

BILL NO. 20-027

ORDINANCE NO. 4845

FIRST READING 10.06.2020

SECOND READING 10.20.2020

AN ORDINANCE OF THE CITY OF HANNIBAL, MISSOURI RESTATING THE CITY'S POLICEMEN AND FIREMAN RETIREMENT FUND PLAN DOCUMENT TO INCORPORATE PREVIOUSLY APPROVED AMENDMENTS, INCLUDING THE MOST CURRENT AMENDMENT TO SECTION 10.01 13TH CHECK PROGRAM, ALONG WITH MANDATORY UPDATES AS NECESSARY TO MAINTAIN THE PLAN'S COMPLIANCE WITH THE INTERNAL REVENUE SERVICE

WHEREAS, the City of Hannibal, Missouri ("City") sponsors the City of Hannibal, Missouri Policemen and Firemen Retirement Fund ("Plan"); and

WHEREAS, pursuant to Section 9.02 of the Plan, the Plan may be amended by the City from time to time; and

WHEREAS, the City desires to restate the Plan Document to incorporate previously approved amendments, including the most current amendment to Section 10.01 *13th Check Program*, along with mandatory updates to maintain the Plan's compliance with the Internal Revenue Service.

NOW THEREFORE BE IT ORDAINED BY THE COUNCIL OF THE CITY OF HANNIBAL:

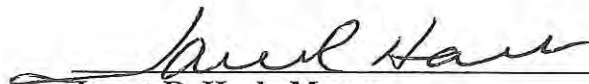
SECTION ONE: The City hereby adopts the restated Plan document attached hereto with the same to be effective as of July 1, 2021.

SECTION TWO: All ordinances in conflict herewith are hereby replaced.

SECTION THREE: This ordinance shall become effective immediately upon its adoption and approval.

Adopted this 20th day of October, 2020.

Approved this 20th day of October, 2020.


James R. Hark, Mayor

ATTEST:


Angelica N. Zerbonia, MRCC, CMO - City Clerk

I hereby certify that this is a true and exact copy of the document.

City Clerk

Office of City Clerk



Angelica N. Zerbonia,
MRCC, CMO

MEMORANDUM

TO: Mayor Hark and Members of the City Council

FROM: Angelica N. Zerbonia – MRCC, CMO
City Clerk/P&F Retirement Board of Directors Treasurer/Secretary

DATE: September 28, 2020

SUBJECT: Police & Fire Retirement Plan Document Amendment -
Section X – Miscellaneous 10.01 Cost of Living Adjustment
Restated Plan Document
Previously Approved City Council & IRS Compliance Amendments

During a recent Police and Fireman’s Retirement Board meeting an amendment of the current Plan Document, was approved; relating to *Section X – Miscellaneous – 10.01 Cost of Living Adjustment*. This amendment deletes the current 10.01 in its entirety and replaces with a new 10.01, entitled *13th Check Program*.

Pursuant to Sections 9.01 and 9.02 of the Plan, the City reserves the right at any time to amend, modify or terminate the Plan in its entirety. Therefore, the P&F Retirement Board of Directors are recommending Council approve the amendment to 10.01 and restate the Plan document in its entirety, with both to be effective July 1, 2021.

By removing the current AD Hoc Cost of Living provision and replacing with the 13th Check Program, as attached to Resolution No. 2298-20; this proactively assists in further reducing the Plan’s liabilities and increasing the funded status.

While eligible conditions to be satisfied under the “13th Check Program” are greater than those with the current COLA provision, barring all criterion being met; annuitants could be awarded a greater benefit amount. The “13th Check Program” equals 100% of gross monthly benefit as compared to most recent COLA awards of 1%, with a maximum of 3% of annual benefit amounts.

The restated Plan Document, included with Bill No. 20-027 not only incorporates the “13th Check Program” amendment but also includes amendments previously approved by Council

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along with necessary Internal Revenue Services amendments to maintain the Plan's favorable determination compliance.

Following Council adoption of approval of both the amendment and restated Plan Document, both will become effective July 1, 2021, to meet 45 day waiting period requirement, as determined by the State and also to maintain consistency with prior Cost of Living award considerations and Plan change effective dates.

The Plan's actuary and the State of Missouri, Joint Committee of Public Employee Retirement Systems are both in favor of this amendment, reducing the Plan's overall liability, with no additional cost impact. Council's consideration and approval are greatly appreciated.

**CITY OF HANNIBAL, MISSOURI
POLICEMEN AND FIREMEN
RETIREMENT FUND**

Effective July 1, 2021

**Restated by Ordinance No. 4845
Approved by Council on
October 20, 2020**

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City Clerk

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INTRODUCTION

The City of Hannibal, Missouri (herein referred to as the "City") previously established a retirement plan for full time police and fire members in recognition of the service provided by such members. The Plan was originally effective July 18, 1973. The Plan is hereby amended and restated effective July 1, 2021.

It is intended that this Plan shall be approved and qualified by the Internal Revenue Service under Section 401(a) of the Internal Revenue Code and any applicable regulations issued thereunder with respect to employee plans and trusts so: (a) Employer contributions will not be taxable to Members as income until received; and (b) the income of the trust shall be exempt from federal income taxes.

SECTION I - DEFINITIONS

1.01 ACCRUED BENEFIT

Shall mean, at any time, a monthly benefit payable in the form of a single life annuity starting on the Normal Retirement Date, equal to the benefit determined under Section 4.01, based on Years of Service and Average Monthly Compensation as of the date such benefit is being determined.

1.02 ACTUARIAL EQUIVALENT

Shall mean a form of benefit differing in time, period, or manner of payment from a specific benefit provided under the Plan but having the same present value on the Benefit Payment Commencement Date. The Member's mortality (both pre-retirement and post-retirement) is based on the Male 1983 Group Annuity Mortality Table. The Beneficiary's mortality is based on the Female 1983 Group Annuity Mortality Table. The interest rate is 7% (both pre-retirement and post-retirement).

1.03 AVERAGE MONTHLY COMPENSATION

Shall mean the monthly average of the Member's Compensation during the highest continuous twelve (12)-month period in the five (5) years immediately preceding retirement. Lump sum payments paid at the time of termination are not included for benefit purposes.

1.04 BENEFICIARY

Shall mean the Member's Eligible Spouse, or such other named person pursuant to an optional form of benefit under Section V, who may be eligible to receive benefits which are payable under the Plan upon or after the death of a Member.

City of Hannibal, Missouri
City Clerk
Stephanie A. Spalding

1.05 BENEFIT PAYMENT COMMENCEMENT DATE

Shall mean the first day of the first period for which a benefit is payable under the Plan.

1.06 BOARD OF TRUSTEES

Shall be made up of the following representatives of the City:

- City Clerk;
- Two representatives of the Fire Department (to be elected by the respective departments);
- Two representatives of the Police Department (to be elected by the respective departments);
- Two "at large" representatives appointed by the City Manager; and
- Two alternates - one from the Fire Department and one from the Police Department (to be elected by the respective departments).

The term of office of such representatives is three (3) years. Selected members from each Department will be elected on alternate years. The City Clerk shall be the official record keeper of the Board of Trustees.

1.07 CITY

Shall mean the City of Hannibal, Missouri.

1.08 CODE

Shall mean the Internal Revenue Code of 1986, as amended.

1.09 COMPENSATION

Shall mean a Member's regular base wages or base salary paid by the City as per payroll ordinance. Base salary for this purpose does not include payments for excess unused-accrued-sick leave, unused vacation, clothing allowance, holiday pay, overtime pay, out of rank pay or any other additional benefit or pay not stated in the base salary pay for said Member.

Compensation in excess of the annual compensation limit in effect for the Plan Year under Code Section 401(a)(17) shall be disregarded under the Plan. The annual compensation limit for the 2020 calendar year is \$285,000, as adjusted thereafter by the Commissioner for increases in the cost-of-living in accordance with Code Section 401(a)(17)(B). The adjusted annual compensation limit in effect for a calendar year shall be effective for the Plan Year beginning in such calendar year. If a determination period consists of fewer than twelve (12) months, the Code Section 401(a)(17) annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is twelve (12).

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 City Clerk

1.10 EARLY RETIREMENT AGE

Shall mean the age at which the Member completes twenty (20) continuous Years of Service.

1.11 ELIGIBLE CHILD

Shall mean the Member's surviving natural or adopted children who are under the age of eighteen (18) or, if full-time students, age twenty-three (23).

1.12 ELIGIBLE SPOUSE

Shall mean the Member's surviving opposite sex legal spouse or surviving same sex legal spouse under the law of the State in which the marriage was formalized, who is married to the Member on the earlier of the Benefit Payment Commencement Date or the Member's death.

1.13 EMPLOYMENT COMMENCEMENT DATE

Shall mean the date on which a Member first performs an Hour of Service for the City.

1.14 FUND

Shall consist of all amounts held in trust by the Board of Trustees pursuant to Section VII.

1.15 HOURS OF SERVICE

Shall mean each hour that a Member is:

- (a) Directly paid or entitled to payment, by the City for the performance of duties during the applicable computation period;
- (b) Directly paid or entitled to payment, by the City because of a period of time during which no duties are performed (regardless of whether the employment relationship has terminated), e.g., vacation, holiday, illness, incapacity, lay-off, jury duty, military duty, or approved leave of absence, during the applicable computation period; or
- (c) Awarded (or has reached an agreement for) back pay by the City (credited for the computation period or periods to which such award or agreement pertains), regardless of mitigation of damages.

Notwithstanding the above, (1) no more than 501 Hours of Service are required to be credited to a Member on account of any single continuous period during which the Member performs no duties (irrespective of whether such period occurs in a single computation period); (2) an hour for which a Member is directly or indirectly paid, or entitled to payment, on account of a period during which no

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duties are performed, is not required to be credited to the Member if such payment is made or due under a plan maintained solely for the purpose of complying with applicable workers' compensation, unemployment compensation or disability insurance laws; and (3) Hours of Service are not required to be credited for a payment that solely reimburses a Member for medical or medically-related expenses incurred by the Member.

For purposes of this Section, a payment shall be deemed to be made by or due from the City regardless of whether such payment is made by or due from the City directly, or indirectly through, among others, a trust fund, or insurer, to which the City contributes or pays premiums and regardless of whether contributions made or due to the trust fund, insurer, or other entity are for the benefit of particular Members or are on behalf of a group of Members in the aggregate.

Notwithstanding any provision of this Plan to the contrary, benefit accruals and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code.

1.16 MEMBER

Shall mean for purposes of the Plan any person who is currently, or hereafter, employed by the City as a police officer or firefighter and makes mandatory contributions to the Plan as provided in Section 2.02. Member shall not include, however, any department head who is not a Member of the Plan at the time of his or her hire into such position (i.e., any department head who is hired into such position from outside the City).

1.17 NORMAL RETIREMENT AGE

For those Members hired prior to July 1, 2007, shall mean the age at which the Member completes twenty-five (25) continuous Years of Service.

For those Members hired on or after July 1, 2007, shall mean the later of the age at which the Member completes twenty-five (25) continuous Years of Service or reaches age fifty-five (55).

1.18 NORMAL RETIREMENT DATE

Shall mean the first day of the month coincident with or immediately following the Member's attainment of Normal Retirement Age.

1.19 ONE-YEAR BREAK IN SERVICE

Shall mean the applicable computation period during which a Member has not completed more than 500 Hours of Service with the City. Solely for the purpose of determining whether a Member has incurred a One-Year Break in Service, Hours of Service shall be recognized for "authorized leaves of absence,"

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Stephen N. Byrd

“maternity and paternity leaves of absence” and “family and medical leaves of absence.” Years of Service and One-Year Breaks in Service shall be measured on the same computation period.

“Authorized leave of absence” means an unpaid, temporary cessation from active employment with the City pursuant to an established nondiscriminatory policy, whether occasioned by illness, military service, or any other reason.

