existing condition exclusion of this policy or that of the prior carrier, no benefit will be paid.

### **Failure to Be Active-At-Work Due to Injury or Sickness:**

Subject to premium payments, the policy will provide coverage to any employee:

1. who was insured by the carrier's policy at the time of transfer; and
2. who was not actively-at-work due to injury or sickness on the policy's effective date.

The coverage will be that provided by the prior carrier's policy, had it remained in force. The Company will pay:

1. the benefit that the prior carrier would have paid; minus
2. any amount for which the prior carrier is liable.

**Zero Day Residual:** The elimination period can be satisfied by either days of total and/or partial disability and requires no loss of earnings.

### **Vocational Rehabilitation Benefit:** (Refer to the Employee Benefit Grid)

With the assistance of vocational rehabilitation programs that focus on job modifications, job placement and retraining, many disabled employees can return to productive employment. Services such as these

are available to employees unable to perform their regular occupation, and who do not currently have the skills to return to work at another occupation. These employees must have the physical and mental capability for the successful completion of a rehabilitation program. In addition, there must be reasonable expectation that these services will assist the employee in returning to work.

If the employee is eligible for rehabilitation services, a written program will be developed with input from the employee, physician and employer outlining the goals, responsibilities, services, and all applicable costs of the program. Rehabilitation efforts only take place if the patient's physician endorses the program.

Consideration for participation in such a program can be proposed by the employee, attending physician or Lincoln Financial Group.

**Substance Abuse Limitation:** (Refer to the Employee Benefit Grid)

Benefits for disability due to substance abuse will be payable for up to the number of months shown in the Schedule of Benefits. If the claimant is confined to a hospital or other appropriate treatment facility at the end of the number of months shown in the Schedule of Benefits, the monthly benefit will continue to be paid until discharge. The monthly benefit will not be payable beyond the policy's maximum benefit period.

If the claimant is confined to a hospital or other appropriate treatment facility at the end of the first designated timeframe of receiving total and/or partial disability benefits for one of these conditions, the monthly benefit will continue to be paid until discharge. The monthly benefit will not be payable beyond the policy's Maximum Benefit Period

**Mental & Nervous Disorders Limitation:** (Refer to the Employee Benefit Grid)

Benefits for disability due to mental illness will be payable for up to the number of months shown in the Schedule of Benefits. If the claimant is confined to a hospital or other appropriate treatment facility at the end of the number of months shown in the Schedule of Benefits, the monthly benefit will continue to be paid until discharge. The monthly benefit will not be payable beyond the policy's maximum benefit period.

**Minimum Monthly Benefit:** A disabled employee will not receive less than the minimum monthly benefit shown in the Benefits page, unless the Minimum Monthly Benefit plus Other Income Benefits would exceed 100% of the Insured Employee's predisability income.

**Accumulation of Elimination Period:** With this feature, the elimination period is satisfied when the required number of days is accumulated within a period up to two times the length of the elimination period. For example, a 90-day elimination period must be satisfied within 180 consecutive days.

**Recurrent Disability:**

- will be treated as part of the prior disability if, after receiving policy benefits, the employee returns to his or her regular occupation full-time for less than 6 months.
- will be treated as a new period of disability if, after receiving policy benefits, an employee returns to his or her regular occupation full-time for 6 months or more. A new elimination period must be completed before benefits become payable.

**Cost-Of-Living Freeze:** After the initial reduction for other income benefits, the monthly LTD benefit will not be further reduced due to any cost-of-living increases payable under any of these other income benefits.

**Waiver of Premium:** Premium payments for a disabled employee are waived during any period for which total or partial disability benefits are payable.

**Prior Insurance Credit Upon Transfer of Insurance Carriers:** To prevent loss of coverage for an employee because of a transfer of insurance carriers, this policy will provide prior insurance credit for employees insured under the prior carriers' policy on its termination date.

## **Long-Term Disability Product Overview (expanded benefits for Option 2 , Class 1 )**

**Progressive Partial Disability Benefit with Return to Work Incentive:** The plan includes our partial disability benefit. The Progressive Partial calculation encourages employees to try to return to work by allowing them to receive an overall higher level of income than they would receive from their total disability benefit.

An employee may qualify for a partial disability benefit if he or she is partially disabled, is earning at least 20% of his or her pre-disability income and is under the regular care of a physician.

The partial disability formula remains consistent throughout the duration of the benefit period. The partial disability benefit will not be reduced by earnings from any employer, until those earnings, plus the policy benefit and any other income benefits from other sources listed in the policy exceed 100% of pre-disability earnings. Lincoln Financial Group will pay the lesser of:

- A. Lost Income: The insured's predisability income, minus all Other Income Benefits (including earnings from partial disability employment); or
- B. The Total Disability Net Monthly Benefit: The Benefit Percentage times the insured's predisability earnings (limited to the Maximum Monthly Benefit), minus Other Income Benefits (except for earnings from partial disability employment)

However, this amount will not be less than the Minimum Monthly Benefit.

During the first 24 months of partial disability benefits -- even if the claimant has received total disability benefits for several years - a partially disabled employee can receive up to 99% of pre-disability earnings from partial disability employment.

After 24 months of partial disability benefits Lincoln will continue to pay partial disability benefits until the employee's earnings from partial disability employment exceed 85% of predisability earnings.

## **Partial Disability Benefits: Residual with Progressive**

**Partially Disabled** for the Plan will be defined as follows:

1. During the Elimination Period and Own Occupation Period, it means that due to an Injury or Sickness the Insured Employee:
  - a. is unable to perform one or more of the main duties of his or her occupation, or is unable to perform such duties full-time; and
  - b. is engaged in Partial Disability Employment.
2. After the Own Occupation Period, it means that due to an Injury or Sickness the Insured Employee:
  - a. is unable to perform one or more of the main duties of any Occupation which his or her training, education or experience will reasonably allow, or is unable to perform such duties full-time; and
  - b. is engaged in Partial Disability Employment.

