

# Plan Description & Cost Summary

Prepared For Gulf Reserve Nursing and Rehabilitation

Date: March 9, 2022

Proposal Expiration Date: June 7, 2022

## Eligibility

Each Active Full-Time Employee working 30 hours or more per week and earning at least \$15,000 annually, except any person working on a temporary or seasonal basis.

Our standard eligibility includes employees who are US citizens working in the US; contact your sales office if you have employees who are not US citizens working in the US, and you'd like us to consider them in the eligibility.

## Plan Descriptions

Benefit Amount:	\$11,666.67 of Covered Monthly Earnings
Monthly Maximum:	\$7,000
Elimination Period:	180 days
Benefit Duration:	Extended-ADEA-B
Social Security Integration:	Full Family
Family Leave:	Yes
Mental & Nervous Limitation:	24 month limit
Drug & Alcohol Limitation:	24 month limit
Limited Benefit Option:	24 Months
Pre-Existing Limitation:	3/12
Survivor Benefit:	3 Months
Managed Rehab Option:	Included
Work Incentive Benefit:	12 Months
Child Care:	to age 14/\$250
Worksite Mod Benefit:	100% up to \$2,000
Own Occupation Coverage:	24 Months
Partial Disability:	Yes
Specific Indemnity:	Yes
Travel Assistance:	Yes

## Participation and Contribution

Employee Contribution: 100%

Minimum Employee Participation: The greater of 10% or 5 lives\*

\*If sold on a stand-alone basis, you must have the minimum participation of 10% of eligible employees or 5 insured employees. If sold with either Voluntary Group Term Life (VG) or Voluntary Short Term Disability (VPS), then combined participation must be 20% of eligible lives.

# Plan Details

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### Benefit Amount

Voluntary Long Term Disability (LTD) benefits are paid monthly and are either a percentage of an employee's covered monthly earnings or a flat dollar amount and not to exceed a specified percentage of salary. Benefits are subject to a monthly maximum benefit.

### Benefit Duration

RSL pays LTD benefits for a total disability due to a covered injury or sickness. Our standard maximum benefit duration lasts up to a person's normal retirement age as defined by Social Security. The LTD duration schedules comply with the Age Discrimination and Employment Act (ADEA). ADEA requires that either the level of benefits or the costs of the benefit be the same for older employees as for younger employees.

The following benefit duration schedules have been quoted to you:

#### Extended ADEA-B

LTD benefits usually last until normal retirement age as defined by Social Security. Prior to 1983, this was age 65. Then amendments were added to the United States Social Security Act to link normal retirement age to a person's date of birth.

Therefore, we offer the following schedule:

Benefits will last the longer of (A) or to normal retirement age.

(A)

Age at Disability	Duration
Prior to age 62	to age 65
Age 62	42 months
Age 63	36 months
Age 64	30 months
Age 65	24 months
Age 66	21 months
Age 67	18 months
Age 68	15 months
Age 69 and over	12 months

### Covered Monthly Earnings

Earnings are commonly defined as the employee's gross monthly salary in effect just before the date of disability. It usually excludes income received from commissions, bonuses, overtime pay, and any other extra compensation or income from sources other than you, the employer.

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### Definition of Disability

Our definition of disability is divided into two time periods. The first is called the own occupation period and the second is called the any occupation period.

**Own Occupation:** During the elimination period and the own occupation period, an Insured must be disabled from his/her regular occupation. An insured is considered disabled from his/her own occupation if unable, as a result of sickness or injury, to perform the material duties of his/her regular occupation as normally performed in the national economy.

**Any Occupation:** During the any occupation period, the insured is required to be disabled from any occupation. An insured is disabled from any occupation if unable, as the result of sickness or injury, to perform the material duties of any occupation normally performed in the national economy.

**Partial Disability:** If an employee is disabled as a result of an injury or sickness, we consider him/her partially disabled if he/she is capable of performing the material duties of his/her occupation on a part-time basis or some of the material duties on a full-time basis. During the Any Occupation period, we consider the employee Totally Disabled if due to an injury or sickness he/she is capable of only performing the material duties of any occupation on a part-time basis or part of the materials on a full-time basis.