A “maternity or paternity leave of absence” means an absence from work for any period by reason of the Member’s pregnancy, birth of the Member’s child, placement of a child with the Member in connection with the adoption of such child, or any absence for the purpose of caring for such child for a period immediately following such birth or placement. For this purpose, Hours of Service shall be credited for the computation period in which the absence from work begins, only if credit is necessary to prevent the Member from incurring a One-Year Break in Service, or, in any other case, in the immediately following computation period. The Hours of Service credited for a “maternity or paternity leave of absence” shall be those that would normally have been credited but for such absence, or, in any case in which the Administrator is unable to determine such hours normally credited, eight (8) Hours of Service per day. The total Hours of Service required to be credited for a “maternity or paternity leave of absence” shall not exceed 501.

A “family and medical leave of absence” means a leave of absence taken on or after August 5, 1993, which is a qualified leave under the Family and Medical Leave Act of 1993 (FMLA).

1.20 PLAN

Shall mean the City of Hannibal, Missouri Policemen and Firemen Retirement Fund, as set forth in this document and as may be amended from time to time in the future.

1.21 PLAN YEAR

Shall mean the twelve (12)-month period beginning each July 1 and ending on the following June 30.

1.22 RETIREMENT DATE

Shall mean the date a Member retires.

1.23 YEAR OF SERVICE

Shall mean a computation period during which a Member is credited with at least 1,000 Hours of Service. For partial computation periods (i.e., a Member’s year of termination), one-fourth (¼) of a Year of Service is credited for each computation period quarter during which a Member is credited with at least 250

Official Document
City Clerk

Hours of Service. A computation period is the twelve (12)-month period commencing on the Member's Employment Commencement Date and each subsequent anniversary of his or her Employment Commencement Date.

If a Member terminates employment with the City and is later rehired by the City after incurring a One-Year Break in Service, the Member's pre-break Years of Service shall not be counted for Plan purposes, unless such Member had accepted an appointment as the director of any administrative department of the City of which he or she is a member at the time of his or her appointment or as specifically provided below.

Notwithstanding any provision of this Plan to the contrary:

- (a) A Member who leaves the service of the City to serve in the armed services of the United States in any qualifying military deployment shall be entitled to service crediting under the Plan in accordance with Code Section 414(u); and
- (b) Any Member who is placed on temporary total disability due to a work-related injury shall be entitled to service crediting under the Plan as if he or she were actively working for the City during the time of such temporary total disability; provided that the Member returns to his or her respective department immediately upon receiving a medical release to return to work.

Upon return from a leave provided above, said Member will be allowed a time period equal to three (3) times the length of uniformed service (or as otherwise provided in Code Section 414(u) or temporary total disability period, but not longer than five (5) years, to make-up contributions pursuant to Section 2.02 of the Plan that would have been made to the Plan but for the Member's leave. In the case of a Member returning after a period of temporary total disability, the Member's make-up contribution will equal a percentage of his or her temporary total disability payment during such period of disability, which percentage shall equal the percentage specified in Section 2.02 as in effect for the period of his or her disability. A Member on temporary total disability leave may elect to pay such contribution from his or her temporary total disability payment during the leave.

City Clerk
Angela M. [Signature]
City Clerk

SECTION II - FUNDING

2.01 CITY CONTRIBUTIONS

The City shall contribute to the Plan each Plan Year the amount deemed necessary to fund benefits under this Plan based on the annual recommendations of an enrolled actuary and subject to the review of the City's auditor; provided, however, that the City's contribution for any Plan Year shall not be less than its contribution for the preceding Plan Year (unless the funding ratio, as determined by an enrolled actuary and reflected in the most recent actuarial study, is 80% or greater), nor shall its contribution for any Plan Year increase by more than 3% above its contribution for the preceding Plan Year. For purposes of this Section 2.01, the City's contribution shall be expressed as a percentage of gross compensation. For this purpose, "gross compensation" means all wages, allowances, paid benefits, and other compensation paid to Members. All contributions shall be irrevocable and shall be used for the exclusive benefit of Members and their Beneficiaries, subject to the provisions of Section 10.08.

2.02 EMPLOYEE CONTRIBUTIONS

The City shall deduct the following percentage applicable to each Plan Year from each Member's gross compensation (as defined in Section 2.01 above) on an after-tax basis and contribute it to the Plan:

July 1, 2016 - June 30, 2017	12.5%
July 1, 2017 - June 30, 2018	13%
July 1, 2018 - June 30, 2019	13.5%
July 1, 2019 - June 30, 2020	14%
July 1, 2020 - June 30, 2021	14.5%
July 1, 2021 - June 30, 2022 and subsequent Plan Years	15%

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SECTION III - ELIGIBILITY AND PARTICIPATION

3.01 PARTICIPATION

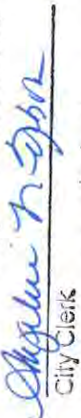
Any Member shall be eligible to participate in the Plan on his or her Employment Commencement Date.

A Member shall not be allowed to waive participation in the Plan for any reason.

3.02 RE-EMPLOYMENT RULES

Any Member who terminates employment with the City and is later rehired as a Member shall be eligible to participate in the Plan immediately on the date of his or her rehire. Prior service shall be credited only as provided in Section 1.23.

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SECTION IV - RETIREMENT DATES AND BENEFITS

4.01 NORMAL RETIREMENT

A Member may retire on his or her Normal Retirement Date, and payment of the retirement benefit shall be governed by the following provisions:

- (a) **Benefit Amount:** A Member's monthly normal retirement benefit shall be equal to 65% of the Member's Average Monthly Compensation.
- (b) **Benefit Payments:** Retirement benefits shall be payable in the form of a lifetime annuity on the first day of each month. The first payment shall be made on the first day of the month that falls on or immediately follows the Member's Retirement Date.

A Member's right to his or her normal retirement benefit shall become nonforfeitable upon the attainment of Normal Retirement Age.

4.02 LATE RETIREMENT

A Member may retire after his or her Normal Retirement Age, and payment of the retirement benefit shall be governed by the following provisions:

- (a) **Benefit Amount:** For a Member who continues to work after reaching his or her Normal Retirement Age, his or her retirement benefit shall be that provided in Section 4.01 above; provided, however, that an additional 1% of Average Monthly Compensation shall be added to the 65% stated therein for each Year of Service after twenty-five (25) Years of Service, to a maximum of 70% of Average Monthly Compensation.
- (b) **Benefit Payments:** Late retirement benefits shall be payable in the form of a lifetime annuity on the first day of each month. The first payment shall be made on the first day of the month that falls on or immediately follows the Member's Retirement Date.

4.03 EARLY RETIREMENT

A Member may retire after his or her Early Retirement Age, but before his or her Normal Retirement Age, and payment of the retirement benefit shall be governed by the following provisions:

- (a) **Benefit Amount - Pre-July 1, 2007 Members:** A Member hired prior to July 1, 2007 is entitled to an early retirement benefit payable immediately upon retirement equal to 55% of Average Monthly Compensation. An additional 2% of Average Monthly Compensation is added for each full Year of Service between twenty (20) and twenty-five (25) Years of Service.

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Angela H. Spivey

- (b) **Benefit Amount - Post July 1, 2007 Members:** A Member hired on or after July 1, 2007 is entitled to an early retirement benefit payable when he or she reaches age fifty-five (55) equal to 55% of Average Monthly Compensation. An additional 2% of Average Monthly Compensation is added for each full Year of Service between twenty (20) and twenty-five (25) Years of Service.
- (c) **Benefit Payments:** Early retirement benefits shall be payable in the form of a lifetime annuity on the first day of each month. The first payment pursuant to Section 4.03(a) above shall be made on the first day of the month that falls on or immediately follows the Member's Retirement Date and the first payment pursuant to Section 4.03(b) above shall be made on the first day of the month that falls on or immediately follows the Member's attainment of age fifty-five (55).

4.04 VESTED BENEFITS

- (a) **Benefit Amount:** Any Member who terminates his or her employment with the City and is credited with at least twelve (12) Years of Service, but less than twenty (20) Years of Service, is entitled to a vested benefit of 2.5% of his or her Average Monthly Compensation, multiplied by his or her Years of Service. In the alternative, a Member described above may, in lieu of receiving such vested benefit, elect a single lump sum distribution of his or her accumulated employee contributions, without earnings.

The Member's election shall be made by notifying the City Clerk in writing within thirty (30) calendar days after his or her termination; provided, however, that a Member who timely elects to receive the vested benefit described in the preceding paragraph may at any time prior to his or her attainment of age fifty-five (55), elect to waive such benefit and receive a single lump sum distribution of his or her accumulated employee contributions. A Member who fails to make a timely election shall be deemed to have elected to receive a single lump sum payment of his or her accumulated employee contributions. In no event shall a Member receive both the vested benefit and his or her accumulated employee contributions.

- (b) **Benefit Payments:** Vested benefits shall be payable in the form of a lifetime annuity on the first day of each month. The first payment shall be payable on the first day of the month that falls on or follows the Member's attainment of age fifty-five (55).

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Christine S. [Signature]
 City Clerk

4.05 CHIEF OF THE DEPARTMENT RETIREMENT PROVISION

- (a) **Benefit Amount:** Any Member who: (1) has served as Chief of his or her Police or Fire Department for longer than twelve (12) months, (2) has at least eighteen (18) Years of Service, but less than twenty (20) Years of Service, and (3) terminates employment for any reason other than in connection with the commission of a felonious criminal act, may elect the normal retirement benefit provided in Section 4.01 in lieu of any other benefits to which he or she may be entitled under the Plan. If the Member elects such benefit, he or she shall not be entitled to return of his or her accumulated employee contributions pursuant to Section 4.06 regardless of his or her date of hire.
- (b) **Benefit Payments:** Retirement benefits under this Section 4.05 shall be payable in the form of a lifetime annuity on the first day of each month. The first payment shall be payable on the first day of the month that falls on or follows the date the Member is credited with his or her twentieth (20th) Year of Service.

4.06 RETURN OF EMPLOYEE CONTRIBUTIONS

- (a) Any Member hired prior to July 1, 2005, shall receive his or her accumulated employee contributions in a single lump sum payment, without earnings, as soon as administratively practicable following termination of employment (other than on account of death), unless he or she is entitled to a vested benefit pursuant to Section 4.04 or a disability benefit pursuant to Article VI.
- (b) Any member hired on or after July 1, 2005, shall receive his or her accumulated employee contributions in a single lump sum payment, without earnings, as soon as administratively practicable following termination of employment (other than on account of death), unless he or she is entitled to a normal retirement benefit under Section 4.01, a late retirement benefit pursuant to Section 4.02, an early retirement benefit pursuant to Section 4.03, a vested benefit pursuant to Section 4.04 or a disability benefit pursuant to Article VI.
- (c) If the Member's accumulated employee contributions do not exceed \$1,000 and he or she is otherwise entitled to a distribution of such contributions as provided hereunder, they shall be distributed to the Member without his or her consent unless he or she elects to roll over such amounts as provided in Section 4.10. If the Member's accumulated employee contributions exceed \$1,000, the Member must elect to receive such amounts directly or to roll over such amounts as provided in Section 4.10; such contributions may not be distributed without the Member's written consent.

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Angela H. Spitzer
City Clerk

4.07 MAXIMUM ANNUAL BENEFIT LIMITATION

Notwithstanding anything herein to the contrary, the limitations, adjustments and other requirements prescribed in the Plan shall comply with the provisions of Code Section 415 and the final regulations promulgated thereunder, the terms of which are specifically incorporated herein by reference as of July 1, 2007. For purposes of this Section 4.07 and Code Section 415, the Plan's limitation year shall be the Plan Year.

4.08 REQUIRED MINIMUM DISTRIBUTIONS

Notwithstanding anything herein to the contrary, in accordance with Code Section 401(a)(9) and guidance issued thereunder, a Member's retirement benefit shall commence no later than the first day of April immediately following the calendar year in which the Member attains age 70½ or terminates his or her employment with the City, whichever is later. The Member's retirement benefit shall be paid over a period not longer than the life of the Member or the lives of the Member and any designated Beneficiary in accordance with Code Section 401(a)(9). This Section 4.08 shall be applied in accordance with a reasonable and good faith interpretation of Code Section 401(a)(9), including the incidental death benefit requirement under section 401(a)(9)(G).

