

BASIC LONG TERM DISABILITY INSURANCE OVERVIEW

Prepared for the employees of Northshore School District

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| Eligibility | <p>Class 1: All active, Employees of the Employer classified as Certificated, regularly working a minimum of 17 hours per week and who are citizens or permanent resident aliens of the United States.</p> <p>Class 2: All active, Employees of the Employer classified as Classified, regularly working a minimum of 20 hours per week and who are citizens or permanent resident aliens of the United States.</p> <p>Class 3: All active, Employees of the Employer classified as Job Share, regularly working a minimum of 15 hours per week and who are citizens or permanent resident aliens of the United States.</p> | |
| Eligibility Waiting Period | <p>Coverage for employees hired on or before the 15th of the month begins the first day of the next month (i.e., hired September 13, benefits begin October 1). Coverage for employees hired after the 15th of the month begins the first of the following month (i.e., hired September 18, benefits begin November 1).</p> | |
| Option 1 | | |
| Long Term Disability (LTD) Insurance Coverage – paid by your employer | | |
| Monthly Benefit | Benefit Amount | Up to 55% of your monthly covered earnings |
| | Maximum | \$8,000 per month |
| Elimination Period | You must be disabled for 90 days before benefits may be payable. | |
| Option 2 | | |
| Long Term Disability (LTD) Insurance Coverage – paid by your employer | | |
| Monthly Benefit | Benefit Amount | Up to 66.67% of your monthly covered earnings |
| | Maximum | \$8,000 per month |
| Elimination Period | You must be disabled for 180 days before benefits may be payable. | |

Important Definitions & Features

Definition of Disability

Disability means that, solely because of a covered injury or sickness, you are unable to perform the material duties of your regular occupation and you are unable to earn 80% or more of your indexed earnings from working in your regular occupation. After benefits have been payable for 36 months, you are considered disabled if solely due to your injury or sickness, you are unable to perform the material duties of any occupation for which you are (or may reasonably become) qualified by education, training or experience, and you are unable to earn 80% or more of your indexed earnings. We will require proof of earnings and continued disability.

Covered Earnings

Covered earnings means your wages or salary, not including bonuses, commissions and other extra compensation.

Benefit Duration

Once you qualify for benefits under this plan, you continue to receive them until the end of the benefit period shown below, or until you no longer qualify for benefits, whichever occurs first. Your benefit period begins on the first day after you complete your elimination period. Should you remain disabled, your benefits continue according to the following schedule, depending on your age at the time you become disabled.



| Duration of Payments | Age at Disability | | | | | | | |
|--------------------------------|---|----|----|----|----|----|----|-----|
| | 62 or Younger | 63 | 64 | 65 | 66 | 67 | 68 | 69+ |
| Number of Months Benefits Paid | To age 65 or the date the 42 nd monthly benefit is payable, if later | 36 | 30 | 24 | 21 | 18 | 15 | 12 |

*SSNRA means the Social Security Normal Retirement Age in effect under the Social Security Act on the Policy Effective Date.

Termination of Disability Benefits

Your benefits will terminate on the earliest of any of the following dates: the date the insurance company determines you are no longer disabled; the date you earn from any occupation more than the percentage of indexed earnings as defined in your definition of disability; the date the maximum benefit period ends; the date you cease to get appropriate care; the date you die; the date you refuse to participate without good cause in all required phases of the rehabilitation plan; the date you fail to cooperate with us in the administration of the claim. Benefits may be resumed if you begin to cooperate in the rehabilitation plan within 30 days of the date benefits terminated.

Effects of Other Income Benefits

The disability benefit provided by this plan is a total benefit; that is, it will be reduced by any disability benefits payable on behalf of you or your dependents, or a qualified third party on behalf of you or your dependents, whether or not you are actually receiving them.

Other income sources that may reduce your benefits under this plan include:

- Any Social Security disability or retirement benefits you or any third party receive (or are assumed to receive) on your own behalf; or which your dependents receive (or are assumed to receive) because of your entitlement to such benefits.
- Benefits payable by a Canadian and/or Quebec provincial pension plan.
- Amounts payable under the Railroad Retirement Act.
- Amounts payable under local, state, provincial or federal government disability or retirement plan or law as it pertains to the employer.
- Employer-paid portion of company retirement plan benefits.
- Amounts payable by company sponsored sick leave or salary continuation plan.
- Amounts payable by any franchise or group insurance or similar plan.
- Benefits payable under work-loss provisions of any mandatory "no fault" auto insurance.
- Any amounts paid on account of loss of earnings or earning capacity through settlement, judgment, arbitration or otherwise, where a third party may be liable, regardless of whether liability is determined.
- Amounts payable under any workers' compensation (including temporary or permanent disability benefits), occupational disease, and unemployment compensation. This includes damages, compromises or settlements paid in place of such benefits, whether or not liability is admitted.

