

Group Long-Term Disability Insurance for the Employees of Lincoln Public Schools

Long-Term Disability Insurance... Insuring Your Earnings Power



If you're like most Americans, you insure your car, your home, your health, and even your valuable jewelry. What about your earnings ability? How long could you and your family go without a paycheck if you were to become disabled and unable to work?

Lincoln Financial Group long-term disability (LTD) insurance gives employees the security of knowing that if they become disabled, replacement income is available to help them financially through that period without seriously affecting their present lifestyle or shattering their dreams for the future.

Important features of the LTD insurance described in this brochure include:

- **Monthly Benefit** - Pays 60% of your monthly salary to a monthly maximum of \$10,000. As your salary increases during active employment, your benefits automatically increase — always 60% of your salary.
- **Benefit Duration**
- **Benefit Integration**
- **Social Security Benefit Reduction Primary**
- **Recurrent Disability**
- **Definition of Disability**
- **Partial Disability Benefit**
- **Social Security Freeze Benefit**
- **Elimination Period (Before Benefits Begin)** - Equals the number of employer-paid sick leave days accumulated by the start of your disability. It may be met by days of total and/or partial disability due to the same or a related sickness or injury.
- **Pregnancy Benefits** (treated as any other disability).
- **Mental Illness, Alcoholism & Drug Addiction Benefits**
- **Cost-of-Living Adjustment Benefit**
- **Minimum Monthly Benefit**

Please refer questions to: Gary Hamilton, Lincoln, NE: (402) 420-5030

This is only a summary of coverage and is not a binding contract. A certificate of coverage will be made available to you shortly which describes the benefits in greater detail. Should there be differences between this summary and the contract, the contract will govern.

Underwritten by: The Lincoln National Life Insurance Company, Home Office: Fort Wayne, IN
Service Office: 8801 Indian Hills Drive, Omaha, NE 68114
800-423-2765
www.LincolnFinancial.com

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Phone: (800) 423-2765 or (402) 361-7300
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General Information

Eligibility:

All active certified employees working 17.5 hours or more per week or classified employees working 20 hours or more per week are eligible for coverage under this policy.

Effective Dates of Coverage:

Coverage becomes effective on the first of the month following the first 30 days of employment unless evidence of insurability is required. If Evidence of insurability is required, coverage will be effective the first of the month following the date the coverage is approved.

The applicant must be actively at work and regularly employed on the date his coverage would become effective. Otherwise, the insurance will become effective on the first of the month following the date the applicant resumes active employment.

Pre-Existing Conditions:

If enrolled during the initial eligibility period, a disability caused or contributed to by a pre-existing condition will not be covered until the employee has performed the main duties of his/her regular occupation on a full-time basis for five consecutive days following his/her effective date.

If enrolled outside the initial eligibility period, you will be considered a late entrant and a separate pre-existing condition definition will apply. For late entrant, a pre-existing condition means any sickness or injury for which you have received medical treatment, consultation, care or services (including diagnostic measures or the taking of prescribed drugs or medicines) during the 12 months prior to the coverage effective date. A disability arising from any such sickness or injury will be covered only if it begins after you have performed your regular occupation on a full-time basis for 24 months following the coverage effective date, unless no treatment was received for 12 consecutive months after the coverage effective date.

General Exclusions:

This policy does not cover disabilities that result from:

1. War (declared or undeclared), insurrection, rebellion or participation in a riot.
2. Intentionally self-inflicted injuries.

Your Eligibility Will Continue As Long As:

- a. the premium is paid;
- b. you actively continue in the employment of the Lincoln Public Schools; *and*
- c. the master policy remains in force by the holder and underwriter.

Benefit Duration

This plan is based on an equal cost benefit for each employee. The Reducing Benefit Duration as shown below, or to Social Security normal retirement age (whichever is later), will be used.

Age at Disability	Duration of Benefits	Age at Disability	Duration of Benefits
<60	To age 65	65	24
60	60 months	66	21
61	48	67	18
62	42	68	15
63	36	69+	12
64	30		

Benefit Integration

The amount of the benefit will be reduced by any income from certain sources. These sources include the following: (1.) Primary (but not family) disability and retirement benefits under Social Security or any similar law, plan or act; (2.) Benefits under Occupational Disease Law, Workers' Compensation Law or any law of like intent; (3.) Benefits under other group disability income plans; (4.) Under the employer's retirement plan, any retirement benefits not attributable to employee contributions.

Social Security Benefit Reduction Primary

The amount of benefits received directly from the plan will be reduced by primary benefits received under Social Security. Any additional family benefits payable under Social Security will not be integrated with this plan.

