

Long-term disability for all members											
Definition of disability	<p>An employee will be considered disabled if, because of sickness, injury or pregnancy, during the elimination period and own occupation period, one of the following applies:</p> <ul style="list-style-type: none"> • Unable to perform a majority of the substantial and material duties of his/her own occupation; OR • Unable to earn 80% of his/her indexed predisability income while working in his/her own occupation in a modified capacity or any occupation. <p>An employee will be considered disabled if, after completing the elimination period and own occupation period, one of the following applies:</p> <ul style="list-style-type: none"> • Unable to perform a majority of the substantial and material duties of any occupation for which he/she is or may reasonably become qualified based on education, training or experience; OR • Unable to earn 60% of his/her indexed predisability income while working in his/her own occupation or any occupation in a modified capacity. 										
Own occupation period	2 years										
Elimination period	90 days										
Monthly benefit	<p>Benefit percentage: 60% of predisability earnings</p> <p>Maximum: \$6,000</p>										
Minimum monthly benefit	Minimum: The greater of 10% of the primary monthly benefit or \$100.										
Benefit duration	<p>To Social Security normal retirement age</p> <p>For employees who become disabled before age 65, disability benefits are payable until the later of the date they reach Social Security normal retirement age or 36 months after the benefit payment period begins. For employees who become disabled at or after age 65, disability benefits are payable until the later of the date they reach Social Security normal retirement age or the date the benefit payment period reaches the number of months shown below:</p> <table> <thead> <tr> <th><u>Age disability occurs</u></th><th><u>Length of benefit payment period</u></th></tr> </thead> <tbody> <tr> <td>Age 65 - 67</td><td>24 months</td></tr> <tr> <td>Age 68 - 69</td><td>18 months</td></tr> <tr> <td>Age 70 -71</td><td>15 months</td></tr> <tr> <td>Age 72 and over</td><td>12 months</td></tr> </tbody> </table> <p>Disability benefits end when employees recover, cease to be under the regular and appropriate care of a physician, fail to provide any required proof of disability, fail to submit to a required medical examination, fail to report income from other sources or any other required earnings information, fail to pursue Social Security disability benefits or Workers' Compensation benefits, or die.</p>	<u>Age disability occurs</u>	<u>Length of benefit payment period</u>	Age 65 - 67	24 months	Age 68 - 69	18 months	Age 70 -71	15 months	Age 72 and over	12 months
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Long-term disability



Definition of earnings	<p>Base wage</p> <p>Compensation for business owners covers the net profits plus salary, averaged over the prior two calendar years.</p>
Salary continuation	Offset
Preexisting conditions	6 months prior / 12 months insured
Mental health conditions	24 month benefit limit
Drug and alcohol abuse conditions	24 month benefit limit
Special conditions	24 month benefit limit
Employer contributions	Noncontributory - employer pays 100%
Integration method	Direct
Social security integration	Primary and family
Work incentive benefit	12 months
Coverage for work related disabilities	Yes
Survivor benefit	3 months net, with optional accelerated payments
Mandatory rehabilitation	<p>Included</p> <p>If employees do not comply with the rehabilitation plan without good cause, disability benefits may cease.</p>
Integrated STD/LTD	We integrate LTD and STD into a coordinated package with streamlined claims administration and processing and smooth transition from STD to LTD without payment gaps or benefit overlaps.
Income from other sources	<p>We coordinate disability benefits with income disabled employees receive from other sources. These include all retirement or disability benefits that employees and their dependents receive or could have received, from Social Security or other government agencies; salary continuance; personal time off or sick pay; Workers' Compensation benefits; income from state disability plans; payments from policies that provide coverage for time away from work, if paid in part by or deducted from payroll by the policyholder; income from other group disability insurance policies; disability or retirement benefits paid by pension plans sponsored by the policyholder; income received from no-fault auto laws; renewal commissions received from the policyholder; severance pay; and all payments for the month that the member receives under state unemployment laws.</p> <p>Other income sources do not include individual disability insurance; profit sharing plans; thrift savings plans; nonqualified deferred compensation plans; 401(k) plans; individual retirement accounts (IRAs); stock ownership plans; Keogh (HR-10) plans; any cost of living increases paid in connection with other sources of income; Social Security or pension plan payments that were being received prior to the current disability; and any income the member receives for services rendered prior to the member's date of disability.</p> <p>Any income the member receives for services rendered prior to the member's date of disability will not be considered other income sources.</p>

