Group Long Term Disability Plan

For Academic and Exempt Employees
Effective December 1, 2003

The Standard Insurance
Administrator for TIAA
What if your paycheck stops?

Try to imagine life without a paycheck. It can happen to even the best employee – and it does ... to thousands of people a year when disability strikes.

Did you know that if you are younger than 65, the odds are greater that you’ll suffer a disability than die? Did you also know that if you’re a woman, the probability of disability is even higher?

You insure your life, your home, your car and your health. But isn’t protecting your salary equally important?

Would you be willing to sell your home or car? Use up all your savings or borrow from your family and friends? The University of Tennessee doesn’t feel you should have to.

The most inexpensive protection against the financial devastation of disability is clearly group long-term disability insurance. Participation provides assured income protection with regular monthly cash benefits as well as other services such as Social Security Assistance and rehabilitation.

Thanks to the mass purchasing power of all participating employees, you’ll pay far less for this coverage than you would for any individual disability income policy that may be available to you.

You can protect yourself and your family by enrolling in The University of Tennessee’s Long-Term Disability Insurance Plan ... the insurance we hope you’ll never need.
About TIAA and The Standard

Teachers Insurance Annuity Association (TIAA) underwrites this group long-term disability plan.

Founded in 1906 in Portland, Oregon, Standard Insurance Company offers group insurance as well as individual insurance products and retirement plans. The Standard has built a national reputation for providing quality insurance products, personalized service and consistently delivering strong financial performance.

StanCorp Financial Group, Inc., a Fortune 1000 company, is the holding company for Standard Insurance Company. Standard Insurance Company, the largest subsidiary of StanCorp, markets products in 49 states (excluding New York) and the District of Columbia. At The Standard, we thrive on teamwork, strong ethics and customer service on every level. Our track record proves it.

The Standard is well known for providing excellent service, such as timely payment of claims, and assistance with filing for Social Security benefits.

The company has received the highest ratings given by the most respected independent financial rating services. These top ratings reflect the financial strength, stability, and claims paying ability of The Standard.
Highlights of the Long Term Disability Plan

- Pays you a monthly income benefit when you are disabled and unable to work.
- Replaces a portion of your monthly salary up to a maximum benefit of $5,500 per month.
- Protects your retirement income by contributing a portion of your monthly salary to a TIAA-CREF Retirement Annuity.
- Defines disability as the complete inability to perform your own occupation when determining your eligibility for benefits.
- Provides partial benefits if you are working but unable to earn your full monthly salary due to disability.
- Generally, pays benefits for as long as disability continues or until you attain age 65.
- Pays a benefit to your surviving dependent(s) if you die after having been disabled for at least 10 months.
Questions and Answers

What exactly is this insurance?
This plan insures a continuation of income if you become disabled. The Standard will pay you a cash benefit each month that you are disabled and cannot work.

Who is eligible for this insurance?
Regular exempt staff employees who are scheduled to work a minimum of 30 hours per week and faculty or other academic employees who work 75% of the full-time faculty equivalent are eligible to enroll in this plan. Once you become insured, you can continue this coverage even if your job classification changes from exempt to non-exempt.

When will my insurance coverage begin?
You will become insured on the date you enter the eligible class (as described above) provided you enroll prior to or on that date. If you enroll within 31 days of the date you become eligible, you will become insured on that date. If you do not complete an enrollment form within the first 31 days, you must provide The Standard with proof of good health for insurance to become effective. Your coverage would begin on the first day of the month following approval of your evidence of insurability.

Do I need a medical exam for this insurance?
No. However, you will need to provide proof of good health if you do not enroll in the plan within 31 days of the date you initially become eligible to participate.

What if I am not actively at work on the date my insurance is scheduled to begin?
If you are not actively at work on the date your insurance is scheduled to take effect — due to illness or any other reason — your insurance will begin when you return to active work.
**How is disability defined under the policy?**
For the first 28 months that you are disabled, disability is defined as your complete inability due to sickness, bodily injury, or pregnancy to perform the material and substantial duties of your own occupation. Afterwards, you must be unable due to sickness, bodily injury, or pregnancy to perform the material and substantial duties of any occupation for which you are reasonably suited by education, training, or experience. Also, you must be under the regular care of a physician other than yourself, or a member of your family.

**When would I qualify for benefits?**
Benefits start after 4 months of continuous disability.

**How much disability income would I receive?**
This plan pays you a Monthly Income Benefit equal to a percentage of your monthly wage base\(^1\) up to a maximum monthly benefit of $5,500 per month. In addition, the plan provides a Monthly Annuity Premium Benefit that continues retirement plan contributions to your annuities. The percentages are determined by one of the following plans elected by you.