The Partial Disability Monthly Benefit will cease on the earliest of:

1. the date Total Disability becomes payable;
2. the date the Insured Employee dies;
3. the date the Maximum Benefit Period ends;

4. the date the Insured Employee earns more than:
  - a. 99% of Predisability Income, until Partial Disability Monthly Benefits have been paid for 24 months for the same period of Disability; or
  - b. 85% of Predisability Income, after Partial Disability Monthly Benefits have been paid for 24 months for the same period of Disability

**The Partial Disability Monthly Benefit is calculated as follows below:**

**BENEFIT AMOUNT.** During the first 12 months in which Partial Disability Monthly Benefits are payable, the amount of the Partial Disability Monthly Benefit will equal:

- A. The Insured Employee's Predisability Income multiplied by the Benefit Percentage (limited to the Maximum Monthly Benefit); minus
- B. Other Income Benefits (including Partial Disability Employment Earnings that, when added to amount calculated above in (A), exceeds 100% of the Insured Employee's Predisability Income).

**Example:**

Benefit Percentage:	60%
Maximum Monthly Benefit:	\$7,000
Predisability Income:	\$10,000
Partial Disability Employment Earnings:	\$5,000

A.  $\$10,000 - \$5,000 = \$5,000$

B.  $\$7,000 - \$0 = \$7,000$

**Partial Benefit Due \$5,000**

**Total Disability or Totally Disabled will be defined as follows:**

1. During the Elimination Period and Own Occupation Period, it means that as a result of an Injury or Sickness the Insured Employee is unable to perform with reasonable continuity the Substantial and Material Acts necessary to pursue his or her Own Occupation and is not working in his or her Own Occupation.
2. After the Own Occupation Period, it means that as a result of an Injury or Sickness the Insured Employee is not able to engage with reasonable continuity in any occupation in which the Insured Employee could reasonably be expected to perform satisfactorily in light of the Insured Employee's age, education, training, experience, station in life and physical and mental capacity; and that exists within any of the following locations:
  - a. a reasonable distance or travel time from the Insured Employee's residence in light of the commuting practices of his or her community;
  - b. a distance or travel time equivalent to the distance or travel time the Insured Employee traveled to work before becoming Disabled; or
  - c. the regional labor market, if the Insured Employee resides or did reside prior to becoming Disabled in a metropolitan area.

The loss of a professional license, an occupational license or certification, or a driver's license for any reason does not, by itself, constitute Total Disability, but may be a factor that will be considered in determining whether the Insured Employee is Totally Disabled.

**Maximum Benefit Period: Social Security Normal Retirement Age (SSNRA)**

Benefits for a disabled employee are payable to the employee's Social Security Normal Retirement Age, or the Maximum Benefit Period shown below (whichever is later):

Age at Disability	Maximum Benefit Period
Less than age 60	SSNRA
60	60 Months
61	48 Months
62	42 Months
63	36 Months
64	30 Months
65	24 Months
66	21 Months
67	18 Months
68	15 Months
69 and Over	12 Months

### **Own Occupation Period: 24 Months**

Under the proposed policy, the "own occupation" period is the period beginning at the end of the elimination period and ending 24 Months later.

### **Social Security Integration: Primary and Family Social Security Integration**

The Group Long Term Disability Benefit will be reduced by:

- Social Security disability and unreduced retirement benefits which the employee and spouse receives; and
- reduced Social Security benefits which the employee and spouse receive.

### **Benefit Reductions from Other Income:**

LTD benefits will be reduced by disability or retirement benefits from the following sources.

- Social Security benefits, described above
- Disability benefits for which the employee receives under:
  - Temporary Workers' Compensation, occupational disease or similar law
  - State-mandated temporary income plans
  - Any compulsory benefit, act or law
  - Any employer-sponsored group disability, sick leave or formal salary continuance plans
  - Any public retirement system due to employment with policyholder
- Disability or retirement benefits received under a retirement plan

LTD Benefits are not reduced by:

- Distributions from profit sharing, 401(k), IRA, TSA or stock ownership plans
- Non-qualified deferred compensation plans

**Portability:** An insured may keep his/her coverage for up to one year after he/she leaves employment at the same rates that were in effect at the time of termination. Coverage must be in force at least 12 months prior to termination and the insured must not be disabled, on a leave of absence, or retired.

### **Family Income Benefit: 3 Months**

If an employee dies after having been disabled for a minimum of 180 consecutive days and the employee was receiving a monthly benefit under the policy, Lincoln Financial Group will pay the eligible survivor a lump sum benefit equal to three times the employee's last gross monthly LTD Benefit.

**Progressive Income Benefit:** This optional benefit provides an additional level of income protection to the insured when coupled with the Long-Term Disability insurance program.

When an employee receives LTD benefits through Lincoln Financial Group, the Progressive Income Benefit feature may increase the total Benefit Percentage payable if the employee:

- is unable to perform two or more "Activities of Daily Living" or
- suffers a Cognitive Impairment

"Activities of Daily Living" include bathing, dressing, toileting, transferring, continence and eating.

Cognitive Impairment is defined as the permanent loss of cognitive or intellectual capacity and requires another person's hands-on help.

The additional benefit amounts payable under this feature will not be reduced or offset by income from other sources. The amount of the Progressive Income Benefit will not exceed the Maximum Monthly Benefit for Long Term Disability Benefits, or the Progressive Income Benefit Maximum (whichever is less).

The coverage added by this benefit will be subject to all of the Definitions, Exclusions, Proof of Claim, Waiver of Premium and other provisions of the Policy.

**Family Care:** Caring for dependents during a time of disability can result in additional expenses. The FamilyCare Expense benefit provides disabled employees a way to help offset these costs during a period of disability. The benefit amount will be the lesser of the actual employee contribution toward dependent care, or the benefit amount shown in the schedule.

**Reasonable Accommodation Benefit:** enhances the return to work possibilities for an employee by assisting the employer in complying with the reasonable accommodation section of the Americans with Disabilities Act (ADA).