If the Member dies before distribution of the Member's interest has commenced, distribution of a death benefit shall be completed by the end of the calendar year which contains the fifth (5th) anniversary of the date of the Member's death. Such distribution need not be completed within such five (5)-year period if the distribution is for a period not longer than the life expectancy of the Beneficiary and commences on or before the end of the calendar year immediately following the calendar year in which the Member's death occurred, or if the Beneficiary is the Member's spouse, not later than the later of the end of the calendar year immediately following the calendar year in which the Member died or the end of the calendar year in which the Member would have attained age 70½.

If the distribution of the Member's interest has commenced prior to his or her death and he or she dies before his or her entire interest has been distributed to him or her, the remaining portion of such interest shall be distributed to his or her spouse or Beneficiary at least as rapidly as under the method of distribution as of his or her date of death.

4.09 APPLICABLE BENEFIT PROVISIONS

The determination of the Accrued Benefit to which any Member or Beneficiary is entitled shall be governed by the terms of the Plan in effect on the date of the Member's termination of employment, unless a subsequent amendment provides otherwise.

hereby certify that this is a true and exact copy of the document.
Stephan D. [Signature]
City Clerk

4.10 DIRECT ROLLOVER

- (a) Election. Notwithstanding any contrary provision of the Plan that otherwise would limit a distributee's election of a form of distribution under the Plan, a distributee may elect, at the time and in the manner prescribed by the Board of Trustees, to have all of an eligible rollover distribution paid as a direct rollover to an eligible retirement plan specified by the distributee.
- (b) Definitions.
- (1) Eligible rollover distribution: An eligible rollover distribution is any distribution of all or a portion of the balance to the credit of the distributee of at least \$200, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (made not less frequently than annually) for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and his or her designated Beneficiary, or for a specified period of ten years or more; and any distribution to the extent such distribution is required under Code Section 401(a)(9).
- (2) Eligible retirement plan: An eligible retirement plan is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), a tax deferred annuity described in Code Section 403(b), a qualified trust described in Code Section 401(a), or an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state which agrees to separately account for amounts transferred into such plan from this Plan, that accepts the eligible rollover distribution; provided, however, that only an inherited individual retirement account or annuity described in Code Section 408(a) or 408(b) that was established for the purpose of receiving benefits under the Plan and a Roth individual retirement account described in Section 408A that is treated as an inherited IRA shall be considered an eligible retirement plan with respect to a distributee who is a non-spouse designated beneficiary. An eligible retirement plan shall also include a Roth individual retirement account described in Code Section 408A.
- (3) Direct rollover: A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.
- (4) Distributee: An employee or former employee; and an employee's or former employee's surviving spouse. Distributee also includes an employee's or former employee's non-spouse designated beneficiary.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
M. J. [Signature]
City Clerk

SECTION V - DEATH BENEFITS

5.01 DEATH BEFORE BENEFIT PAYMENT COMMENCEMENT DATE

- (a) **Benefit Amount:** If a Member dies while actively employed by the City, his or her surviving Eligible Spouse is entitled to a benefit equal to the amount the Member would have received if he or she had terminated employment on his or her date of death; provided, however, that in the event the Member was credited with at least ten (10) years of service, but less than twenty (20) Years of Service, as of his or her death, the Eligible Spouse is entitled to a benefit equal to 2.5% of Average Monthly Compensation, multiplied by the Member's Years of Service. In the alternative, the Eligible Spouse may, in lieu of receiving such benefit, elect a single lump sum distribution of the Member's accumulated employee contributions, without earnings.

The Eligible Spouse's election shall be made in writing by notifying the City Clerk within sixty (60) calendar days after the Member's death. An Eligible Spouse who fails to make a timely election shall be deemed to have elected to receive the monthly benefit described above.

- (b) **Benefit Payments:** Benefits shall be payable in the form of a lifetime annuity on the first day of each month; provided however, that all payments shall cease upon the Eligible Spouse's death or remarriage. The first payment shall be made on the first day of the month that falls on or immediately follows the Member's death.

5.02 DEATH AFTER BENEFIT PAYMENT COMMENCEMENT DATE

If a Member dies after his or her Benefit Payment Commencement Date, other than with respect to disability benefits under Article VI, his or her Eligible Spouse is entitled to continue the benefit the Member was receiving at his or her death; provided however, that all payments shall cease upon the Eligible Spouse's death or remarriage.

5.03 DEPENDENT CHILD BENEFIT

- (a) **Benefit Amount:** In the event an Eligible Spouse benefit is paid pursuant to Section 5.01 or 5.02 and the Member also had Eligible Children as of his or her death, an additional benefit equal to \$25 per month per Eligible Child shall be paid to the Eligible Spouse until the child ceases to be an Eligible Child.

In the event the Member dies without an Eligible Spouse, or the Eligible Spouse dies or remarries, the benefit that would otherwise have been paid to an Eligible Spouse shall be divided equally among all Eligible Children and shall continue to each such Eligible Child until the child ceases to be an Eligible Child; provided, however, that any payment under this Section

to an Eligible Child shall be reduced by any workers' compensation payments received by such Child from any source.

- (b) **Benefit Payments:** Benefits shall be payable in the form of an annuity on the first day of each month; provided however, that payments shall cease as provided above. The first payment shall be made on the first day of the month that falls on or immediately follows the Member's death or, if applicable, the Eligible Spouse's death or remarriage.

5.04 DEATH DURING DISABILITY

If a Member dies while receiving disability benefits under Section 6.01, his or her surviving spouse or dependents shall be entitled to receive any survivor benefits available under the group disability policy referenced in Section 6.01. In addition, and notwithstanding anything herein to the contrary, his or her Eligible Spouse, if any, shall receive the Member's accumulated employee contributions in a single lump sum payment, without earnings, as soon as administratively practicable following the Member's death.

SECTION VI - DISABILITY BENEFITS

6.01 DISABILITY BENEFIT

- (a) **Underlying Policy.** Members shall be eligible for a disability benefit per the terms of the policy of group disability insurance held by the Trust Fund from time to time and attached hereto as Exhibit A. Neither the Trust Fund nor the City shall be obligated to pay any disability benefits under the Plan, other than premiums on such policy.
- (b) **Coordination with Retirement Benefit.** If a Member is entitled to a benefit under this Section 6.01 and also eligible for a benefit under Article IV, the Member may elect to retire and waive his or her benefit under this Section 6.01 in lieu of the benefit under Article IV, subject to the terms and conditions of Article IV. While receiving benefits under Section 6.01, a Member shall not be entitled to receive any other benefit under this Plan.

6.02 CESSATION OF DISABILITY

While receiving benefits under Section 6.01, a Member shall not be entitled to receive any other benefit under this Plan. If a Member who is receiving benefits under Section 6.01 ceases to be disabled or his or her benefit under Section 6.01 ceases for any other reason, to the extent otherwise entitled to receive benefits under Article IV, he or she shall be entitled to receive a benefit provided in Article IV, subject to the terms and conditions of Article IV. Any such benefit shall commence as soon as administratively practicable following the cessation of benefits under Section 6.01; the Member shall not be entitled to benefit payments for any retroactive period.

I hereby certify that this is a true and correct copy of the document.
Stephane D. Gendron

SECTION VII - MANAGEMENT AND ADMINISTRATION

7.01 GENERAL FIDUCIARY DUTIES

- (a) Fiduciaries shall act with the care, skill, prudence, and diligence under the circumstances that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims.
- (b) In the course of administration of the Plan, fiduciaries may delegate in writing such duties and responsibilities to other parties.
- (c) Each fiduciary is responsible for the duties and responsibilities that are specifically allocated to them under this Section VII, and is responsible for no other duties under the Plan.
- (d) A fiduciary may serve in more than one fiduciary capacity with respect to the Plan.

7.02 RESPONSIBILITIES OF THE BOARD OF TRUSTEES

(a) Powers, Duties and Responsibilities

The primary responsibility of the Board of Trustees is to administer the Plan for the exclusive benefit of the Members and their Beneficiaries, subject to the specific terms of the Plan. The Board of Trustees shall administer the Plan in accordance with its terms and shall have the power to determine all questions arising in connection with the administration, interpretation, and application of the Plan. Any such determination by the Board of Trustees shall be conclusive and binding upon all persons. The Board of Trustees may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of this Agreement. The Board of Trustees shall have all powers necessary or appropriate to accomplish their duties under this Plan.

The Board of Trustees may rely upon such information as is supplied by the City pursuant to Section 7.03, and shall have no duty or responsibility to verify such information.

The Board of Trustees shall be charged with the duties of the general administration of the Plan, including, but not limited to, the following:

- (1) to determine all questions relating to the eligibility of Members to participate or remain a Member hereunder;
- (2) to compute, certify, and direct the amount and the kind of benefits to which any Member shall be entitled hereunder;

Angela N. Taylor
City Clerk

- (3) to authorize with respect to all nondiscretionary or otherwise directed disbursements from the Plan;
- (4) to maintain all necessary records for the administration of the Plan;
- (5) to interpret the provisions of the Plan and to make and publish such rules for regulation of the Plan as are consistent with the terms hereof.
- (6) to consult with the City regarding the short and long-term liquidity needs of the Plan in order that the investment manager can exercise any investment discretion in a manner designated to accomplish specific objectives; and
- (7) to assist any Member regarding their rights, benefits, or elections available under the Plan.

The Board of Trustees may appoint counsel, specialists, advisors, and other persons as it deems necessary or desirable in connection with the administration of this Plan, including an actuary who shall have the responsibility for the preparation of the annual actuarial statements.

(b) **Records and Reports**

The Board of Trustees shall keep a record of all actions taken and shall keep all other books of account, records, and other data that may be necessary for proper administration of the Plan and shall be responsible for supplying all information and reports to the Internal Revenue Service, Department of Labor, Members, Beneficiaries and others as required by law.

(c) **Annual Report of Condition of Funds**

The Board of Trustees shall make a report to the City Council of the condition of the Plan and Fund on January 1 in each and every year.

(d) **Records**

The Board of Trustees shall keep a record of all its proceedings, which shall be open to public inspection. It shall meet whenever necessary and transact all business before it. The Board of Trustees annually shall make a report to the City Council showing the fiscal transactions of the Plan for the preceding fiscal year, the amount of accumulated cash and securities of the Plan, and the last balance sheet showing the financial condition of the system by means of an actuarial valuation of the assets and liabilities of the system.

"I hereby certify that this is a true and exact copy of the document."


City Clerk

(e) **Legal Counsel**

The City Attorney is legal counsel for the Board of Trustees. The Board of Trustees reserves the right to hire outside counsel.

7.03 RESPONSIBILITIES OF THE CITY

- (a) The City shall authorize contributions to the Fund in accordance with Section II. All expenses incurred before termination of the Plan that arise in connection with the administration of the Plan, including but not limited to proper charges of the actuary, accountant, counsel, specialist, or other person who shall be employed by the Board of Trustees, shall be paid by the City, or by the Fund as directed by the City. The City shall be responsible for amending the Plan as provided in Section 9.01.
- (b) To enable the Board of Trustees to perform its function, the City shall supply full and timely information to the Board of Trustees in all matters relating to the Average Monthly Compensation of all Members, their Hours of Service, their Years of Service, their retirement, death or termination of employment, and such other pertinent facts as the Board of Trustees may require.

7.04 CLAIMS PROCEDURE

- (a) **Initial Stage:** Claims related to disability benefits under Section 6.01 shall be handled in accordance with the terms of the policy of group disability insurance held by the Trust Fund from time to time and attached hereto as Exhibit A. Claims for retirement benefits under the Plan must be filed in writing with the Board of Trustees or its delegate (the "Administrator"). Written notice of the disposition of a claim shall be furnished to the "claimant" within ninety (90) days after the application is filed. In the event the Administrator denies a claim for benefits submitted by a Member or Beneficiary ("claimant"), the Administrator shall set forth, in a manner calculated to be understood by the claimant, the following: (1) specific reason(s) for the denial; (2) specific reference(s) to Plan provisions on which the denial is based; (3) a description of any materials or information necessary to perfect the claim and why they are necessary; and (4) an explanation of the review procedure of the Plan. In the event that the Administrator notifies the claimant that additional materials or information are necessary to perfect the claim, the claimant may in lieu of an appeal provide such materials or information to the Administrator within sixty (60) days of such notice. In that event the Administrator shall reconsider the initial claim and furnish written notice of the disposition of the claim to the claimant within sixty (60) days after receipt of such additional materials or information. If within sixty (60) days after receipt of written notice of the denial of a claim in whole or in part the claimant neither supplies additional materials or information in accordance with

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Michelle A. Gibson
City Clerk

this subsection (a) nor requests a hearing in accordance subsection (b), the denial at the initial stage shall become final.