Income sources that **WILL NOT** reduce your benefits under this plan are:

- Benefits paid by personal, individual disability income policies.
- Individual deferred compensation agreements.
- Employee savings plans, including thrift plans, stock options or stock bonuses.
- Individual retirement funds, such as IRA or 401(k) plans.
- Profit-sharing, investment or other retirement or savings plans maintained in addition to an employer-sponsored pension plan.

Additional Plan Details & Features

Earnings While Disabled

During the first 24 months that benefits are payable, benefits will be reduced if benefits plus income from employment exceeds 100% of pre-disability covered earnings. After that, benefits will be reduced by 50% of earnings from employment.

Pre-existing Conditions

Benefits are not payable for medical conditions for which you incurred expenses, took prescription drugs, received medical treatment, care or services (including diagnostic measures,) or for which a reasonable person would have consulted a physician during the 3 months just prior to the most recent effective date of insurance.

Benefits are not payable for any disability resulting from a pre-existing condition unless the disability occurs after you have been in active service for a time of 6 consecutive months when you received no medical treatment, care, or services or insured under this plan for at least 12 months after your most recent effective date of insurance.

Limited Benefit Period

Disabilities caused by or contributed to by any one or more of the following conditions are subject to a limit of 24 months per incident: Anxiety-disorders, delusional (paranoid) or depressive disorders, eating disorders, mental illness, somatoform disorders (including psychosomatic illnesses).

Disabilities caused by or contributed to by any one or more of the following conditions are subject to a lifetime limit of 24 months: Alcoholism, drug addiction or abuse.

Exclusions

This plan does not pay benefits for a disability which results, directly or indirectly, from any of the following: Suicide, attempted suicide, or whenever you injure yourself on purpose; war or any act of war, whether or not declared; active participation in a riot; commission of a felony; the revocation, restriction or non-renewal of your license, permit or certification necessary for you to perform the duties of your occupation, unless solely due to injury or sickness otherwise covered by the policy.

In addition, we will not pay disability benefits for any period of disability during which you are incarcerated in a penal or corrections institution for any reason.

Plan Termination

Coverage terminates if the group policy is terminated, if you cease to be in active service, if you are no longer a member of an eligible class of employees, the day after the last date for which premium has been paid by you or the employer, or the date you become eligible for a plan of benefits intended to replace this coverage.

If you are disabled and receiving benefits under this plan, your benefits and coverage will continue until the expiration of your benefit period, or until you no longer qualify for benefits under the plan, whichever comes first.

When Coverage Takes Effect

Your coverage takes effect on the later of the program's effective date, the date you become eligible, the date we receive your completed enrollment form, or the date you authorize any necessary payroll deductions.

If you're not actively at work on the date your coverage would otherwise take effect, you'll be covered on the date you return to work.

Family Survivor Benefit

If you die while receiving disability benefits, we will pay a survivor benefit based on 100% of the total of your last month's benefit plus the amount of any disability earnings by which this benefit had been reduced for that month. This plan pays a single lump sum equal to 3 months of benefits. We pay this benefit directly to your lawful spouse, or to your children in equal shares, if there is no lawful spouse. If you have no lawful spouse or children, we pay this benefit to your estate.

Cost-of-Living Adjustment (COLA)

Once you have received disability benefits for 12 consecutive months, we will increase your benefit each year, by 3% or the percentage increase in the Consumer's Price Index for Urban Wage Earners (CPI-W), if lower. We will continue these increases until the benefit period ends. (Note: COLA increases do not affect your plan's overall maximum or minimum benefit provisions.)

This information is a brief description of the important features of the plan. It is not a contract. Terms and conditions of insurance are set forth in Group Policy No. **LK-964903**. Please refer to your Certificate of Insurance or Summary Plan Description for more detailed information. Coverage is underwritten by Life Insurance Company of North America, a Cigna company. "Cigna" and the Tree of Life logo are registered service marks of Cigna Intellectual Property, Inc. © Cigna 2015

