

# **Long-Term Disability (LTD) Plan**

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As a full-time employee, you are provided an income continuation program if you should be unable to work for more than 180 calendar days (within a 360 calendar day period) due to the same or a related illness or injury.

## **Effective Date**

You are enrolled in the LTD Plan after 90 days of continuous, full-time employment.

## **When Benefits are Payable**

You will receive benefits from this plan when you have met the qualifying period of 180 calendar days of absence from work caused by the same or a related sickness or injury, which must be accumulated within a 360 calendar day period. You will continue receiving these benefits until you can return to work, or, if you are totally disabled, to age 65.

## **How the Plan Pays**

This plan supplements your other employer paid group and statutory disability benefits, so that in total benefits you will receive at least 60% of your normal monthly income, up to a maximum coverage limit of \$2,500 per month. The amount you will receive is determined by two elements, and varies by the income you receive.

1. *Monthly Schedule Amount* - The Monthly Schedule Amount is 60% of your monthly earnings. Your monthly earnings are 1/12 of your annual earnings. Your annual earnings amount is calculated for Long-Term Disability purposes by taking your hourly pay rate times 40 hours times 52 weeks (or weekly pay rate times 52 weeks if salaried) and then adding the average of your last 3 years bonuses or commissions. If you have less than 3 years of service, the amount of your annual earnings is based on your annual pay rate, plus whatever bonus or commission experience is available. In calculating your annual earnings, overtime pay is not included. The amount of your monthly schedule is adjusted each year by January 31st, using the pay rates effective in January.
2. *Offset Amount* - The offset amount is the money you receive from other sources while disabled. Examples of these include, but are not limited to, statutory benefits, such as Social Security and Workers Compensation, and loss of time benefits received from any group insurance plan sponsored by Beck. This amount is subtracted from your monthly schedule amount (item 1 above).

## **Example of Long-Term Disability Amount Calculation**

For an individual earning \$24,000 per year, with \$750 per month in primary Social Security benefits.

**Step 1:**        \$24,000 divided by 12 months = \$2,000/month  
                    60% of \$2,000 = \$1,200 Monthly Schedule Amount

**Step 2:**        \$1,200    Monthly Schedule Amount  
                      750    Offset Amount (Your Social Security Benefit)  
                    \$ 450    Amount to be paid by this Long-Term Disability Plan

## ***Rehabilitation Benefit***

If you are disabled, you will be allowed to return to work with the Company on a limited basis without terminating your eligibility for benefits under this plan. You may return to your regular job or be trained for some other position for which you are reasonably suited by skills and/or training. If this happens, there is no offset amount for the first 24 months. After 24 months, an earnings test is performed. If your earnings are 85% or more of your pre-disability earnings, you are no longer eligible to receive a long-term disability benefit. If your earnings do not exceed the 85% earnings test, you are still eligible for partial benefits.

If after 36 months, you are unable to perform your regular job or any other job for which you are suited by skills and/or training, you will be considered totally disabled and again be eligible to receive full disability benefits. Otherwise, you may continue to work in a full-time or part-time capacity and continue to receive partial disability benefits to keep your total earnings at least equal to the total disability benefit you had previously received.

## ***Successive Periods of Disability***

If your periods of disability are due to the same or related causes, the following rules will apply:

1. If the periods of disability are not separated by six months or more of active, full-time work, they will be treated as one period of disability.
2. If the periods of disability are separated by six months or more of active, full-time work, they will be treated as separate disabilities, and you must satisfy a new qualifying period (six months of continuous disability) before benefit payments resume.

## ***Disabilities Not Covered***

Benefits are not payable for disabilities caused by:

- War, whether declared or undeclared, or any act of war
- Intentional self-inflicted injury of any kind
- Participation in or in consequence of having participated in a riot
- Commission of or the attempted commission of a felony

Also, benefits will not be payable for any disability:

- Which is caused or contributed to by a pre-existing condition; and
- Which begins in the first twelve months following your effective date
  - A pre-existing condition is defined as a sickness or injury for which you receive treatment prior to being continuously employed by the company for three months.

## ***Social Security Payment Increases***

Your payment under this plan is fixed at the time you start receiving benefits. Any statutory or cost of living increases in your Social Security will result in an increase in the total amount you receive each month.

### ***Other Benefit Continuation***

Your coverage under the Company's life insurance and AD&D plans will continue for as long as you are employed by the Company or are receiving LTD benefits through the Company; after which you may apply to have the insurer covert your life and AD&D coverage to an individual policy without evidence of insurability.

Your health plan coverage will continue for as long as you are employed by the Company, after which you may continue health coverage at your own expense in accordance with COBRA provisions.

### ***Leave of Absence or Layoff***

If you are on a leave of absence or layoff, you are not eligible to receive benefits from this plan.

### ***Individual Termination of Employment***

After you begin receiving LTD benefits, your employment with the Company will be terminated. LTD payments will continue in accordance with the LTD policy. Should you be able to return to work, you may re-apply to the Company to be considered for any available positions.

### ***Reporting your Disability***

Written notice of your claim is required by the insurance company during the first six months of disability. Notice should be given to your supervisor.

### ***Claim Procedure***

Upon receiving your notice of claim, the insurance company will send you a proof of claim form which you must complete and return within 90 days after the six month waiting period has expired. The proof of claim must show the date the disability started, its cause and how serious it is. Proof of continued disability and regular attendance of a physician must be given to the insurance company within 30 days of request.