Limitations	<p>The proposed policy contains restrictions and limitations. Before making a purchase decision, review the following limitations and resolve any questions. The following limitations and restrictions are applied as required by state law or as otherwise described in the group policy.</p> <p>No benefits will be paid to employees with disabilities resulting from: willful self injury while sane or insane / war or an act of war / participation in an assault or felony / a new or continuing disability that begins after an employee's benefit payment period has ended, but the employee has not returned to active work.</p> <p>Treatment of mental health conditions and drug and alcohol abuse conditions and special conditions A disability is considered due to alcohol, drug or chemical abuse, dependency or addiction or a mental health condition or a special condition if the disability is caused by one of these condition(s) and not by other disabling conditions.</p> <p>The following maximum benefit payment periods apply: Mental health conditions: 24 months Alcohol, Drug or Chemical Abuse Conditions: 24 months Special conditions: 24 months The benefit payment period listed above is a lifetime maximum for all periods of disability. All disabilities from conditions with the same maximum benefit payment period contribute toward one lifetime maximum. However, if at the end of the benefit duration, an employee is confined in a hospital or any other type of facility providing treatment for any of these conditions, the benefit payment period may be extended to include the time period an employee remains confined for treatment.</p> <p>Special conditions are considered to be: thoracic outlet syndrome / headaches, such as functional, migraine, organic, sinus and tension / chronic fatigue syndrome / fibromyalgia / temporomandibular joint (TMJ) / cumulative trauma disorder, overuse syndrome or repetitive stress disorder including carpal tunnel and ulnar tunnel syndrome / environmental allergies and multiple chemical sensitivity / musculoskeletal and connective tissue disorders of the neck and back, including any disease or disorder of the cervical, thoracic and lumbosacral back and surrounding soft tissue, including sprains and strains of joints and adjacent muscles, but not including conditions such as arthritis, ruptured intervertebral discs, scoliosis, spinal fractures, spinal tumors, malignancy or vascular malformations.</p> <p>Preexisting conditions A preexisting condition is a sickness or injury, including all related conditions and complications, or pregnancy for which employees received medical treatment, consultation, care or service; or were prescribed or took prescription medications in the six months prior to their effective date under the policy. Benefits are not paid for disabilities resulting from preexisting conditions unless, when employees become disabled, they have been actively at work for one full day after being covered under the policy for 12 consecutive months.</p>
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Rehabilitation benefits	
Reasonable accommodation benefit	\$5,000
Rehabilitation incentive benefit	5% increase in the monthly benefit percentage for 12 months
Optional benefits	

Return to work child care benefit	100% of actual expenses incurred, up to a maximum of \$350 per month for 12 months. Benefits begin after work incentive payments end.
Highlights	
Eligible employees	All active, full-time employees living in the United States (except part-time, seasonal, temporary or contract employees) who work at least 30 hours per week.
Re-enrollment of coverage	If employees contribute toward the cost of their LTD coverage today and Principal Life has agreed to a re-enrollment of coverage, employees may be required to submit proof of good health depending on the method of re-enrollment.
Proof of good health	Required if fewer than 5 members insured.
Recurring disability	Disabled employees who recover and return to work for 6 months or less during the benefit duration are not required to complete a new elimination period if they become disabled again due to the same or related cause.
Monthly payment limit	Benefits paid are reduced if total income exceeds 100% of predisability earnings. Total income includes: <ul style="list-style-type: none"> • The employee's normal benefit payable • Additional benefits payable under the policy • Return to work earnings • Other income sources defined in the policy • PTO, sick pay, and salary continuance payments (if these income sources are not considered direct offsets under other income sources)
Form W-2 and FICA services	<p>Upon request, we offer Form W-2 preparation and FICA services for employees on disability.</p> <ul style="list-style-type: none"> • Form W-2 - Prepare and mail to employees, report to appropriate governmental agencies and provide employers with reports. • Standard FICA services - Calculate and withhold employees' portions of appropriate taxes, deposit employee tax withholdings with appropriate government agencies, provide employers with reports. • Additional FICA services* - Calculating and depositing the employer FICA match with the appropriate government agency, reporting FICA match on our tax deposits, and issuing Form W-2's to each individual who received a disability payment during the calendar year. <p>*Employers are still responsible for other tax reporting such as Federal Unemployment Tax Act (FUTA) and State Unemployment Tax Act (SUTA).</p>
State mandated disability benefits	The policy does not provide state mandated disability benefits in CA, NY, NJ, RI or HI.