- (b) **Appellate Stage:** Any claimant who has been denied a benefit by a decision of the Administrator shall be entitled to request the Administrator to give further consideration to their claim by filing with the Administrator a written request for a hearing. Such request, together with a written statement of the reasons why the claimant believes their claim should be allowed, shall be filed with the Administrator no later than sixty (60) days after receipt of the written notification provided for in Section 7.04(a). The Administrator shall then conduct a hearing within the next sixty (60) days, at which the claimant may be represented by an attorney or any other representative of their choosing and expense and at which the "claimant" shall have an opportunity to submit written and oral evidence and arguments in support of their claim. At the hearing (or prior thereto upon five (5) business days written notice to the Administrator) the claimant or their representative shall have an opportunity to review all documents in the possession of the Administrator that are pertinent to the claim at issue and its disallowance. Either the claimant or the Administrator may cause a court reporter to attend the hearing and record the proceedings. In such event, a complete written transcript of the proceedings shall be furnished to both parties by the court reporter. The full expense of any such court reporter and such transcripts shall be borne by the party causing the court reporter to attend the hearing.

A final decision as to the allowance of the claim shall be made by the Administrator within sixty (60) days of receipt of the appeal (unless there has been an extension of sixty (60) days due to special circumstances, provided the delay and the special circumstances occasioning it are communicated to the claimant within the sixty (60)-day period). Such communication shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based.

SECTION VIII - TRUST FUND AND TRUSTEE

8.01 TRUST AGREEMENT

The City has entered into a Trust Agreement with the Board of Trustees to hold the funds necessary to provide the benefits set forth in this Plan. The Trust Agreement shall be deemed to form a part of the Plan and all rights of Members or others under this Plan shall be subject to the provisions of this section to the extent such provisions are not contradicted by specific provisions of this Plan. The Trust Agreement may contain provisions granting authority to the City to settle the accounts of the Board of Trustees on behalf of all persons having or claiming an interest in the Trust Fund.

8.02 TRUST FUND AND TRUSTEES

The Trust Fund shall be received, held, in Trust, and disbursed by the Board of Trustees in accordance with the following provisions of this section and the provisions set forth in this Plan. No part of the Trust Fund shall be used for or diverted to purposes other than for the exclusive benefit of Members, retired Members, disabled Members, spouses and Beneficiaries under this Plan, prior to the satisfaction of all liabilities hereunder with respect to them. No person shall have any interest in or right to the Trust Fund or any part thereof, except as specifically provided for in this Plan or the Trust Agreement. In particular, all benefits funded through the Trust Fund shall be shielded from claims made by the City's creditors. The City may remove the Board of Trustees or any one of them at any time upon the notice required by the terms of the Trust Agreement, and, upon such removal or upon the resignation of the Trustee or Trustees, the City shall designate and appoint a successor Trustee or Trustees. The Board of Trustees shall have such powers to hold, invest, re-invest, control, and disburse funds as at that time shall be set forth in the Trust Agreement.

8.03 INVESTMENTS

The Board of Trustees shall invest and reinvest the Trust Fund without distinction between income or principal in one or more of the following ways as the Board of Trustees shall from time to time determine:

- (a) The Board of Trustees may invest the Trust Fund or any portion thereof in obligations issued or guaranteed by the United States of America or of any instrumentalities thereof, or in other bonds, notes, debentures, mortgages, preferred or common stocks, options to buy or sell stocks or other securities, mutual fund shares, limited partnership interests, commodities, or in such other property, real or personal, as the Board of Trustees shall determine.
- (b) The Board of Trustees may cause the Trust Fund or any portion thereof to be invested in a common trust fund established and maintained by a national or other bank for the collective investment of fiduciary funds

even though the bank is acting as the Board of Trustees or Investment Manager, provided such common trust fund is a qualified trust under the applicable section of the Code, or corresponding provisions of future federal internal revenue laws and is exempt from income tax under the applicable section of the Code. In the event any assets of the Trust Fund are invested in such a common trust fund, the Declaration of Trust creating such common trust fund, as it may be amended from time to time, shall be incorporated into this Plan by reference and made a part hereof.

- (c) The Board of Trustees may deposit any portion of the Trust Fund in savings accounts in federally insured banks or savings and loan associations or invest in certificates of deposit issued by any such bank or savings and loan association. The Board of Trustees may, without liability for interest, retain any portion of the Trust Fund in cash balances pending investment thereof or payment of expenses.
- (d) The Board of Trustees may, in its discretion, fund disability or any other Plan benefit under a policy of group insurance as it determines from time to time.

8.04 ADMINISTRATION OF TRUST ASSETS

Subject to the limitations herein expressly set forth, the Board of Trustees shall have the following powers and authority in connection with the administration of the assets of the Trust:

- (a) To hold and administer all contributions made by the City to the Trust Fund and all income or other property derived there from as a single Trust Fund, except as otherwise provided in the Plan.
- (b) To manage, control, sell, convey, exchange, petition, divide, subdivide, improve, repair, grant options, sell upon deferred payments, lease without limit as determined for any purpose, compromise, arbitrate or otherwise settle claims in favor of or against the Trust Fund, institute, compromise and defend actions and proceedings, and to take any other action necessary or desirable in connection with the administration of the Trust Fund.
- (c) To vote any stock, bonds, or other securities of any corporation or other issuer; otherwise consent to or request any action on the part of any such corporation or other issuer; to give general or special proxies or powers of attorney, with or without power of substitution; to participate in any reorganization, recapitalization, consolidation, merger or similar transaction with respect to such securities; to deposit such stocks or other securities in any voting trusts, or with any protective or like committee, or with the trustee, or with the depositories designated thereby; to exercise any subscription rights and conversion privileges or other options and to make any payments incidental thereto; and generally to do all such acts, execute all such instruments, take all such proceedings and exercise all

City Clerk
Angela H. Taylor
City Clerk

such rights, powers and privileges with respect to the stock or other securities or property constituting the Trust Fund as if the Trustees were the absolute owner thereof.

- (d) To make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (e) To register any investment held in the Trust in the Board of Trustees' names or in the name of a nominee and to hold any investment in bearer form, but the books and records of the Trustees shall at all times show that all such investments are part of the Trust;
- (f) To commingle the assets of the Trust Fund with the assets of other similar trusts which are exempt from income tax, whether sponsored by the City, an affiliate of the City or an unrelated City, provided that the books and records of the Trustees shall at all times show the portion of the commingled assets which are part of the Trust; and
- (g) To do all acts whether or not expressly authorized which the Board of Trustees may deem necessary or proper for the protection of the property held hereunder.

Stephanie D. Gibbons
City Clerk

SECTION IX - AMENDMENT AND TERMINATION

9.01 AMENDMENT AND TERMINATION OF THE PLAN

The City reserves the right at any time to amend, modify or terminate the Plan in its entirety.

9.02 AMENDMENT OF THE PLAN

The City shall have the right to amend any or all of the provisions of the Plan; provided that no amendment shall authorize or permit any part of the Plan's assets to be diverted for purposes other than for the exclusive benefit of Members and their Beneficiaries. Also, no amendment shall have the effect of re-vesting in the City any portion of the assets of the Plan, except such amounts as may remain in the Plan's assets after termination of the Plan and after all liabilities under the Plan have been satisfied, in accordance with Section 9.03. Any amendment that affects the rights, duties, or responsibilities of the Board of Trustees may only be made with the Trustees' written consent. The Board of Trustees shall not be required to execute any amendment made to the Plan provisions.

Any amendment to the Plan shall not reduce the non-forfeitable percentage of any Member's Accrued Benefit derived from contributions by the City (determined as of the later of the date such amendment is adopted or becomes effective). For purposes of this paragraph, a Plan amendment that has the effect of (a) eliminating or reducing an early retirement benefit or a retirement-type subsidy, or (b) eliminating an optional form of benefit (except as provided by IRS Regulations) with respect to benefits attributable to service before the amendment shall be treated as reducing a Member's Accrued benefit. In the case of a retirement-type subsidy, the preceding sentence shall apply only with respect to a Member who satisfies (either before or after the amendment) the pre-amendment conditions for the subsidy. In general, a retirement-type subsidy is a subsidy that continues after retirement, but does not include a qualified disability benefit, a medical benefit, a Social Security supplement, a death benefit (including life insurance), or a plan shutdown benefit (that does not continue after retirement age).

9.03 TERMINATION OF THE PLAN OR PLAN PARTICIPATION

The City expects this Plan to be continued indefinitely, but reserves the right to terminate the Plan at any time. In the event of the termination or partial termination of the Plan, the rights of all affected Members to Accrued Benefits determined as of the date of such termination or partial termination, to the extent funded as of such date, shall be non-forfeitable. No such action shall alter the Plan or its operation with respect to Members who have previously retired under this Plan.

I hereby certify that this is a true and correct copy of the amendment.
Angela N. Spivey

SECTION X - MISCELLANEOUS

10.01 13TH CHECK PROGRAM

The Board of Trustees, in its discretion, may authorize the ad hoc payment of an additional benefit check (the "13th Check") with respect to any Plan Year beginning on or after July 1, 2020 in an amount equal to one hundred percent (100%) of the eligible annuitant's gross monthly benefit payment, pursuant to the terms and conditions set forth below. A 13th Check under this Section 10.01 is in addition to, and not in lieu of, the regular monthly payments to which such annuitant is otherwise entitled for the applicable Plan Year.

(a) **Conditions:** In no event shall a 13th Check be authorized by the Board of Trustees for any Plan Year unless all of the following conditions are satisfied, as determined by an actuarial study:

- (1) The funded status of the Plan as of July 1 of the Plan Year for which the 13th Check is made is at least seventy percent (70%); and
- (2) The funded status of the Plan as of July 1 of the Plan Year for which the 13th Check is made, taking into account the proposed 13th Check, is at least equal to the funded status of the Plan as of July 1 of the previous Plan Year; and
- (3) The investment gains on the assets of the Plan for the Plan Year for which the 13th Check is made are at least equal to the estimated cost of the proposed 13th Check. For this purpose, "investment gains" means increases on the investments of the Plan, such as dividends, interest, and realized and unrealized gains, for the Plan Year which are in excess of the assumed rate of investment return for the Plan Year.

(b) **Eligibility:** In the event a 13th Check is authorized for a Plan Year, the following persons shall be eligible to receive a payment for such Plan Year:

- (1) All retired Members who receive a monthly retirement benefit payment pursuant to Section IV of the Plan for June of such Plan Year and who, as of June of such Plan Year, have received monthly retirement benefit payments for at least the immediately preceding twelve (12) months;
- (2) All Eligible Spouses who receive a monthly benefit payment pursuant to Section 5.01, 5.02 or 5.04 of the Plan for June of such Plan Year and who, as of June of such Plan Year, have received monthly benefit payments for at least the immediately preceding twelve (12) months (or, to the extent such Eligible Spouse is

Angela T. Doherty

receiving payments pursuant to Section 5.02 of the Plan, the Member and the Eligible Spouse have together received monthly benefit payments for at least the immediately preceding twelve (12) months);

- (3) All Eligible Children who receive a monthly benefit payment pursuant to Section 5.03 or 5.04 of the Plan for June of such Plan Year and who, as of June of such Plan Year, have received monthly retirement benefit payments for at least the immediately preceding twelve (12) months (or, to the extent such Eligible Child is receiving such payments following the death or remarriage of the Eligible Spouse, the Eligible Spouse and the Eligible Child have together received monthly benefit payments for at least the immediately preceding twelve (12) months); and
- (4) All Members who incurred a disability prior to August 1, 2017 who receive a monthly benefit payment from the Plan (pursuant to the disability benefit provisions of the Plan in effect on the date of such disability) for June of such Plan Year and who, as of June of such Plan Year, have received monthly benefit payments for at least the immediately preceding twelve (12) months. (For clarity, this provision shall not apply to a Member who incurs a disability after July 31, 2017 and is receiving benefit payments pursuant to Section 6.01 of the Plan directly from an insurer.)