The benefit is designed to reimburse the policyholder for any "reasonable accommodations" made to the workplace to allow an employee currently receiving disability benefits to return to work. Examples of such accommodations could be more accessible parking spaces or entrances, removal of barriers or hazards from the worksite, installation of special seating, furniture or equipment for the employee's workstation, or the provision of special training materials or other services necessary to help the employee return to work.

The benefit reimburses the employer for 50% of the expense incurred for reasonable accommodation services (as described above) up to a maximum of \$5000 on any one employee. In order for a policyholder/employer to be eligible for this benefit, the employer must have an employee:

1. whose disability prevents the performance of his or her regular occupation at the employer's worksite;
2. who has the physical and mental abilities needed to perform his or her own or another occupation at the employer's worksite; but only with the help of the proposed accommodation; and
3. who is reasonably expected to return to work with the help of the proposed accommodation.

Once an employer is considered eligible, a written proposal is developed with input from the employer, employee and attending physician, which states the purpose of the proposed accommodation. Upon receipt of proof that the employer has provided the services for the employee and paid the provider for the services, the employer will be reimbursed.

**Initial Enrollment Period:** On the effective date, eligible employees will be allowed to elect or increase coverage. The Pre-Existing Condition Exclusion will apply on any new coverage election or any increased amount of insurance.



## Long-Term Disability Product Overview (expanded benefits for Option 2 , Class 2 )

**Progressive Partial Disability Benefit with Return to Work Incentive:** The plan includes our partial disability benefit. The Progressive Partial calculation encourages employees to try to return to work by allowing them to receive an overall higher level of income than they would receive from their total disability benefit.

An employee may qualify for a partial disability benefit if he or she is partially disabled, is earning at least 20% of his or her pre-disability income and is under the regular care of a physician.

The partial disability formula remains consistent throughout the duration of the benefit period. The partial disability benefit will not be reduced by earnings from any employer, until those earnings, plus the policy benefit and any other income benefits from other sources listed in the policy exceed 100% of pre-disability earnings. Lincoln Financial Group will pay the lesser of:

- A. Lost Income: The insured's predisability income, minus all Other Income Benefits (including earnings from partial disability employment); or
- B. The Total Disability Net Monthly Benefit: The Benefit Percentage times the insured's predisability earnings (limited to the Maximum Monthly Benefit), minus Other Income Benefits (except for earnings from partial disability employment)

However, this amount will not be less than the Minimum Monthly Benefit.

During the first 24 months of partial disability benefits -- even if the claimant has received total disability benefits for several years - a partially disabled employee can receive up to 99% of pre-disability earnings from partial disability employment.

After 24 months of partial disability benefits Lincoln will continue to pay partial disability benefits until the employee's earnings from partial disability employment exceed 85% of predisability earnings.

### Partial Disability Benefits: Residual with Progressive

**Partially Disabled** for the Plan will be defined as follows:

1. During the Elimination Period and Own Occupation Period, it means that due to an Injury or Sickness the Insured Employee:
  - a. is unable to perform one or more of the main duties of his or her occupation, or is unable to perform such duties full-time; and
  - b. is engaged in Partial Disability Employment.
2. After the Own Occupation Period, it means that due to an Injury or Sickness the Insured Employee:
  - a. is unable to perform one or more of the main duties of any Occupation which his or her training, education or experience will reasonably allow, or is unable to perform such duties full-time; and
  - b. is engaged in Partial Disability Employment.

The Partial Disability Monthly Benefit will cease on the earliest of:

1. the date Total Disability becomes payable;
2. the date the Insured Employee dies;
3. the date the Maximum Benefit Period ends;



4. the date the Insured Employee earns more than:
  - a. 99% of Predisability Income, until Partial Disability Monthly Benefits have been paid for 24 months for the same period of Disability; or
  - b. 85% of Predisability Income, after Partial Disability Monthly Benefits have been paid for 24 months for the same period of Disability

**The Partial Disability Monthly Benefit is calculated as follows below:**

**BENEFIT AMOUNT.** During the first 12 months in which Partial Disability Monthly Benefits are payable, the amount of the Partial Disability Monthly Benefit will equal:

- A. The Insured Employee's Predisability Income multiplied by the Benefit Percentage (limited to the Maximum Monthly Benefit); minus
- B. Other Income Benefits (including Partial Disability Employment Earnings that, when added to amount calculated above in (A), exceeds 100% of the Insured Employee's Predisability Income).

**Example:**

Benefit Percentage:	60%
Maximum Monthly Benefit:	\$7,000
Predisability Income:	\$10,000
Partial Disability Employment Earnings:	\$5,000

A.  $\$10,000 - \$5,000 = \$5,000$

B.  $\$7,000 - \$0 = \$7,000$

**Partial Benefit Due \$5,000**

**Total Disability or Totally Disabled will be defined as follows:**

1. During the Elimination Period and Own Occupation Period, it means that as a result of an Injury or Sickness the Insured Employee is unable to perform with reasonable continuity the Substantial and Material Acts necessary to pursue his or her Own Occupation and is not working in his or her Own Occupation.
2. After the Own Occupation Period, it means that as a result of an Injury or Sickness the Insured Employee is not able to engage with reasonable continuity in any occupation in which the Insured Employee could reasonably be expected to perform satisfactorily in light of the Insured Employee's age, education, training, experience, station in life and physical and mental capacity; and that exists within any of the following locations:
  - a. a reasonable distance or travel time from the Insured Employee's residence in light of the commuting practices of his or her community;
  - b. a distance or travel time equivalent to the distance or travel time the Insured Employee traveled to work before becoming Disabled; or
  - c. the regional labor market, if the Insured Employee resides or did reside prior to becoming Disabled in a metropolitan area.

The loss of a professional license, an occupational license or certification, or a driver's license for any reason does not, by itself, constitute Total Disability, but may be a factor that will be considered in determining whether the Insured Employee is Totally Disabled.