### Family Leave Act (FMLA)

The Family and Medical Leave Act of 1993, as amended, mandates that employers with more than 50 workers maintain group health coverage (medical expense and health flexible spending account) during an allowed period of family or medical leave, just as if an employee were on the job during that time. The FMLA does not require employers to maintain group disability coverage, but Reliance Standard makes it available as an option to the master policy.

Voluntary Disability insurance can continue to the later of:

- With respect to FMLA, the end of the leave period required by the Family and Medical Leave Act of 1993, as amended.
- With respect to MSLA, the end of the period required by the Uniformed Services Employment and Reemployment Act (USERRA).

Premiums must continue to be paid while on either of these leaves. All coverage provisions apply during the leave period, except that for coverage continued while on a military services leave, there is no coverage for any loss which occurs while an insured is on active duty if such loss is caused by or arises out of military service, included but not limited to war or act of war (declared or undeclared).

### Managed Rehabilitation Employment

RSL encourages disabled employees to return to work either on a partial basis. Vocational rehabilitation services help an employee gain the skills to go back to work performing any occupation.

We will continue to pay the Monthly Benefit less an amount equal to 50% of the earnings received through Rehabilitative Employment. If rehabilitation is refused, we may reduce or stop the LTD benefit depending on the policy.

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Specific Indemnity	This provision allows an employee to receive a minimum number of benefit payments if he/she suffers defined losses from an accident resulting in an injury:
Survivor Benefit	RSL provides a lump sum benefit to the survivor of an insured person upon his/her death if the insured had been receiving LTD benefits and had met the definition of "Total Disability" for at least 180 days before his/her death. The survivor benefit amount will be equal to three times the insured's net monthly benefit before death.
Work Incentive - Child Care Credit	<p>Upon satisfying the Elimination Period, during the period of time reflected on the Summary page, RSL will deduct only the amount of earnings which, when added to the employee's LTD benefit, exceeds 100% of the employee's covered monthly earnings. After such time, if applicable, we will offset the LTD benefit by 50% of the Rehabilitative Employment earnings.</p> <p>As reflected by the duration on the Summary page, after the defined time period Rehabilitative Employment, we will offset the LTD benefit by 50% of the Rehabilitative Employment earnings.</p> <p>The Child Care Expense Credit is a feature of the Work Incentive Provision. If there are dependent children under the age of 14, then we will add up to \$250 per month to the Insured's covered monthly earnings when calculating the benefit amount during the work incentive period.</p> <p>Please check the summary page to determine if the provision is part of our quote. These benefits vary from state to state.</p>
Worksite Modification	This benefit is payable to you, the employer. If you make the necessary modifications to the disabled person's worksite and the person returns to active work, RSL will reimburse you. We will pay 100% of the actual and reasonable expenses paid for the modification to a maximum of \$2,000.‡

The plan proposed contains the features and benefits requested by you. The following value added features are included in your proposed plan:

Benefit Integration	RSL will identify other sources of income an Insured receives (or is eligible to receive) and reduce the Group LTD benefits paid. We do this so an Insured does not receive more money while disabled than while working. For a list of income sources that will reduce benefits, see the Appendix section of this Proposal.
Cost Containment	<p>RSL offers many resources to help your employees return to work as quickly and easily as possible. We know that the sooner a disabled person reaches the point of complete or partial recover, the sooner that individual can resume a product life.</p> <p>These resources are: Vocational Rehabilitation Assessment Social Security Assistance Program Job Search Assistance Educational Expenses</p>
W-2 Services	We provide two W-2 preparation options for taxable LTD insurance benefits.

‡ This benefit may not be available in all states or may vary from state to state.

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## **W-2 Services with FICA Match:**

This program eliminates most of your tax reporting responsibilities for LTD benefit recipients. We will pay the employer's portion of the Social Security and Medicare taxes on long term disability benefits. We will also prepare the year-end W-2 forms. This value-added service is provided free.