This policy will not integrate with:

1. No-fault automobile insurance benefits.
2. Any individual disability income policy.
3. Distributions from profit-sharing plans, thrift plans, Individual Retirement Accounts (IRAs), Tax-Sheltered Annuities (TSAs), stock ownership plans, or non-qualified plans of deferred compensation.
4. Under the employer's retirement plan, any disability and/or retirement benefits that represent employee contributions, or that reduce the amount otherwise payable at the plan's normal retirement age.
5. Any professional, franchise or association disability income plan unless purchased through the employer.
6. Military disability benefits.
7. Family Social Security benefits.

Definition of Disability

"Total Disability" means the inability to perform each of the main duties of the insured employee's own occupation. The own occupation period lasts for 24 months for all Non-Exempt Employees and to age 65 for all Exempt Employees.

After the own occupation period, Total Disability will be defined as the inability of the insured employee to perform each of the main duties of any occupation which the employee's training, education or experience will reasonably permit.

While the employee must be under the regular care of a physician, house confinement is not required. There is also no requirement that the disability be permanent. As long as the definition of "total disability" is met, temporary disabilities are covered.

Recurrent Disability

If an employee who was disabled and receiving benefits returns to work for less than six months and has a recurrence of the same disability, that disability will be considered a continuation of the old one. A new elimination period will not be required, and a new maximum benefit period will not apply.

If an employee returns to work for six months or more, and then suffers a recurrence of the same or a related condition, it will be considered a new period of disability. A new elimination period will be required, equal to the employer-paid sick leave days accumulated during the employee's return. A new maximum benefit period will apply.

Pregnancy Benefits

Total disability caused by pregnancy or complications of pregnancy will be covered on the same basis as sickness.

Mental Illness, Alcoholism & Drug Addiction Benefits

Disabilities resulting from these illnesses will be covered as any other illness whether or not the employee is confined to a hospital.

Partial Disability Monthly Benefit

This benefit helps provide financial security during rehabilitation. Benefits can be paid for the entire benefit duration. Here's how it works:

The policy will pay a partial disability benefit if a disabled employee is unable to perform all of the main duties of his or her regular occupation (or is unable to perform those duties on a full-time basis) and is engaged in partial disability employment. "Partial disability employment" may be at his or her own occupation with reduced hours or certain duties reassigned, or in some other lower paid occupation, so long as current earnings:

- are at least 20% of predisability earnings, and
- do not exceed the earnings limit specified in the policy.

The employee must submit satisfactory proof of continued partial disability, regular physician's care and reduced earning throughout the period.

Partial Disability benefits will be equal to the lesser of A) or B) following:

How to Calculate Your Monthly Cost

Using the chart below, find the plan that corresponds to your accumulated sick leave. Using the factors shown, multiply your sick leave times your monthly salary.

Example:	Accumulated sick leave:	52 days
	Plan V factor	.0067
	Monthly Salary	\$1,000.00
	$\$1,000.00 \times .0067 = \6.70 Monthly Cost	

Plan	Accumulated Sick Leave (Days)	Factor	Plan	Accumulated Sick Leave (Days)	Factor	Plan	Accumulated Sick Leave (Days)	Factor
I	0 to 10	.0085	IV	31 to 45	.0070	VII	91 to 180	.0043
II	11 to 20	.0081	V	46 to 60	.0067	VIII	OVER 180	.0041
III	21 to 30	.0072	VI	61 to 90	.0066			

- A) 1. The insured employee's predisability income multiplied by the benefit percentage (limited to the maximum monthly benefit); minus
2. Other income benefits except for earnings the insured employee receives from partial disability employment.

The amount of the monthly benefit under A) will not be less than the minimum monthly benefit.

- B) The insured employee's predisability income minus other income benefits, which include earnings the insured employee receives from partial disability employment.

Social Security Freeze Benefit

After the initial deduction for income received from Social Security is established, the monthly benefit will never be further reduced due to any "cost of living" increases from Social Security. This freeze will last as long as benefits remain payable, even if the school district has terminated this policy.

Cost-of-Living Adjustment Benefit

The unequaled inflationary pressures of recent years as well as the emergence of COLA benefits in pension plans, Social Security, and bargain wage agreements has produced a consumer that is fully aware of the value of cost-of-living adjustments. Many employers have requested a COLA benefit. *Eligibility:* An insured will be eligible for an annual COLA if he/she:

1. Is receiving total disability benefits on July 1st; and
2. Has been totally disabled for 12 straight months following the elimination period.

Adjustment Amount: 3% per year for 10 years.

Minimum Monthly Benefit

Regardless of the amount of other income benefit offsets, the monthly benefit paid under this policy will never be less than \$100.

Waiver of Premium

After benefits become payable and as long as payments continue, any further premiums which are due during the continuation of the individual's total disability will be waived.