**Maximum Benefit Period: Social Security Normal Retirement Age (SSNRA)**

Benefits for a disabled employee are payable to the employee's Social Security Normal Retirement Age, or the Maximum Benefit Period shown below (whichever is later):

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### **Own Occupation Period: 24 Months**

Under the proposed policy, the "own occupation" period is the period beginning at the end of the elimination period and ending 24 Months later.

### **Social Security Integration: Primary and Family Social Security Integration**

The Group Long Term Disability Benefit will be reduced by:

- Social Security disability and unreduced retirement benefits which the employee and spouse receives; and
- reduced Social Security benefits which the employee and spouse receive.

### **Benefit Reductions from Other Income:**

LTD benefits will be reduced by disability or retirement benefits from the following sources.

- Social Security benefits, described above
- Disability benefits for which the employee receives under:
  - Temporary Workers' Compensation, occupational disease or similar law
  - State-mandated temporary income plans
  - Any compulsory benefit, act or law
  - Any employer-sponsored group disability, sick leave or formal salary continuance plans
  - Any public retirement system due to employment with policyholder
- Disability or retirement benefits received under a retirement plan

LTD Benefits are not reduced by:

- Distributions from profit sharing, 401(k), IRA, TSA or stock ownership plans
- Non-qualified deferred compensation plans

**Portability:** An insured may keep his/her coverage for up to one year after he/she leaves employment at the same rates that were in effect at the time of termination. Coverage must be in force at least 12 months prior to termination and the insured must not be disabled, on a leave of absence, or retired.

### **Family Income Benefit: 3 Months**

If an employee dies after having been disabled for a minimum of 180 consecutive days and the employee was receiving a monthly benefit under the policy, Lincoln Financial Group will pay the eligible survivor a lump sum benefit equal to three times the employee's last gross monthly LTD Benefit.

**Progressive Income Benefit:** This optional benefit provides an additional level of income protection to the insured when coupled with the Long-Term Disability insurance program.

When an employee receives LTD benefits through Lincoln Financial Group, the Progressive Income Benefit feature may increase the total Benefit Percentage payable if the employee:

- is unable to perform two or more "Activities of Daily Living" or
- suffers a Cognitive Impairment

"Activities of Daily Living" include bathing, dressing, toileting, transferring, continence and eating.

Cognitive Impairment is defined as the permanent loss of cognitive or intellectual capacity and requires another person's hands-on help.

The additional benefit amounts payable under this feature will not be reduced or offset by income from other sources. The amount of the Progressive Income Benefit will not exceed the Maximum Monthly Benefit for Long Term Disability Benefits, or the Progressive Income Benefit Maximum (whichever is less).

The coverage added by this benefit will be subject to all of the Definitions, Exclusions, Proof of Claim, Waiver of Premium and other provisions of the Policy.

**Family Care:** Caring for dependents during a time of disability can result in additional expenses. The FamilyCare Expense benefit provides disabled employees a way to help offset these costs during a period of disability. The benefit amount will be the lesser of the actual employee contribution toward dependent care, or the benefit amount shown in the schedule.

**Reasonable Accommodation Benefit:** enhances the return to work possibilities for an employee by assisting the employer in complying with the reasonable accommodation section of the Americans with Disabilities Act (ADA).

The benefit is designed to reimburse the policyholder for any "reasonable accommodations" made to the workplace to allow an employee currently receiving disability benefits to return to work. Examples of such accommodations could be more accessible parking spaces or entrances, removal of barriers or hazards from the worksite, installation of special seating, furniture or equipment for the employee's workstation, or the provision of special training materials or other services necessary to help the employee return to work.

The benefit reimburses the employer for 50% of the expense incurred for reasonable accommodation services (as described above) up to a maximum of \$5000 on any one employee. In order for a policyholder/employer to be eligible for this benefit, the employer must have an employee:

1. whose disability prevents the performance of his or her regular occupation at the employer's worksite;
2. who has the physical and mental abilities needed to perform his or her own or another occupation at the employer's worksite; but only with the help of the proposed accommodation; and
3. who is reasonably expected to return to work with the help of the proposed accommodation.

Once an employer is considered eligible, a written proposal is developed with input from the employer, employee and attending physician, which states the purpose of the proposed accommodation. Upon receipt of proof that the employer has provided the services for the employee and paid the provider for the services, the employer will be reimbursed.

**Initial Enrollment Period:** On the effective date, eligible employees will be allowed to elect or increase coverage. The Pre-Existing Condition Exclusion will apply on any new coverage election or any increased amount of insurance.

## Long-Term Disability Product Overview (expanded benefits for Option 2 , Class 3 )

**Progressive Partial Disability Benefit with Return to Work Incentive:** The plan includes our partial disability benefit. The Progressive Partial calculation encourages employees to try to return to work by allowing them to receive an overall higher level of income than they would receive from their total disability benefit.

An employee may qualify for a partial disability benefit if he or she is partially disabled, is earning at least 20% of his or her pre-disability income and is under the regular care of a physician.

The partial disability formula remains consistent throughout the duration of the benefit period. The partial disability benefit will not be reduced by earnings from any employer, until those earnings, plus the policy benefit and any other income benefits from other sources listed in the policy exceed 100% of pre-disability earnings. Lincoln Financial Group will pay the lesser of:

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However, this amount will not be less than the Minimum Monthly Benefit.

During the first 24 months of partial disability benefits -- even if the claimant has received total disability benefits for several years - a partially disabled employee can receive up to 99% of pre-disability earnings from partial disability employment.

After 24 months of partial disability benefits Lincoln will continue to pay partial disability benefits until the employee's earnings from partial disability employment exceed 85% of predisability earnings.