(c) **Payment:** The 13th Check for a Plan Year, if any, shall be paid no later than the December 31 following the end of the Plan Year to which such 13th Check relates.

10.02 HEADINGS

The headings and subheadings in this Plan have been inserted for convenience of reference only, and are to be ignored in any construction of its provisions.

10.03 CONSTRUCTION

In the construction of this Plan, the masculine shall include the feminine and the singular the plural, in all cases where such meanings would be appropriate.

10.04 SPENDTHRIFT CLAUSE

The benefit payable by the police and fireman retirement fund shall not be assignable or subject to counterclaim, recoupment or set off except as provided in the plan document, nor shall it be subject to process or proceeding in any court for the payment of any debt of any member or beneficiary. No Member or Beneficiary shall have any right to alienate, commute, or assign any of the benefit distributions.

AND EXECUTED
City Clerk
Angela D. Spelman

10.05 STATUS AND LOCATION OF RECIPIENTS

(a) Legally Incompetent

Every person receiving or claiming a benefit under the Plan shall be presumed to be mentally competent and of age until the Board of Trustees receives reliable, written notice that such person is incompetent or a minor. Payments otherwise due a minor shall be paid to any custodial parent of such minor. Payments otherwise due any other incompetent person shall be paid to the guardian, conservator, or other legal representative of such person. In the event that the Board of Trustees is unable to locate a parent, guardian, conservator, or other legal representative of an incompetent person who is otherwise entitled to payment under the Plan, such payment shall be made to the individual determined by the Board of Trustees to have legally assumed financial responsibility for the care of such person. Before the initial payment is made to an individual designated in this Section 10.05, the minor or other legally incompetent person shall be legally notified of the Board of Trustees' intent to make such payment to that other individual. Any payment of a benefit in accordance with the provisions of this Section shall be in complete discharge of any further liability to make such payment.

(b) Location of Member or Beneficiary Unknown

If no legal representative or any of the aforementioned persons can be located by reason of the inability of the Board of Trustees, after sending a registered letter, return receipt requested, to any of the last known addresses of all of the aforementioned, and after further diligent effort, to ascertain the whereabouts of such Member or their beneficiary, children or legal representatives, the amounts so distributable shall be forfeited under the Plan. In the event a Member or Beneficiary is located subsequent to his benefit being forfeited, such benefit shall be restored, first from forfeitures, if any, and then from an additional City contribution if necessary.

10.06 FORFEITURES

Forfeitures arising from any cause shall not be applied to increase the benefits any Member would otherwise receive, and the forfeitures shall be applied to reduce the current or future year's contributions.

10.07 PAYMENTS PRORATED WHEN FUNDS ARE INSUFFICIENT

If at any time there should not be sufficient money in the retirement fund to pay each person entitled to the benefit thereof the full amount per month as herein provided, then an equal percentage of such monthly payments shall be made to each beneficiary until such fund shall be replenished to warrant the payment in full of each of the beneficiaries.

10.08 RETURN OF PLAN ASSETS TO THE CITY

The assets of the Plan shall be held for the exclusive purpose of providing benefits to Members and their Beneficiaries, and shall never be returned to the City except:

- (a) where the contribution was conditioned on the initial qualification of the Plan by the Internal Revenue Service, such contribution shall be returned within one (1) year after the date of denial of qualification of the Plan;
- (b) in accordance with Section 10.03 where there are excess or residual assets remaining upon termination of the Plan and after payment of all liabilities with respect to the Plan;
- (c) where the contribution was made by a mistake of fact, such contribution shall be returned within one (1) year after payment of such contribution;
- (d) where the deductibility of the contribution under the Code is disallowed by the Internal Revenue Service, or deemed to be disallowed in accordance with rules established by the Internal Revenue Service, such contribution, to the extent disallowed or deemed disallowed, shall be returned within one (1) year after the denial; or
- (e) for the payment of administrative expenses authorized by the City or paid pursuant to Section VII.

10.09 NOT A CONTRACT OF EMPLOYMENT

The Plan shall not be deemed to constitute a contract between the City and any Member or other person in the employ of the City, nor shall anything in this Plan be deemed to give any Member any right to be retained in the employ of the City, or to interfere with the right of the City to discharge any Member at any time, and to treat them without regard to the effect such treatment might have upon them as a Member in the Plan.

10.10 INDEMNITY

Except as otherwise prohibited by applicable law, the City hereby agrees to assume liability for, and does hereby indemnify, protect, save, and keep harmless each member of the Board of Trustees, and his or her respective successors and assigns from and against any and all liabilities, obligations, losses, expenses, damages, penalties, taxes, claims, actions, suits, costs, expenses, or disbursements (including legal fees and expenses) of any kind and nature whatsoever, which may be imposed on, incurred by, or asserted against such member(s) (whether or not such member(s) is also indemnified by any other person), which in any way relates to or arises out of this Plan or the administration of the Plan or Fund, or the action or inaction of such member(s) hereunder, except only in the case of willful

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City Clerk

misconduct or gross negligence on the part of such member(s) in the performance of his duties.

10.11 FALSE STATEMENTS

Any person who knowingly or willfully makes any false statement in regard to applying for or securing a benefit under the Plan, or falsified any record or records of the Plan in an attempt to defraud the Plan as a result of such act, shall be guilty of a misdemeanor as well as having all his or her rights, interests and privileges under and by virtue of the Plan revoked and canceled.

EXHIBIT A

Group Disability Policy

Effective August 1, 2017

I hereby certify
and exact copy of this
Angela D. Lybick
City Clerk

STANDARD INSURANCE COMPANY

A Stock Life Insurance Company
900 SW Fifth Avenue
Portland, Oregon 97204-1282
(503) 321-7000

CERTIFICATE

GROUP LONG TERM DISABILITY INSURANCE

Policyholder:	City of Hannibal Policemen and Firefighter's Retirement Fund
Policy Number:	163299-A
Effective Date:	September 1, 2017

The Group Policy has been issued to the Policyholder. We certify that you will be insured as provided by the terms of your Employer's coverage under the Group Policy. If the terms of this Certificate differ from the terms of your Employer's coverage under the Group Policy, the latter will govern. If your coverage is changed by an amendment to the Group Policy, we will provide the Employer with a revised Certificate or other notice to be given to you.

Possession of this Certificate does not necessarily mean you are insured. You are insured only if you meet the requirements set out in this Certificate.

"You" and "your" mean the Member. "We", "us" and "our" mean Standard Insurance Company. Other defined terms appear with the initial letters capitalized. Section headings, and references to them, appear in boldface type.



Chairman, President and CEO

GC209-LTD

I hereby certify that this is a true and exact copy of the document.



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I hereby certify that this is a true and exact copy of the document.

Angela D. Spitzer

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Angie L. Spelman
2016

COVERAGE FEATURES

This section contains many of the features of your long term disability (LTD) insurance. Other provisions, including exclusions, limitations, and Deductible Income, appear in other sections. Please refer to the text of each section for full details. The Table of Contents and the Index of Defined Terms help locate sections and definitions.

GENERAL POLICY INFORMATION

Group Policy Number: 163299-A
Policyholder: City of Hannibal Policemen and Firefighter's Retirement Fund
Employer(s): City of Hannibal Policemen and Firefighter's Retirement Fund
Group Policy Effective Date: September 1, 2017
Policy Issued in: Missouri

Member means:

1. A regular employee of the Employer, other than an employee fully vested in the Employer pension plan;
2. Actively At Work at least 30 hours each week (for purposes of the Member definition, Actively At Work will include regularly scheduled days off, holidays, or vacation days, so long as the person is capable of Active Work on those days); and
3. A citizen or resident of the United States or Canada.

Member does not include a temporary or seasonal employee, a full-time member of the armed forces of any country, a leased employee, or an independent contractor.

Class Definition: None

SCHEDULE OF INSURANCE

Eligibility Waiting Period: If you become a Member after the Group Policy Effective Date, you are eligible on the first day of the calendar month following the date you become a Member.

Eligibility Waiting Period means the period you must be a Member before you become eligible for insurance.

Own Occupation Period: The first 24 months for which LTD Benefits are paid.
Any Occupation Period: From the end of the Own Occupation Period to the end of the Maximum Benefit Period.

LTD Benefit: 50% of the first \$12,000 of your Predisability Earnings, reduced by Deductible Income.
Maximum: \$6,000 before reduction by Deductible Income.

I hereby certify that this is a true and exact copy of the document.
Algo 2 Subler
Notary

INSURING CLAUSE

If you become Disabled while insured under the Group Policy, we will pay LTD Benefits according to the terms of the Group Policy after we receive Proof Of Loss satisfactory to us.

LT.IC.OT.1

BECOMING INSURED

To become insured you must be a Member, complete your Eligibility Waiting Period, and meet the requirements in **Active Work Provisions** and **When Your Insurance Becomes Effective**.

You are a Member if you are:

1. A regular employee of the Employer, other than an employee fully vested in the Employer pension plan;
2. Actively At Work at least 30 hours each week (for purposes of the Member definition, Actively At Work will include regularly scheduled days off, holidays, or vacation days, so long as you are capable of Active Work on those days); and
3. A citizen or resident of the United States or Canada.

You are not a Member if you are a temporary or seasonal employee, a full-time member of the armed forces of any country, a leased employee, or an independent contractor.

Eligibility Waiting Period means the period you must be a Member before you become eligible for insurance. Your Eligibility Waiting Period is shown in the **Coverage Features**.

(VAR MBR DEF) LT.BL.OT.1

WHEN YOUR INSURANCE BECOMES EFFECTIVE

A. When Insurance Becomes Effective

Subject to the **Active Work Provisions**, your insurance becomes effective as follows:

1. Insurance Subject To Evidence Of Insurability

Insurance subject to Evidence Of Insurability becomes effective on the date we approve your Evidence Of Insurability.

2. Insurance Not Subject To Evidence of Insurability

The **Coverage Features** states whether insurance is Contributory or Noncontributory.

a. Noncontributory Insurance

Noncontributory insurance not subject to Evidence Of Insurability becomes effective on the date you become eligible.

b. Contributory Insurance

You must apply in writing for Contributory insurance and agree to pay premiums. Contributory insurance not subject to Evidence Of Insurability becomes effective on:

- i. The date you become eligible if you apply on or before that date; or
- ii. The date you apply if you apply within 31 days after you become eligible.

Late application: Evidence Of Insurability is required if you apply more than 31 days after you become eligible.

B. Takeover Provisions

1. If you were insured under the Prior Plan on the day before the effective date of your Employer's coverage under the Group Policy, your Eligibility Waiting Period is waived on the effective date of your Employer's coverage under the Group Policy.
2. You must submit satisfactory Evidence Of Insurability to become insured if you were eligible for insurance under the Prior Plan for more than 31 days but were not insured.

C. Evidence Of Insurability Requirement

Evidence Of Insurability satisfactory to us is required:

- a. For late application for Contributory insurance.
- b. For Members eligible but not insured under the Prior Plan.
- c. For reinstatements if required.

Providing Evidence Of Insurability means you must:

1. Complete and sign our medical history statement;
2. Sign our form authorizing us to obtain information about your health;
3. Undergo a physical examination, if required by us, which may include blood testing; and
4. Provide any additional information about your insurability that we may reasonably require.

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ACTIVE WORK PROVISIONS

A. Active Work Requirement

You must be capable of Active Work on the day before the scheduled effective date of your insurance or your insurance will not become effective as scheduled. If you are incapable of Active Work because of Physical Disease, Injury, Pregnancy or Mental Disorder on the day before the scheduled effective date of your insurance, your insurance will not become effective until the day after you complete one full day of Active Work as an eligible Member.

Active Work and Actively At Work mean performing with reasonable continuity the Material Duties of your Own Occupation at your Employer's usual place of business.

B. Changes In Insurance

This Active Work requirement also applies to any increase in your insurance.