<table>
<thead>
<tr>
<th>Monthly Income Benefit</th>
<th>Monthly Annuity Premium Benefit</th>
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</thead>
<tbody>
<tr>
<td>Plan A 66 2/3%</td>
<td>15%</td>
</tr>
<tr>
<td>$100 minimum monthly benefit</td>
<td></td>
</tr>
<tr>
<td>Plan B 63%</td>
<td>10%</td>
</tr>
<tr>
<td>$100 minimum monthly benefit</td>
<td></td>
</tr>
<tr>
<td>Plan C 60%</td>
<td>5%</td>
</tr>
<tr>
<td>$50 minimum monthly benefit</td>
<td></td>
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</tbody>
</table>

\(^1\) For the purpose of determining benefits, your monthly wage base is one-twelfth of your basic annual wage payable by your employer at the start of your disability.

Your basic annual wage includes one-twelfth of any additional salary paid to you by your employer for authorized teaching in summer school during the twelve-month period immediately prior to the month in which the disability occurs. Your basic annual wage excludes overtime pay, bonuses, longevity, and other types of extra compensation.
However, your benefit may be adjusted if you are entitled to receive benefits from other sources, such as:

- Social Security (including benefits for dependents)\(^2\)
- Workers’ Compensation
- Disability benefits payable under any retirement or insurance plan for which contributions or payroll deductions are made by your employer
- Benefits payable under the Tennessee Consolidated Retirement System (TCRS)\(^2\)
- Sick leave benefits

**How can I protect my future retirement income while I am disabled?**

The Monthly Annuity Premium Benefit provides for the continuation of retirement plan contributions so that your future retirement income will be approximately the same had your disability never occurred. The amount of the monthly contribution equals a specified percentage (determined by the option elected by you) of your monthly wage base. If you don’t currently have a TIAA-CREF retirement contract, TIAA will begin a new contract for you when your disability benefits begin.

What does this all mean in actual dollars and cents? Let’s take a look at an example: Employee A and Employee B have the following in common:

- 40 years old with annual salaries of $40,000
- both became disabled on the same day
- both remain disabled to age 65

\(^2\) In determining the amount to be paid by The Standard, the Monthly Income Benefit is offset by the benefits deemed payable by Social Security and TCRS. This means The Standard will estimate that amount of these benefits until a determination has been received.

When the benefits payable by these sources have been determined, your monthly LTD benefit will be offset by the income paid from Social Security and TCRS. If either of these programs do not approve you for benefits, and after all appeals have been exhausted, the LTD benefit will only be adjusted to offset any other benefits paid.
However, Employee A had not purchased the group disability insurance, while Employee B is covered by the University’s disability insurance plan (Plan B).

Employee A will not receive monthly income benefits or continued contributions to a retirement annuity. Employee A must rely on Social Security, Tennessee Consolidated Retirement System (if applicable), other private insurance and personal savings to help through a period of disability.

Employee B, however, will receive a monthly disability benefit until age 65 — that’s twenty-five years of disability benefits. The Monthly Annuity Premium Benefit, which is 10% of the monthly salary, will have been credited from the time of disability until age 65 to TIAA-CREF annuities. Remember, with the plan’s 3% Annual Benefit Increase, the amount of this contribution increases each year. At age 65, Employee B will have $145,837.00 (not including interest) credited to a retirement annuity.

**Will my benefits increase with inflation?**
Yes. Your benefits will increase 3% each year, compounded annually. Since TIAA does not include Social Security increases when calculating benefits, this Annual Benefit Increase provides an additional edge against inflation.

**How long will benefits continue?**
That depends on when you become disabled. During a term of continuous disability, benefits will continue until the following age or time limit:

<table>
<thead>
<tr>
<th>Age When Disability Starts</th>
<th>Maximum Duration of Benefits</th>
</tr>
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<tbody>
<tr>
<td>Less than 60</td>
<td>to age 65</td>
</tr>
<tr>
<td>60 but less than 65</td>
<td>4 years and 8 months</td>
</tr>
<tr>
<td>65 but less than 68 and 8 months</td>
<td>to age 70</td>
</tr>
<tr>
<td>68 and 8 months or over</td>
<td>1 year</td>
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</table>

Exception: No benefits will be payable for more than 24 months if disability is due to alcoholism and/or drug abuse.
Can The Standard help if my application for Social Security Disability benefits is denied?
Yes. The Social Security Assistance program is voluntary and provided at no cost to you. The Standard’s certified, experienced counselors know how “the System” works and will offer assistance to almost all who receive disability benefits.