### Partial Disability Benefits: Residual with Progressive

**Partially Disabled** for the Plan will be defined as follows:

1. During the Elimination Period and Own Occupation Period, it means that due to an Injury or Sickness the Insured Employee:
  - a. is unable to perform one or more of the main duties of his or her occupation, or is unable to perform such duties full-time; and
  - b. is engaged in Partial Disability Employment.
2. After the Own Occupation Period, it means that due to an Injury or Sickness the Insured Employee:
  - a. is unable to perform one or more of the main duties of any Occupation which his or her training, education or experience will reasonably allow, or is unable to perform such duties full-time; and
  - b. is engaged in Partial Disability Employment.

The Partial Disability Monthly Benefit will cease on the earliest of:

1. the date Total Disability becomes payable;
2. the date the Insured Employee dies;
3. the date the Maximum Benefit Period ends;

4. the date the Insured Employee earns more than:
  - a. 99% of Predisability Income, until Partial Disability Monthly Benefits have been paid for 24 months for the same period of Disability; or
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**BENEFIT AMOUNT.** During the first 12 months in which Partial Disability Monthly Benefits are payable, the amount of the Partial Disability Monthly Benefit will equal:

- A. The Insured Employee's Predisability Income multiplied by the Benefit Percentage (limited to the Maximum Monthly Benefit); minus
- B. Other Income Benefits (including Partial Disability Employment Earnings that, when added to amount calculated above in (A), exceeds 100% of the Insured Employee's Predisability Income).

**Example:**

Benefit Percentage:	60%
Maximum Monthly Benefit:	\$7,000
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B.  $\$7,000 - \$0 = \$7,000$

**Partial Benefit Due \$5,000**

**Total Disability or Totally Disabled will be defined as follows:**

1. During the Elimination Period and Own Occupation Period, it means that as a result of an Injury or Sickness the Insured Employee is unable to perform with reasonable continuity the Substantial and Material Acts necessary to pursue his or her Own Occupation and is not working in his or her Own Occupation.
2. After the Own Occupation Period, it means that as a result of an Injury or Sickness the Insured Employee is not able to engage with reasonable continuity in any occupation in which the Insured Employee could reasonably be expected to perform satisfactorily in light of the Insured Employee's age, education, training, experience, station in life and physical and mental capacity; and that exists within any of the following locations:
  - a. a reasonable distance or travel time from the Insured Employee's residence in light of the commuting practices of his or her community;
  - b. a distance or travel time equivalent to the distance or travel time the Insured Employee traveled to work before becoming Disabled; or
  - c. the regional labor market, if the Insured Employee resides or did reside prior to becoming Disabled in a metropolitan area.

The loss of a professional license, an occupational license or certification, or a driver's license for any reason does not, by itself, constitute Total Disability, but may be a factor that will be considered in determining whether the Insured Employee is Totally Disabled.

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### **Own Occupation Period: 24 Months**

Under the proposed policy, the "own occupation" period is the period beginning at the end of the elimination period and ending 24 Months later.

### **Social Security Integration: Primary and Family Social Security Integration**

The Group Long Term Disability Benefit will be reduced by:

- Social Security disability and unreduced retirement benefits which the employee and spouse receives; and
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### **Benefit Reductions from Other Income:**

LTD benefits will be reduced by disability or retirement benefits from the following sources.

- Social Security benefits, described above
- Disability benefits for which the employee receives under:
  - Temporary Workers' Compensation, occupational disease or similar law
  - State-mandated temporary income plans
  - Any compulsory benefit, act or law
  - Any employer-sponsored group disability, sick leave or formal salary continuance plans
  - Any public retirement system due to employment with policyholder
- Disability or retirement benefits received under a retirement plan

LTD Benefits are not reduced by:

- Distributions from profit sharing, 401(k), IRA, TSA or stock ownership plans
- Non-qualified deferred compensation plans

**Portability:** An insured may keep his/her coverage for up to one year after he/she leaves employment at the same rates that were in effect at the time of termination. Coverage must be in force at least 12 months prior to termination and the insured must not be disabled, on a leave of absence, or retired.

### **Family Income Benefit: 3 Months**

If an employee dies after having been disabled for a minimum of 180 consecutive days and the employee was receiving a monthly benefit under the policy, Lincoln Financial Group will pay the eligible survivor a lump sum benefit equal to three times the employee's last gross monthly LTD Benefit.

**Progressive Income Benefit:** This optional benefit provides an additional level of income protection to the insured when coupled with the Long-Term Disability insurance program.

When an employee receives LTD benefits through Lincoln Financial Group, the Progressive Income Benefit feature may increase the total Benefit Percentage payable if the employee:

- is unable to perform two or more "Activities of Daily Living" or
- suffers a Cognitive Impairment

"Activities of Daily Living" include bathing, dressing, toileting, transferring, continence and eating.

Cognitive Impairment is defined as the permanent loss of cognitive or intellectual capacity and requires another person's hands-on help.

The additional benefit amounts payable under this feature will not be reduced or offset by income from other sources. The amount of the Progressive Income Benefit will not exceed the Maximum Monthly Benefit for Long Term Disability Benefits, or the Progressive Income Benefit Maximum (whichever is less).

The coverage added by this benefit will be subject to all of the Definitions, Exclusions, Proof of Claim, Waiver of Premium and other provisions of the Policy.

**Family Care:** Caring for dependents during a time of disability can result in additional expenses. The FamilyCare Expense benefit provides disabled employees a way to help offset these costs during a period of disability. The benefit amount will be the lesser of the actual employee contribution toward dependent care, or the benefit amount shown in the schedule.

**Reasonable Accommodation Benefit:** enhances the return to work possibilities for an employee by assisting the employer in complying with the reasonable accommodation section of the Americans with Disabilities Act (ADA).

The benefit is designed to reimburse the policyholder for any "reasonable accommodations" made to the workplace to allow an employee currently receiving disability benefits to return to work. Examples of such accommodations could be more accessible parking spaces or entrances, removal of barriers or hazards from the worksite, installation of special seating, furniture or equipment for the employee's workstation, or the provision of special training materials or other services necessary to help the employee return to work.