LT.AW.OT.1

CONTINUITY OF COVERAGE

A. Waiver Of Active Work Requirement

If you were insured under the Prior Plan on the day before the effective date of your Employer's coverage under the Group Policy, you can become insured on the effective date of your Employer's coverage without meeting the Active Work requirement. See **Active Work Provisions**.

The LTD Benefit payable for a period of continuous Disability beginning before you meet the Active Work requirement will be:

1. The monthly benefit which would have been payable under the terms of the Prior Plan if it had remained in force; reduced by
2. Any benefits payable under the Prior Plan.

There is no Minimum LTD Benefit if there is a reduction by benefits payable under the Prior Plan.

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Cheryl H. Buehler
City Clerk

B. Effect Of Preexisting Conditions

If your Disability is subject to the Preexisting Condition Exclusion, LTD Benefits will be payable if:

1. You were insured under the Prior Plan on the day before the effective date of your Employer's coverage under the Group Policy;
2. You became insured under the Group Policy when your insurance under the Prior Plan ceased;
3. You were continuously insured under the Group Policy from the effective date of your insurance under the Group Policy through the date you became Disabled from the Preexisting Condition; and
4. Benefits would have been payable under the terms of the Prior Plan if it had remained in force, taking into account the preexisting condition exclusion, if any, of the Prior Plan.

For such a Disability, the amount of your LTD Benefit will be the lesser of:

- a. The monthly benefit that would have been payable under the terms of the Prior Plan if it had remained in force; or
- b. The LTD Benefit payable under the terms of the Group Policy, but without application of the Preexisting Condition Exclusion.

Your LTD Benefits for such a Disability will end on the earlier of the following dates:

- a. The date benefits would have ended under the terms of the Prior Plan if it had remained in force; or
- b. The date LTD Benefits end under the terms of the Group Policy.

(PX AND AW) LT.CC.OT.1

WHEN YOUR INSURANCE ENDS

Your insurance ends automatically on the earliest of:

1. The date the last period ends for which a premium contribution was made for your insurance.
2. The date the Group Policy terminates.
3. The date your employment terminates.
4. The date you cease to be a Member. However, your insurance will be continued during the following periods when you are absent from Active Work, unless it ends under any of the above.
 - a. During the first 90 days of a temporary or indefinite administrative or involuntary leave of absence or sick leave, provided your Employer is paying you at least the same Predisability Earnings paid to you immediately before you ceased to be a Member. A period when you are absent from Active Work as part of a severance or other employment termination agreement is not a leave of absence, even if you are receiving the same Predisability Earnings.
 - b. During a leave of absence if continuation of your insurance under the Group Policy is required by a state-mandated family or medical leave act or law.
 - c. During any other temporary leave of absence approved by your Employer in advance and in writing and scheduled to last 30 days or less. A period of Disability is not a leave of absence.
 - d. During the Benefit Waiting Period.

LT.EN.OT.1

I hereby certify that this is a true and exact copy of the document.
[Signature]
ATTY CLERK

WAIVER OF PREMIUM

We will waive payment of premium for your insurance while LTD Benefits are payable.

LT.WP.OT.1

REINSTATEMENT OF INSURANCE

If your insurance ends, you may become insured again as a new Member. However, the following will apply:

1. If you cease to be a Member because of a covered Disability following the Benefit Waiting Period, your insurance will end; however, if you become a Member again immediately after LTD Benefits end, the Eligibility Waiting Period will be waived and, with respect to the condition(s) for which LTD Benefits were payable, the Preexisting Condition Exclusion will be applied as if your insurance had remained in effect during that period of Disability.
2. If your insurance ends because you cease to be a Member for any reason other than a covered Disability, and if you become a Member again within 90 days, the Eligibility Waiting Period will be waived.
3. If your insurance ends because you fail to make a required premium contribution, you must provide Evidence Of Insurability to become insured again.
4. If your insurance ends because you are on a federal or state-mandated family or medical leave of absence, and you become a Member again immediately following the period allowed, your insurance will be reinstated pursuant to the federal or state-mandated family or medical leave act or law.
5. The Preexisting Conditions Exclusion will be applied as if insurance had remained in effect in the following instances:
 - a. If you become insured again within 90 days.
 - b. If required by federal or state-mandated family or medical leave act or law and you become insured again immediately following the period allowed under the family or medical leave act or law.
6. In no event will insurance be retroactive.

LT.RE.OT.2

DEFINITION OF DISABILITY

You are Disabled if you meet one of the following definitions during the period it applies:

- A. Own Occupation Definition Of Disability;
- B. Any Occupation Definition Of Disability; or
- C. Partial Disability Definition.

A. Own Occupation Definition Of Disability

During the Benefit Waiting Period and the Own Occupation Period you are required to be Disabled only from your Own Occupation.

You are Disabled from your Own Occupation if, as a result of Physical Disease, Injury, Pregnancy or Mental Disorder, you are unable to perform with reasonable continuity the Material Duties of your Own Occupation.

Note: You are not Disabled merely because your right to perform your Own Occupation is restricted, including a restriction or loss of license.

herby certifying that this is a true and exact copy of the original
Cheryl N. Spalding
City Clerk

During the Own Occupation Period you may work in another occupation while you meet the Own Occupation Definition Of Disability. However, you will no longer be Disabled when your Work Earnings from another occupation meet or exceed 80% of your Indexed Predisability Earnings. Your Work Earnings may be Deductible Income. See **Return To Work Provisions** and **Deductible Income**.

Own Occupation means any employment, business, trade, profession, calling or vocation that involves Material Duties of the same general character as the occupation you are regularly performing for your Employer when Disability begins. In determining your Own Occupation, we are not limited to looking at the way you perform your job for your Employer, but we may also look at the way the occupation is generally performed in the national economy. If your Own Occupation involves the rendering of professional services and you are required to have a professional or occupational license in order to work, your Own Occupation is as broad as the scope of your license.

Material Duties means the essential tasks, functions and operations, and the skills, abilities, knowledge, training and experience, generally required by employers from those engaged in a particular occupation that cannot be reasonably modified or omitted.

B. Any Occupation Definition Of Disability

During the Any Occupation Period you are required to be Disabled from all occupations.

You are Disabled from all occupations if, as a result of Physical Disease, Injury, Pregnancy or Mental Disorder, you are unable to perform with reasonable continuity the Material Duties of Any Occupation.

Any Occupation means any occupation or employment which you are able to perform, whether due to education, training, or experience, which is available at one or more locations in the national economy and in which you can be expected to earn at least 80% of your Indexed Predisability Earnings within twelve months following your return to work, regardless of whether you are working in that or any other occupation.

Material Duties means the essential tasks, functions and operations, and the skills, abilities, knowledge, training and experience, generally required by employers from those engaged in a particular occupation that cannot be reasonably modified or omitted. In no event will we consider working an average of more than 40 hours per week to be a Material Duty.

C. Partial Disability Definition

During the Benefit Waiting Period and the Own Occupation Period, you are Partially Disabled when you work in your Own Occupation but, as a result of Physical Disease, Injury, Pregnancy or Mental Disorder, you are unable to earn 80% or more of your Indexed Predisability Earnings, in that occupation.

Your Work Earnings may be Deductible Income. See **Return To Work Provisions** and **Deductible Income**.

Your Own Occupation Period and Any Occupation Period are shown in the **Coverage Features**.

(OR DEF_OWN_ANY_NO 40) LT.DD.OT.1

RETURN TO WORK PROVISIONS

A. Return To Work Incentive

You may serve your Benefit Waiting Period while working if you meet the Own Occupation Definition Of Disability.

Policy can be found in a recent copy of the document
Cheryl A. English
Clerk

You are eligible for the Return To Work Incentive on the first day you work after the Benefit Waiting Period if LTD Benefits are payable on that date. The Return To Work Incentive changes 12 months after that date, as follows:

1. During the first 12 months, your Work Earnings will be Deductible Income as determined in a., b. and c:
 - a. Determine the amount of your LTD Benefit as if there were no Deductible Income, and add your Work Earnings to that amount.
 - b. Determine 100% of your Indexed Predisability Earnings.
 - c. If a. is greater than b., the difference will be Deductible Income.
2. After those first 12 months, 50% of your Work Earnings will be Deductible Income.

B. Work Earnings Definition

Work Earnings means your gross monthly earnings from work you perform while Disabled.

Work Earnings includes earnings from your Employer, any other employer, or self-employment, and any sick pay, vacation pay, annual or personal leave pay or other salary continuation earned or accrued while working.

Earnings from work you perform will be included in Work Earnings when you have the right to receive them. If you are paid in a lump sum or on a basis other than monthly, we will prorate your Work Earnings over the period of time to which they apply. If no period of time is stated, we will use a reasonable one.

In determining your Work Earnings we:

1. Will use the financial accounting method you use for income tax purposes, if you use that method on a consistent basis.
2. Will not be limited to the taxable income you report to the Internal Revenue Service.
3. May ignore expenses under section 179 of the IRC as a deduction from your gross earnings.
4. May ignore depreciation as a deduction from your gross earnings.
5. May adjust the financial information you give us in order to clearly reflect your Work Earnings.

If we determine that your earnings vary substantially from month to month, we may determine your Work Earnings by averaging your earnings over the most recent three-month period. During the Own Occupation Period you will no longer be Disabled when your average Work Earnings over the last three months exceed 80% of your Indexed Predisability Earnings. During the Any Occupation Period you will no longer be Disabled when your average Work Earnings over the last three months exceed 80% of your Indexed Predisability Earnings.

(NO RESP) LT.RW.OT.1

REASONABLE ACCOMMODATION EXPENSE BENEFIT

If you return to work in any occupation for any employer, not including self-employment, as a result of a reasonable accommodation made by such employer, we will pay that employer a Reasonable Accommodation Expense Benefit of up to \$25,000, but not to exceed the expenses incurred.

The Reasonable Accommodation Expense Benefit is payable only if the reasonable accommodation is approved by us in writing prior to its implementation.

LT.RA.OT.1

releasable certification
and exact copy of the original
Cheryl A. Fisher
Director

REHABILITATION PLAN PROVISION

While you are Disabled you may qualify to participate in a Rehabilitation Plan. Rehabilitation Plan means a written plan, program or course of vocational training or education that is intended to prepare you to return to work.

To participate in a Rehabilitation Plan you must apply on our forms or in a letter to us. The terms, conditions and objectives of the plan must be accepted by you and approved by us in advance.

While you are participating in an approved Rehabilitation Plan, your LTD Benefit will be increased by 10% of your Predisability Earnings. Your LTD Benefit may not exceed the Maximum LTD Benefit shown in the **Coverage Features** as a result of this increase.

An approved Rehabilitation Plan may include our payment of some or all of the expenses you incur in connection with the plan, including:

- a. Training and education expenses.
- b. Family care expenses.
- c. Job-related expenses.
- d. Job search expenses.

(WITH REHAB INC BFT) LT.RH.MO.1

TEMPORARY RECOVERY

You may temporarily recover from your Disability and then become Disabled again from the same cause or causes without having to serve a new Benefit Waiting Period. Temporary Recovery means you cease to be Disabled for no longer than the applicable Allowable Period. See **Definition Of Disability**.

A. Allowable Periods

1. During the Benefit Waiting Period: a total of 90 days of recovery.
2. During the Maximum Benefit Period: 180 days for each period of recovery.

B. Effect Of Temporary Recovery

If your Temporary Recovery does not exceed the Allowable Periods, the following will apply.

1. The Predisability Earnings used to determine your LTD Benefit will not change.
2. The period of Temporary Recovery will not count toward your Benefit Waiting Period, your Maximum Benefit Period or your Own Occupation Period.
3. No LTD Benefits will be payable for the period of Temporary Recovery.
4. No LTD Benefits will be payable after benefits become payable to you under any other disability insurance plan under which you become insured during your period of Temporary Recovery.
5. Except as stated above, the provisions of the Group Policy will be applied as if there had been no interruption of your Disability.