RSL agrees to prepare W-2s, RSLs tax identification number is used in place of the employers/policyholders tax identification number. RSL bears the responsibility to withhold FICA taxes from the insured's taxable disability benefit, prepare the W-2 at year end, file Form 941 quarterly and pay the insured's share of FICA taxes as well as the employers/policyholders FICA match on a semiweekly basis. W-2 statements are mailed directly to the claimant (insured) in time for income tax filing.

## **W-2 Services without FICA Match:**

When RSL agrees to prepare W-2s, RSLs tax identification number is used in place of the employers/policyholders tax identification number. RSL bears the responsibility to withhold FICA taxes from the insured's taxable disability benefit, prepare the W-2 at year end, file Form 941 and pay the insured's share of FICA taxes. RSL will not pay the employers/policyholders FICA match. W-2 statements are mailed directly to the claimant (insured) in time for income tax filing. In this situation, the employer/policyholder should use the Disability Income Case Summary Report (DICS) to learn the amount withheld for each insured, complete the Form 941, remit the employers/policyholders FICA tax match and prepare IRS form 8922 (Third Party Sick Pay Recap) at year end.

## **If RSL is not preparing the W-2s:**

RSL still withholds the insured's FICA taxes from his or her taxable disability benefit, remits it semiweekly and reports it quarterly on RSLs Form 941. In this situation, the employer/policyholder should use the Disability Income Case Summary Report (DICS) to learn the amount withheld for each insured, prepare the W-2s, complete the Form 941 and remit the employers/policyholders FICA tax match.

## **Management Information Reporting**

We offer a comprehensive annual renewal presentation package.

## **Travel Assistance**

Travel assistance services provide medical assistance services for employees of our Policyholders.

Whenever your covered employees are on a trip in a foreign country or 100 miles or more from home, they are eligible for a wide array of medical and travel assistance services.

The total of all services in connection with emergency evacuation, medically necessary repatriation, transportation of a family member or friend, return of dependent children, and repatriation of remains are subject to a limit of \$100,000 per person per event.

Travel assistance services are provided through On Call International, LLC (On Call) and are not part of the insurance policy being proposed by Reliance Standard Life. On Call is not affiliated with us. We are not responsible for the content of the program or services provided or not provided by On Call. RSL has the right to discontinue offering these services at any time.

For full details about the travel assistance program including all services, limitations and exclusions, please contact your Regional Group Sales Representative.

# Limitations

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### Mental/Nervous Limitation

Our standard LTD contract provides a benefit payment for up to 24 months for disabilities arising from mental and nervous disorders. At the end of 24 months, the individual must be confined in an institution (hospital) to be eligible to receive further LTD benefits. This restriction is needed due to the subjective nature of the determination of both disability and mental/nervous disorders.

### Substance Abuse Limitation

Our standard LTD contract provides a benefit payment for up to 24 months for disabilities arising from substance abuse disorders, provided the insured is participating in a Substance Abuse Rehabilitation Program. This restriction is needed due to the subjective nature of the determination of both disability and substance abuse disorders.

### Limited Benefits

RSL's Limited Benefit Option offers the policyholder the option of limiting benefit payment to 24 months for disability caused or contributed to by any of the following:

- Chronic Fatigue Syndrome
- Environmental Allergies or Reactive Illness
- Self-Reported Conditions
- Musculoskeletal and connective tissue disorders of the neck and back including any disease, disorder, sprain, strain of the joints or adjacent muscles of the cervical, thoracic or lumbosacral regions or their surrounding tissue.

### Pre-Existing Condition Limitation

A pre-existing condition is defined as any sickness or injury (whether specifically diagnosed or not) for which the Insured received medical treatment, consultation, care or services, including diagnostic procedures or took prescribed drugs or medicines, during a specific period (as outlined in the policy) immediately prior to the Insured's effective date of coverage.

An insured is covered for pre-existing condition if he / she has been actively at work for one full day following the end of the specific period (as outlined in the policy) from the date he / she become an Insured. An Insured is not covered for a pre-existing condition if the requirement is not met.

This provision varies from state to state.

### Exclusions

The LTD policy does not cover any disabilities caused by:

- Intentionally self-inflicted injury,
- Act of war, declared or undeclared,
- The insured's commission of a felony, or
- Any injury or sickness that occurs while the Insured is confined in any penal or correctional institution.†