The benefit reimburses the employer for 50% of the expense incurred for reasonable accommodation services (as described above) up to a maximum of \$5000 on any one employee. In order for a policyholder/employer to be eligible for this benefit, the employer must have an employee:

1. whose disability prevents the performance of his or her regular occupation at the employer's worksite;
2. who has the physical and mental abilities needed to perform his or her own or another occupation at the employer's worksite; but only with the help of the proposed accommodation; and
3. who is reasonably expected to return to work with the help of the proposed accommodation.

Once an employer is considered eligible, a written proposal is developed with input from the employer, employee and attending physician, which states the purpose of the proposed accommodation. Upon receipt of proof that the employer has provided the services for the employee and paid the provider for the services, the employer will be reimbursed.

**Initial Enrollment Period:** On the effective date, eligible employees will be allowed to elect or increase coverage. The Pre-Existing Condition Exclusion will apply on any new coverage election or any increased amount of insurance.

## Limitations and Exclusions

### **Short-Term Disability Insurance:**

Weekly Income Benefits will not be payable for any period of Disability:

- which is the result of an intentional act;
- which is the result of war (declared or undeclared) or any act of war;
- during which the Insured Person is not under the regular care of a physician;
- which is the result of a sickness or injury covered by Workers' Compensation;
- which is the result of, or due to, a sickness or injury arising out of, or in the course of any employment for wage or profit.

### **Long-Term Disability Insurance:**

Disabilities which arise from intentionally self-inflicted injuries, war, participation in a riot, or being incarcerated for the commission of a felony are excluded from coverage. Disabilities during which the employee is not under the regular care of a Physician or after the employee has resided outside of the United States or Canada for more than 12 consecutive months for purposes other than employment are also excluded end schedule.

### **Long-Term Disability Insurance - Pre-Existing Condition Exclusion:**

This Policy will not cover any Total or Partial Disability:

1. which is caused or substantially contributed to by, a Pre-Existing Condition or medical or surgical treatment of a Pre-Existing Condition; and
2. which begins in the first designated timeframe after the Insured Employee's Effective Date.



## Proposal Conditions

This proposal has been prepared on the premise:

- there are no known uninsurable individuals in the group to be covered;
- no employee is absent from work because of sickness or injury.

If any individual to be insured falls into the above categories, we will require full disclosure of all necessary information to evaluate the risk. After reviewing this information, we reserve the right to revise or withdraw our quotation.

To become insured, an eligible employee must be an active, full-time employee who:

- is a member of an eligible class of employees;
- has completed the eligibility waiting period established by the employer;
- is not a temporary or seasonal employee; and
- is performing all customary duties of his/her occupation at his/her usual place of business on the policy effective date (or on the effective date of his/her coverage).

If included, any eligible dependents must satisfy a non-confinement requirement on the policy effective date (or on the date coverage becomes effective).

This proposal is based on the assumption that the current insurance carrier will continue coverage on any insured individual who is disabled on the date the existing contract terminates (even if it terminates while a disabled person is satisfying any applicable waiting period).

The rates quoted in this proposal are a function of the characteristics of the group (i.e.: Policyholder contributions, occupations, age, gender, etc.) and the benefits requested at the time of proposal submission. If the plan is non-contributory, 100% of the eligible employees must enroll; and if the plan is contributory, 75% of the eligible employees must enroll on the effective date. We reserve the right to re-evaluate the risk, and revise or withdraw our quotation if necessary, based upon the characteristics of the group and the benefits provided on the effective date of the plan.

This proposal is a description of insurance coverages available from Lincoln Financial Group and is not an offer to contract. Not all benefits are available in all states. An application must be completed before a group will be considered for coverage.

This proposal outlines in general some of the important features of the proposed Group Insurance Program. The controlling provisions will be in the Group Insurance Policy, and this proposal is not intended in any way to modify the provisions or their meanings. This proposal will remain in effect until withdrawn or a new proposal is issued by Lincoln Financial Group, but in no event will this proposal remain in effect beyond 90 days from September 23, 2022.

### **Proposal Conditions – Short-Term Disability Insurance:**

In addition, to the above, this proposal describes certain insurance coverages available from us and should under no circumstances be construed as a contract or offer to contract for such coverages. An application must be completed and submitted to our Service Office, before a group will be considered for coverage.

The proposal is based on preliminary census data received by Lincoln Financial Group. Actual costs will be based on the final enrollment data of employees insured under the plan on its effective date. Rates quoted for the proposed benefits shown are effective for 90 days from the date shown on the proposal. A complete listing of the terms, conditions, and limitations, that will apply to your coverage, if issued, is available upon request.

### **Proposal Conditions – Long-Term Disability Insurance:**

In addition, to the above, this illustration was prepared based on the information provided in the Request for Proposal. It is a description of the Long-Term Disability Insurance coverage available from us and not an offer to contract. More detailed information is available upon request concerning the terms, conditions and limitations contained in the master policy, if issued. If there are discrepancies between the information contained in this proposal and the master policy, the terms of the master policy will control.

Quoted rates were developed based on the information contained in the Request for Proposal. Final rates will be calculated based on:

- the agreed-upon plan;
- amount & tax status of employer and employee contributions;
- enrolled census;
- employee location(s);
- correct industry code (SIC); and
- other pertinent underwriting factors.

If the proposed policy qualifies as a replacement plan, then coverage for an otherwise eligible person who is disabled on the policy effective date will be administered in accord with any applicable state discontinuance and replacement law.

The proposal also assumes current and continued employer and employee participation in Workers' Compensation or an equivalent plan, which would be used as a source of integration (offset) for the LTD plan of benefits.