(NEW TR PERIOD) LT.TR.OT.1

WHEN LTD BENEFITS END

Your LTD Benefits end automatically on the earliest of:

1. The date you are no longer Disabled.
2. The date your Maximum Benefit Period ends.

3. The date you die.
4. The date benefits become payable under any other LTD plan under which you become insured through employment during a period of Temporary Recovery.
5. The date you fail to provide proof of continued Disability and entitlement to LTD Benefits.

LT.BE.OT.1

PREDISABILITY EARNINGS

Your Predisability Earnings will be based on your earnings in effect on your last full day of Active Work. Any subsequent change in your earnings after that last full day of Active Work will not affect your Predisability Earnings.

Predisability Earnings means your monthly rate of earnings from your Employer, including:

1. Contributions you make through a salary reduction agreement with your Employer to:
 - a. An Internal Revenue Code (IRC) Section 401(k), 403(b), 408(k), 408(p), or 457 deferred compensation arrangement; or
 - b. An executive nonqualified deferred compensation arrangement.
2. Amounts contributed to your fringe benefits according to a salary reduction agreement under an IRC Section 125 plan.

Predisability Earnings does not include:

1. Bonuses.
2. Commissions.
3. Overtime pay.
4. Shift differential pay.
5. Stock options or stock bonuses.
6. Your Employer's contributions on your behalf to any deferred compensation arrangement or pension plan.
7. Any other extra compensation.

If you are paid on an annual contract basis, your monthly rate of earnings is one-twelfth (1/12th) of your annual contract salary.

If you are paid hourly, your monthly rate of earnings is based on your hourly pay rate multiplied by the number of hours you are regularly scheduled to work per month, but not more than 173 hours. If you do not have regular work hours, your monthly rate of earnings is based on the average number of hours you worked per month during the preceding 12 calendar months (or during your period of employment if less than 12 months), but not more than 173 hours.

(BASE_NO STOCK) LT.PD.OT.1

DEDUCTIBLE INCOME

Subject to **Exceptions To Deductible Income**, Deductible Income means:

1. Your Work Earnings, as described in the **Return To Work Provisions**.
2. Any amount you receive or are eligible to receive because of your disability, including amounts for partial or total disability, whether permanent, temporary, or vocational, under any of the following:
 - a. A workers' compensation law;

WILLIAMSON COUNTY EMPLOYERS' ASSOCIATION
ONE SOUTH MAIN STREET, SUITE 200
MARIETTA, GA 30067
770.429.1100
www.williamsoncountyemployers.com
Angela A. Gribble

- b. The Jones Act;
 - c. Maritime Doctrine of Maintenance, Wages, or Cure;
 - d. Longshoremen's and Harbor Worker's Act; or
 - e. Any similar act or law.
3. Any amount you, your spouse, or your child under age 18 receive or are eligible to receive because of your disability or retirement under:
- a. The Federal Social Security Act;
 - b. The Canada Pension Plan;
 - c. The Quebec Pension Plan;
 - d. The Railroad Retirement Act; or
 - e. Any similar plan or act.

Benefits your spouse or a child receives or are eligible to receive because of your disability are Deductible Income regardless of marital status, custody, or place of residence. The term "child" has the meaning given in the applicable plan or act.

4. Any amount you receive or are eligible to receive because of your disability under any state disability income benefit law or similar law.
5. Any amount you receive or are eligible to receive because of your disability under another group insurance coverage.
6. Any disability or retirement benefits you receive under your Employer's retirement plan, including a public employee retirement system, a state teacher retirement system, and a plan arranged and maintained by a union or employee association for the benefit of its members. You and your Employer's contributions will be considered as distributed simultaneously throughout your lifetime, regardless of how funds are distributed from the retirement plan.

If any of these plans has two or more payment options, the option which comes closest to providing you a monthly income for life with no survivors benefit will be Deductible Income, even if you choose a different option.

7. Any earnings or compensation included in Predisability Earnings which you receive or are eligible to receive while LTD Benefits are payable.
8. Any amount you receive or are eligible to receive under any unemployment compensation law or similar act or law.
9. Any amount you receive by compromise, settlement, or other method as a result of a claim for any of the above, whether disputed or undisputed.

(NO SL_NO SOC_NO OTHR OFFST_PUB_NO 3RD) LT.DI.MO.1X

EXCEPTIONS TO DEDUCTIBLE INCOME

Deductible Income does not include:

- 1. Any cost of living increase in any Deductible Income other than Work Earnings, if the increase becomes effective while you are Disabled and while you are eligible for the Deductible Income.
- 2. Reimbursement for hospital, medical, or surgical expense.
- 3. Reasonable attorneys fees incurred in connection with a claim for Deductible Income.
- 4. Benefits from any individual disability insurance policy.

I hereby certify that this is a true and exact copy of the document.
Angela D. Johnson

5. Early retirement benefits under the Federal Social Security Act which are not actually received.
6. Group credit or mortgage disability insurance benefits.
7. Accelerated death benefits paid under a life insurance policy.
8. Benefits from the following:
 - a. Profit sharing plan.
 - b. Thrift or savings plan.
 - c. Deferred compensation plan.
 - d. Plan under IRC Section 401(k), 408(k), 408(p), or 457.
 - e. Individual Retirement Account (IRA).
 - f. Tax Sheltered Annuity (TSA) under IRC Section 403(b).
 - g. Stock ownership plan.
 - h. Keogh (HR-10) plan.

(PUB_NO OTHR OFFST) LT.ED.OT.1

RULES FOR DEDUCTIBLE INCOME

A. Monthly Equivalents

Each month we will determine your LTD Benefit using the Deductible Income for the same monthly period, even if you actually receive the Deductible Income in another month.

If you are paid Deductible Income in a lump sum or by a method other than monthly, we will determine your LTD Benefit using a prorated amount. We will use the period of time to which the Deductible Income applies. If no period of time is stated, we will use a reasonable one.

B. Your Duty To Pursue Deductible Income

You must pursue Deductible Income for which you may be eligible. We may ask for written documentation of your pursuit of Deductible Income. You must provide it within 60 days after we mail you our request. Otherwise, we may reduce your LTD Benefits by the amount we estimate you would be eligible to receive upon proper pursuit of the Deductible Income.

C. Pending Deductible Income

We will not deduct pending Deductible Income until it becomes payable. You must notify us of the amount of the Deductible Income when it is approved. You must repay us for the resulting overpayment of your claim.

D. Overpayment Of Claim

We will notify you of the amount of any overpayment of your claim under any group disability insurance policy issued by us. You must immediately repay us. You will not receive any LTD Benefits until we have been repaid in full. In the meantime, any LTD Benefits paid, including the Minimum LTD Benefit, will be applied to reduce the amount of the overpayment. We may charge you interest at the legal rate for any overpayment which is not repaid within 30 days after we first mail you notice of the amount of the overpayment.

LT.RU.OT.1

ADDITIONAL BENEFITS FOR THE SEVERELY DISABLED

A. Assisted Living Benefit

*I hereby certify that this is a true and correct copy of the document.
Angela M. Johnson

If you meet the requirements in 1 through 3 below, we will pay Assisted Living Benefits according to the terms of the Group Policy after we receive Proof Of Loss satisfactory to us.

Assisted Living Benefit Requirements

1. You are Disabled and LTD Benefits are payable to you.
2. While you are Disabled:
 - a. You, due to loss of functional capacity as a result of Physical Disease or Injury, become unable to safely and completely perform two or more Activities Of Daily Living without Hands-on Assistance or Standby Assistance; or
 - b. You require Substantial Supervision for your health or safety due to Severe Cognitive Impairment as a result of Physical Disease or Injury.
3. The condition in 2.a or 2.b above is expected to last 90 days or more as certified by a Physician in the appropriate specialty as determined by us.

B. Amount Of The Assisted Living Benefit

See the **Coverage Features** for the amount of the Assisted Living Benefit.

C. Becoming Insured For Assisted Living Benefits

You are eligible for Assisted Living Benefit coverage if you are insured for LTD insurance. Subject to the **Active Work Provision**, your Assisted Living Benefit coverage becomes effective on the date your LTD insurance becomes effective.

D. Payment Of Assisted Living Benefits

We will pay Assisted Living Benefits within 60 days after Proof Of Loss is satisfied. Your Assisted Living Benefits will be paid to you at the same time LTD Benefits are payable.

E. Time Limits On Filing Proof Of Loss

Proof Of Loss for the Assisted Living Benefit must be provided within 90 days after the date the inability to perform Activities Of Daily Living or the Severe Cognitive Impairment begins. If that is not possible, it must be provided as soon as reasonably possible, but not later than one year after that 90-day period.

If Proof Of Loss is filed outside these time limits, the claim will be denied. These limits will not apply while the claimant lacks legal capacity.

F. When Assisted Living Benefits End

Assisted Living Benefits end automatically on the earliest of:

1. The date you no longer meet the requirements in item A. above.
2. The date your LTD Benefits end.

G. When Assisted Living Benefits Coverage Ends

Assisted Living Benefit coverage ends automatically on the earliest of:

1. The date your LTD insurance ends.
2. The date Assisted Living Benefit coverage terminates under the Group Policy.

H. Assisted Living Benefits After Insurance Ends Or Is Changed

1/16/2020 11:00 AM
This is a true and correct copy of the document.
Angela D. Taylor

Your right to receive Assisted Living Benefits will not be affected by the occurrence of the events described in 1 or 2 below that become effective after you become Disabled.

1. Termination or amendment of the Group Policy or your Employer's coverage under the Group Policy.
2. Termination of Assisted Living Benefit coverage while the Group Policy or your Employer's coverage under the Group Policy remains in force.

I. Exclusions and Limitations

No Assisted Living Benefit will be paid for any period when you are confined for any reason in a penal or correctional institution.

No Assisted Living Benefit will be paid if your inability to perform Activities Of Daily Living or your Severe Cognitive Impairment is caused or contributed to by:

1. War or any act of War. War means declared or undeclared war, whether civil or international, and any substantial armed conflict between organized forces of a military nature.
2. Any intentionally self-inflicted Injury, while sane or insane.
3. A Mental Disorder.
4. Use of alcohol, alcoholism, use of any drug, including hallucinogens, or drug addiction.
5. A Preexisting Condition.

a. Definition: For purposes of the Assisted Living Benefit, Preexisting Condition means a mental or physical condition for which you have done any of the following:

- i. consulted a physician or other licensed medical professional,
- ii. received medical treatment or services or advice,
- iii. undergone diagnostic procedures, including self-administered procedures, or
- iv. taken prescribed drugs or medication

during the 3 months just before your Assisted Living Benefit coverage is effective.

b. Period Of Exclusion:

This exclusion will not apply after the Assisted Living Benefit coverage has been continuously in effect for a period of 12 months, if after that period you have been Actively At Work for at least one full day.

6. Committing or attempting to commit an assault or felony, or active participation in a violent disorder or riot. (Active participation does not include being at the scene of a violent disorder or riot while performing official duties.)

J. Definitions For Assisted Living Benefit

Activities Of Daily Living means Bathing, Continenence, Dressing, Eating, Toileting, or Transferring.

Bathing means washing oneself, whether in the tub or shower or by sponge bath, with or without the help of adaptive devices.

Continenence means voluntarily controlling bowel and bladder function, or, if incontinent, maintaining a reasonable level of personal hygiene.

Dressing means putting on and removing all items of clothing, footwear, and medically necessary braces and artificial limbs.

Eating means getting food and fluid into the body, whether manually, intravenously, or by feeding tube.

Angela D. Taylor

Toileting means getting to and from and on and off the toilet, and performing related personal hygiene.

Transferring means moving into or out of a bed, chair or wheelchair, with or without adaptive devices.

Hands-on Assistance means the physical assistance of another person without which the insured would be unable to perform the Activity Of Daily Living.

Standby Assistance means the presence of another person within arm's reach of the insured that is necessary to prevent, by physical intervention, injury to the insured while the insured is performing the Activity Of Daily Living (such as being ready to catch the insured if the insured falls while getting into or out of the bathtub or shower as part of Bathing, or being ready to remove food from the insured's throat if the insured chokes while Eating).