Will I lose my disability benefits if I return to work, on a limited basis, before I am fully recovered?
No. Partial disability benefits may be payable if you are disabled and only able to work on a limited basis. If you have been completely disabled for 4 or more continuous months and are able to earn more than 20%, but less than 80% of your indexed monthly wage base, a partial benefit based on your lost earnings will be paid.

For the first 12 months that you have returned to limited work, your benefits will continue in full. In accordance with the Work Transition Period, The Standard will not adjust your benefits due to part-time earnings. If, after 12 months you are still partially disabled and working, you will begin to receive the partial disability benefit.

What happens if I die while receiving disability benefits?
If you die after being disabled for 10 months or longer, The Standard will pay the last Monthly Income Benefit, multiplied by three, to your surviving spouse or dependent child(ren).

Are there any disabilities that are not covered under this plan?
Yes. Disabilities that are not covered include:

• Injury or sickness as a result of war, declared or undeclared
• Intentional self-inflicted injuries or sicknesses
• Injury as a result of taking part in a felony, or from any active participation in a riot. Benefits are not payable while you are confined to a prison or other correctional facility.
• Injuries sustained in an accident which occurs or sickness or pregnancy which begins before you become insured under the group policy. However, this exclusion will not apply to a period of disability which begins after you have been continuously insured for twelve months or more under this or your previous employer’s group disability plan (if the latter provides benefits for 5 or more years).

**When will my insurance terminate?**

Your insurance will cease if your employment is terminated, if your premium contributions are discontinued, if you cease to be in a class of employees eligible for coverage, or if the Group Insurance Policy is terminated.

Except, an otherwise eligible employee will not become ineligible by reason of his or her reclassification from exempt to non-exempt status.

Termination of your insurance will not affect your benefits for a disability which existed on the date that the insurance terminated.

**Can I continue to receive disability income protection if I cease employment with The University of Tennessee?**

Yes. The policy allows you to convert the group disability coverage to an individual disability policy (at your expense) without submitting proof of good health. You must, however, complete the conversion application within 31 days from the date your coverage terminates.

You have the right to convert if:

• You have been insured under this plan for 12 continuous months
• Insurance must be ceasing due to termination of employment
• Insurance must not be ceasing due to retirement
• You must not be Disabled under this policy.
Can I continue my coverage if I take an approved Leave of Absence?
Coverage may continue for up to twenty-four months during a sabbatical or leave for which you receive at least 1/4 pay, or with less than 1/4 pay if you are actively engaged in education or research, or are pursuing an advanced degree. Also, coverage may be continued during a maternity leave for up to four months following the termination of pregnancy, and for a family or medical leave approved by your employer for up to six months. If you are on leave, your monthly wage base will be based on the wages payable to you just prior to the start of the leave.

What is the cost of this insurance coverage?
You pay the full cost of this insurance through payroll deduction which frees you from premium reminders, check writing and lump-sum payments. The current monthly premium rate, expressed as a percent of monthly salary, is as follows for each plan:

<table>
<thead>
<tr>
<th>Plan</th>
<th>Plan A</th>
<th>Plan B</th>
<th>Plan C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Benefit</td>
<td>.716%</td>
<td>.629%</td>
<td>.548%</td>
</tr>
<tr>
<td>Annuity Benefit</td>
<td>.225%</td>
<td>.143%</td>
<td>.068%</td>
</tr>
</tbody>
</table>

No premium payments will be required from you while you are receiving benefits under the group policy. These rates are as of December 1, 2003 and are subject to change. consult your Human Resource department for current rate information.


**Final Notes**

**Remember**
You must complete an enrollment form so that your insurance is effective as soon as you are eligible. If you delay more than 31 days after becoming eligible, you will be required to submit proof of good health to The Standard before your insurance can be approved.

**Certificate of Insurance**
Shortly after your coverage begins, you will be given a Certificate of Insurance summarizing your Group Long-Term Disability Benefits Insurance.

**Questions**
If you would like more information about your long-term disability insurance coverage, just call for help.

**The Standard Benefits Helpline**
800.348.3226, Option 2

*Enroll now in The University of Tennessee Group Long Term Disability Plan.*

*You need the protection.*
*You need the security.*
The insurance plan summarized in this booklet applies to disabilities commencing on or after December 1, 2003, and is subject to the terms and conditions of the Group Insurance policy issued by Teachers Insurance Annuity Association (TIAA), 730 Third Avenue, New York, NY, 10017 and administered by Standard Insurance Company of Portland, OR. The plan is intended and expected to continue indefinitely, but the right to discontinue or revise it at any time must be reserved.

This information was prepared by The Standard for The University of Tennessee. This is a summary of information.