## Definitions

Term	Definitions
Basic Annual excluding OT, Bonuses & Commissions	Annual Salary means only the salary or wage an Insured Person receives for services rendered to the Group Policyholder. Overtime pay, commissions, bonuses and other extra pay are not included.
Total Disability or Totally Disabled	Total Disability or Totally Disabled means that as a result of Injury or Sickness the Insured Person is unable to perform with reasonable continuity the Substantial and Material Acts necessary to pursue his or her Own Occupation and is not working in his or her Own Occupation. The loss of a professional license, an occupational license or certification, or a driver's license for any reason does not, by itself, constitute Total Disability, but may be a factor that will be considered in determining where the Insured Person is Totally Disabled.
Partial Disability or Partially Disabled	Partial Disability or Partially Disabled means the employee is not Totally Disabled and that while actually working in his or her Own Occupation, as a result of Sickness or Injury, the employee is unable to earn 80% or more of his or her Basic Weekly Earnings.
Backdoor Integration	An integrated approach to other income received during the period of Disability; allowing up to 100% income replacement. The employee may receive salary continuance/sick pay and the STD benefit, not to exceed 100% of predisability earnings. The STD benefit is reduced when the replacement exceeds 100% to prevent over insurance. Integration includes Salary Continuance/Sick Pay only. All other forms of Other Income would be handled as a Direct Offset.

Term	Definitions
Basic Annual excluding OT, Bonuses & Commissions	Annual Salary means only the salary or wage an Insured Person receives for services rendered to the Group Policyholder. Overtime pay, commissions, bonuses and other extra pay are not included.
Total Disability or Totally Disabled	Total Disability or Totally Disabled means that as a result of Injury or Sickness the Insured Person is unable to perform with reasonable continuity the Substantial and Material Acts necessary to pursue his or her Own Occupation and is not working in his or her Own Occupation. The loss of a professional license, an occupational license or certification, or a driver's license for any reason does not, by itself, constitute Total Disability, but may be a factor that will be considered in determining where the Insured Person is Totally Disabled.
Partial Disability or Partially Disabled	Partial Disability or Partially Disabled means the employee is not Totally Disabled and that while actually working in his or her Own Occupation, as a result of Sickness or Injury, the employee is unable to earn 80% or more of his or her Basic Weekly Earnings.
Pre-Existing Condition	Pre-Existing Condition means a Sickness or Injury for which the Insured Employee received medical treatment, care or services for a diagnosed condition or took prescribed medication for a diagnosed condition within designated timeframe prior to the Insured Employee's Effective Date.
Social Security Integration	A dollar for dollar reduction to the LTD benefit when other income is received during the period of Disability. This includes, but is not limited to, Social Security Disability, State Disability, No Fault Auto, and salary continuance/sick leave.
Recurrent Disability	Recurrent Disability means a disability which is related to or due to the same cause or causes of a prior disability for which a monthly benefit was payable.
Substance Abuse	Substance Abuse means alcoholism, drug abuse or chemical dependency of any type.
Own Occupation Period	Under the proposed policy, the "own occupation" period is the period beginning at the end of the elimination period and ending at designated timeframe.
Elimination Period	Elimination Period is the period of disability during which no benefit is payable. It is shown on the LTD Benefits page of this proposal. The elimination period begins on the first day of disability. Only days of total or partial disability will count towards the satisfaction of the elimination period.
Predisability Income	Predisability Income means the employee's monthly rate of earnings from the employer in effect: 1. just prior to the date the Elimination Period begins; or

	<p>2. just prior to the date an approved leave of absence begins, if the Elimination Period begins while the employee is continuing coverage during a leave of absence.</p> <p>It includes commissions averaged over the most recent 12 months before the disability begins. Predisability income does not include overtime pay, bonuses or other forms of compensation. It is also referred to as 'BASIC MONTHLY EARNINGS'.</p>
Zero Day Residual	Elimination period can be satisfied by either days of total and/or partial disability and requires no loss of earnings.

## Proposal disclaimer

THIS IS NOT A CONTRACT: This proposal was prepared based on the information provided in the Request for Proposal and/or through other discussions with the Broker. It is a description of administrative services and/or insurance. Insurance and/or administrative services available from Lincoln Financial Group are not offers to contract. More detailed information regarding insurance is available upon request concerning the term, conditions, and limitations contained in the master policy, if issued.

If there are discrepancies between the information contained in this proposal and the master insurance policy, the terms of the master insurance policy will control. State-specific restrictions and requirements may not be addressed in this proposal.

An Application for Group Insurance must be completed by the employer and approved by Lincoln Financial Group before insurance can become effective.

This proposal is subject to revision if not accepted on or before the proposed valid through date shown on the cover page of this proposal.

This proposal is written under the assumption that the coverage would be part of the employer's benefit package for employees and would be subject to the applicable rules under the Employee Retirement and Income Security Act.

Guarantees are subject to the claims-paying ability of the issuing company.

Insurance products (policy series GL1101, GL3001) are issued by The Lincoln National Life Insurance Company (Fort Wayne, IN), which does not solicit business in New York, nor is it licensed to do so. Product availability and/or features may vary by state. Limitations and exclusions apply.

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates. Affiliates are separately responsible for their own financial and contractual obligations.

### Non-Lincoln affiliates

The following third party provides services that are incorporated in this proposal, but services may not be available in all states:

LifeKeys services are provided by ComPsych® Corporation, Chicago, IL.

The companies listed above are not Lincoln Financial Group® companies. Coverage is subject to actual contract language. Each independent company is solely responsible for its own obligations

LCN-2949588-021220

The Lincoln Financial Group companies\* are committed to protecting your privacy. To provide the products and services you expect from a financial services leader, we must collect personal information about you. We do not sell your personal information to third parties. This Notice describes our current privacy practices. While your relationship with us continues, we will update and send our Privacy Practices Notice as required by law. Even after that relationship ends, we will continue to protect your personal information. You do not need to take any action because of this Notice, but you do have certain rights as described below.

We are committed to the responsible use of information and protecting individual privacy rights. As such, we look to leading data protection standards to guide our privacy program. These standards include collecting data through fair and lawful means, such as obtaining your consent when appropriate.

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## Information We May Collect And Use

We collect personal information about you to help us identify you as a consumer, our customer or our former customer; to process your requests and transactions; to offer investment or insurance services to you; to pay your claim; to analyze in order to enhance our products and services; to tell you about our products or services we believe you may want and use; and as otherwise permitted by law. The type of personal information we collect depends on your relationship and on the products or services you request and may include the following:

- **Information from you:** When you submit your application or other forms, you give us information such as your name, address, Social Security number; and your financial, health, and employment history. We may also collect voice recordings or biometric data for use in accordance with applicable law.
- **Information about your transactions:** We maintain information about your transactions with us, such as the products you buy from us; the amount you paid for those products; your account balances; payment details; and your payment and claims history.
- **Information from outside our family of companies:** If you are applying for or purchasing insurance products, we may collect information from consumer reporting agencies, such as your credit history; credit scores; and driving and employment records. With your authorization, we may also collect information, (such as medical information, retirement information, and information related to Social Security benefits), from other individuals or businesses.
- **Information from your employer:** If your employer applies for or purchases group products from us, we may obtain information about you from your employer or group representative in order to enroll you in the plan.

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## How We Use Your Personal Information

We may share your personal information within our companies and with certain service providers. They use this information to process transactions you, your employer, or your group representative have requested; to provide customer service; to analyze in order to evaluate or enhance our products and services; to gain customer insight; to provide education and training to our workforce and customers; and to inform you of products or services we offer that you may find useful. Our service providers may or may not be affiliated with us. They include financial service providers (for example, third party administrators; broker-dealers; insurance agents and brokers, registered representatives; reinsurers and other financial services companies with whom we have joint marketing agreements). Our service providers also include non- financial companies and individuals (for example, consultants; vendors; and companies that perform marketing services on our behalf). Information we obtain from a report prepared by a service provider may be kept by the service provider and shared with other persons; however, we require our service providers to protect your personal information and to use or disclose it only for the work they are performing for us, or as permitted by law. We may execute agreements with our service providers that permit the service provider to process your personal information outside of the United States, when not prohibited by our contracts and permitted by applicable law.

When you apply for one of our products, we may share information about your application with credit bureaus. We also may provide information to group policy owners or their designees (for example, to your employer for employer-sponsored plans and their authorized service providers), regulatory authorities and law enforcement officials, and to other non-affiliated or affiliated parties as permitted by law. In the event of a sale of all or part of our businesses, we may share customer information as part of the sale. **We do not sell or share your information with outside marketers who may want to offer you their own products and services; nor do we share information we receive about you from a consumer reporting agency. You do not need to take any action for this benefit.**

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## Security of Information

We have an important responsibility to keep your information safe. We use safeguards to protect your information from unauthorized disclosure. Our employees are authorized to access your information only when they need it to perform their job responsibilities. Employees who have access to your personal information are required to keep it confidential. Employees are required to complete privacy training annually.

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## Your Rights Regarding Your Personal Information

This Privacy Notice describes how you can exercise your rights regarding your personal information. Lincoln complies with all applicable laws and regulations regarding the provision of personal information. The rights provided to you in this Privacy Notice will be administered in accordance with your state's specific laws and regulations.

**Access to personal information:** You must submit a written request to receive a copy of your personal information. You may see your personal information in person, or you may ask us to send you a copy of your personal information by mail or electronically, whichever you prefer. We will need to verify your identity before we process the request. Within 30 business days of receiving your request, we will, depending on the specific request you make, (1) inform you of the nature and substance of the recorded personal information we have about you; (2) permit you to obtain a copy of your personal information; and (3) provide the identity (if recorded) of persons to whom we disclosed your personal information within two years prior to the request (if this information is not recorded, we will provide you with the names of those insurance institutions, agents, insurance support organizations or other persons to whom such information is normally disclosed). If you request a copy of your information by mail, we may charge you a fee for copying and mailing costs.

**Changes to personal information:** If you believe that your personal information is inaccurate or incomplete, you may ask us to correct, amend, or delete the information. Your request must be in writing and must include the reason you are requesting the change. We will respond within 30 business days from the date we receive your request.

If we make changes to your records as a result of your request, we will notify you in writing and we will send the updated information, at your request, to any person who may have received your personal information within the past two years. We will also send the updated information to any insurance support organization that gave us the information and any insurance support organization that systematically received personal information from us within the prior 7 years unless that support organization no longer maintains your personal information.

If we deny your request to correct, amend or delete your information, we will provide you with the reasons for the denial. You may write to us and concisely describe what you believe our records should say and why you disagree with our denial of your request to correct, amend, or delete that information. We will file this communication from you with the disputed information, identify the disputed information if it is disclosed, and provide notice of the disagreement to the persons and in the manner described in the paragraph above.

**Basis for adverse underwriting decision:** You may ask in writing for the specific reasons for an adverse underwriting decision. An adverse underwriting decision is where we decline your application for insurance, offer to insure you at a higher than standard rate, or terminate your coverage.

Your state may provide for additional privacy protections under applicable laws. We will protect your information in accordance with these additional protections.

If you would like to act upon your rights regarding your personal information, please provide your full name, address and telephone number and either email your inquiry to our Data Subject Access Request Team at [DSAR@lfg.com](mailto:DSAR@lfg.com) or mail to: Lincoln Financial Group, Attn: Corporate Privacy Office, 1301 South Harrison St, Fort Wayne, IN 46802. The [DSAR@lfg.com](mailto:DSAR@lfg.com) email address should only be used for inquiries related to this Privacy Notice. For general account service requests or inquiries, please call 1-877-ASK-LINC.

\*This information applies to the following Lincoln Financial Group companies:

First Penn-Pacific Life Insurance Company  
Lincoln Financial Distributors, Inc.  
Lincoln Financial Group Trust Company  
Lincoln Investment Advisors Corporation

Lincoln Life & Annuity Company of New York  
Lincoln Life Assurance Company of Boston  
Lincoln Retirement Services Company, LLC  
Lincoln Variable Insurance Products Trust  
The Lincoln National Life Insurance Company

\*\*This Notice is effective 14 calendar days after it is made available on Lincoln's website, [www.LFG.com/privacy](http://www.LFG.com/privacy).

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