Severe Cognitive Impairment means a loss or deterioration in intellectual capacity that is (a) comparable to (and includes) Alzheimer's disease and similar forms of irreversible dementia, and (b) is measured by clinical evidence and standardized tests approved by us that reliably measure impairment in (i) short-term or long-term memory, (ii) orientation as to people, places, or time, and (iii) deductive or abstract reasoning. Severe Cognitive Impairment does not include loss or deterioration as a result of a Mental Disorder.

Substantial Supervision means continual supervision (which may include cueing by verbal prompting, gestures, or other demonstrations) by another person that is necessary to protect you from threats to your health or safety (such as may result from wandering).

(WITH NEW ALB_WITH FULL EX/LIM_NO PRUDNT) LT.XB.OT.1

SURVIVORS BENEFIT

If you die while LTD Benefits are payable, and on the date you die you have been continuously Disabled for at least 180 days, we will pay a Survivors Benefit according to 1 through 4 below.

1. The Survivors Benefit is a lump sum equal to 3 times your LTD Benefit without reduction by Deductible Income.
2. The Survivors Benefit will first be applied to reduce any overpayment of your claim.
3. The Survivors Benefit will be paid at our option to any one or more of the following:
 - a. Your surviving spouse;
 - b. Your surviving unmarried children, including adopted children, under age 25;
 - c. Your surviving spouse's unmarried children, including adopted children, under age 25; or
 - d. Any person providing the care and support of any person listed in a., b., or c. above.
4. No Survivors Benefit will be paid if you are not survived by any person listed in a., b., or c. above.

(MULTPL) LT.SB.OT.1

BENEFITS AFTER INSURANCE ENDS OR IS CHANGED

During each period of continuous Disability, we will pay LTD Benefits according to the terms of the Group Policy in effect on the date you become Disabled. Your right to receive LTD Benefits will not be affected by:

1. Any amendment to the Group Policy that is effective after you become Disabled.
2. Termination of the Group Policy after you become Disabled.

LT.BA.OT.1

Immediately notify us if there is any change in your contact information.
Original copy of this policy must be kept.
Angela A. Spina

EFFECT OF NEW DISABILITY

If a period of Disability is extended by a new cause while LTD Benefits are payable, LTD Benefits will continue while you remain Disabled. However, 1 and 2 apply.

1. LTD Benefits will not continue beyond the end of the original Maximum Benefit Period.
2. The **Disabilities Excluded From Coverage, Disabilities Subject To Limited Pay Periods, and Limitations** sections will apply to the new cause of Disability.

LTD.OT.1

DISABILITIES EXCLUDED FROM COVERAGE

A. War

You are not covered for a Disability caused or contributed to by War or any act of War. War means declared or undeclared war, whether civil or international, and any substantial armed conflict between organized forces of a military nature.

B. Intentionally Self-Inflicted Injury

You are not covered for a Disability caused or contributed to by an intentionally self-inflicted Injury, while sane.

C. Preexisting Condition

1. Definition

Preexisting Condition means a mental or physical condition whether or not diagnosed or misdiagnosed:

a. For which you have done any of the following:

- i. Consulted a physician or other licensed medical professional;
- ii. Received medical treatment, services or advice;
- iii. Undergone diagnostic procedures;
- iv. Taken prescribed drugs or medications;

b. Which, as a result of any medical examination, including routine examination, was discovered;

at any time during the 90-day period just before your insurance becomes effective.

2. Exclusion

You are not covered for a Disability caused or contributed to by a Preexisting Condition or medical or surgical treatment of a Preexisting Condition unless, on the date you become Disabled, you:

- a. Have been continuously insured under the Group Policy for 12 months; and
- b. Have been Actively At Work for at least one full day after the end of that 12 months.

D. Loss Of License Or Certification

You are not covered for a Disability caused or contributed to by the loss of your professional license, occupational license or certification.

E. Violent Or Criminal Conduct

You are not covered for a Disability caused or contributed to by your committing or attempting to commit an assault or felony, or actively participating in a violent disorder or riot. Actively participating does not include being at the scene of a violent disorder or riot while performing your official duties.

(NO PRUDNT) LT.XD.MO.1

DISABILITIES SUBJECT TO LIMITED PAY PERIODS

A. Mental Disorders and Substance Abuse

Payment of LTD Benefits is limited to 24 months for each period of continuous Disability caused or contributed to by any one or more of the following, or medical or surgical treatment of one or more of the following:

1. Mental Disorders; or
2. Substance Abuse.

However, if you are confined in a Hospital solely because of a Mental Disorder at the end of the 24 months, this limitation will not apply while you are continuously confined.

Mental Disorder means any mental, emotional, behavioral, psychological, personality, cognitive, mood or stress-related abnormality, disorder, disturbance, dysfunction or syndrome, regardless of cause (including any biological or biochemical disorder or imbalance of the brain) or the presence of physical symptoms. Mental Disorder includes, but is not limited to, bipolar affective disorder, organic brain syndrome, schizophrenia, psychotic illness, manic depressive illness, depression and depressive disorders, anxiety and anxiety disorders.

Substance Abuse means use of alcohol, alcoholism, use of any drug, including hallucinogens, or drug addiction.

Hospital means a legally operated hospital providing full-time medical care and treatment under the direction of a full-time staff of licensed physicians. Rest homes, nursing homes, convalescent homes, homes for the aged, and facilities primarily affording custodial, educational, or rehabilitative care are not Hospitals.

B. Rules For Disabilities Subject To Limited Pay Periods

1. If you are Disabled as a result of a Mental Disorder or any Physical Disease or Injury for which payment of LTD Benefits is subject to a limited pay period, and at the same time are Disabled as a result of a Physical Disease, Injury, or Pregnancy that is not subject to such limitation, LTD Benefits will be payable first for conditions that are subject to the limitation.
2. No LTD Benefits will be payable after the end of the limited pay period, unless on that date you continue to be Disabled as a result of a Physical Disease, Injury, or Pregnancy for which payment of LTD Benefits is not limited.

(NO OTHR LMS_NO LIFETM) LT.LP.OT.1

LIMITATIONS

A. Care Of A Physician

You must be under the ongoing care of a Physician in the appropriate specialty as determined by us during the Benefit Waiting Period. No LTD Benefits will be paid for any period of Disability when you are not under the ongoing care of a Physician in the appropriate specialty as determined by us as often as is medically required to effectively manage and treat the disabling condition, according to generally accepted medical standards.

B. Foreign Residency

Michigan State Police
Criminal Justice Institute
Angelo J. Sybilko

Payment of LTD Benefits is limited to 12 months for each period of continuous Disability while you reside outside of the United States or Canada.

C. Imprisonment

No LTD Benefits will be paid for any period of Disability when you are confined for any reason in a penal or correctional institution.

(NO RESP_NO REHAB LIM) LT.LM.MO.1

CLAIMS

A. Filing A Claim

Claims should be filed on our forms, but you may submit your claim in a letter to us. The letter should include the date disability began, and the cause and nature of the disability. If we do not provide our forms within 15 days after you submit your claim in a letter, you shall be deemed to have complied with this requirement to provide written proof of your claim for benefits under this policy.

B. Time Limits On Filing Proof Of Loss

You must give us Proof Of Loss within 90 days after the end of the Benefit Waiting Period. If you cannot do so, you must give it to us as soon as reasonably possible, but not later than one year after that 90-day period. If Proof Of Loss is filed outside these time limits, your claim will be denied. These limits will not apply while you lack legal capacity.

C. Proof Of Loss

Proof Of Loss means written proof that you are Disabled and entitled to LTD Benefits. Proof Of Loss must be provided at your expense.

For claims of Disability due to conditions other than Mental Disorders, we may require proof of physical impairment that results from anatomical or physiological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques.

D. Documentation

Completed claims statements, a signed authorization for us to obtain information, and any other items we may reasonably require in support of a claim must be submitted at your expense. If the required documentation is not provided within 45 days after we mail our request, your claim may be denied.

E. Investigation Of Claim

We may investigate your claim at any time.

At our expense, we may have you examined at reasonable intervals by specialists of our choice. We may deny or suspend LTD Benefits if you fail to attend an examination or cooperate with the examiner.

F. Time Of Payment

We will pay LTD Benefits within 30 days after you satisfy Proof Of Loss.

LTD Benefits will be paid to you at the end of each month you qualify for them. LTD Benefits remaining unpaid at your death will be paid to the person(s) receiving the Survivors Benefit. If no Survivors Benefit is paid, the unpaid LTD Benefits will be paid to your estate.

G. Notice Of Decision On Claim

We will evaluate your claim promptly after you file it. Within 45 days after we receive your claim we will send you: (a) a written decision on your claim; or (b) a notice that we are extending the

Signature of Employee

period to decide your claim for 30 days. Before the end of this extension period we will send you: (a) a written decision on your claim; or (b) a notice that we are extending the period to decide your claim for an additional 30 days. If an extension is due to your failure to provide information necessary to decide the claim, the extended time period for deciding your claim will not begin until you provide the information or otherwise respond.

If we extend the period to decide your claim, we will notify you of the following: (a) the reasons for the extension; (b) when we expect to decide your claim; (c) an explanation of the standards on which entitlement to benefits is based; (d) the unresolved issues preventing a decision; and (e) any additional information we need to resolve those issues.

If we request additional information, you will have 45 days to provide the information. If you do not provide the requested information within 45 days, we may decide your claim based on the information we have received.

If we deny any part of your claim, you will receive a written notice of denial containing:

- a. The reasons for our decision.
- b. Reference to the parts of the Group Policy on which our decision is based.
- c. A description of any additional information needed to support your claim.
- d. Information concerning your right to a review of our decision.

H. Review Procedure

If all or part of a claim is denied, you may request a review. You must request a review in writing within 180 days after receiving notice of the denial.

You may send us written comments or other items to support your claim. You may review and receive copies of any non-privileged information that is relevant to your request for review. There will be no charge for such copies. You may request the names of medical or vocational experts who provided advice to us about your claim.

The person conducting the review will be someone other than the person who denied the claim and will not be subordinate to that person. The person conducting the review will not give deference to the initial denial decision. If the denial was based on a medical judgment, the person conducting the review will consult with a qualified health care professional. This health care professional will be someone other than the person who made the original medical judgment and will not be subordinate to that person. Our review will include any written comments or other items you submit to support your claim.

We will review your claim promptly after we receive your request. Within 45 days after we receive your request for review we will send you: (a) a written decision on review; or (b) a notice that we are extending the review period for 45 days. If the extension is due to your failure to provide information necessary to decide the claim on review, the extended time period for review of your claim will not begin until you provide the information or otherwise respond.

If we extend the review period, we will notify you of the following: (a) the reasons for the extension; (b) when we expect to decide your claim on review; and (c) any additional information we need to decide your claim.

If we request additional information, you will have 45 days to provide the information. If you do not provide the requested information within 45 days, we may conclude our review of your claim based on the information we have received.

If we deny any part of your claim on review, you will receive a written notice of denial containing:

- a. The reasons for our decision.
- b. Reference to the parts of the Group Policy on which our decision is based.

Angela T. Spohrer

- c. Information concerning your right to receive, free of charge, copies of non-privileged documents and records relevant to your claim.

I. Assignment

The rights and benefits under the Group Policy are not assignable.

(REV PUB WRDG) LT.CL.MO.2

RESERVATION OF AUTHORITY

Except for those functions which the Group Policy specifically reserves to the Policyholder or Employer, we reserve full and exclusive authority to control and manage the Group Policy, to administer claims, and to interpret the Group Policy and resolve all questions arising in the administration, interpretation, and application of the Group Policy.

Our authority includes, but is not limited to:

- 1. The right to resolve all matters when a review has been requested;
- 2. The right to establish and enforce rules and procedures for the administration of the Group Policy and any claim under it;
- 3. The right to determine:
 - a. Eligibility for insurance;
 - b. Entitlement to benefits;
 - c. The amount of benefits payable; and
 - d. The sufficiency and the amount of information we may reasonably require to determine a., b., or c., above.

LT.AL.MO.1

TIME LIMITS ON LEGAL ACTIONS

No action at law or in equity may be brought until 60 days after we have been given Proof Of Loss. No such action may be brought more than three years after the time within which Proof Of Loss is required to be given.

LT.TL.MO.1

INCONTESTABILITY PROVISIONS

A. Incontestability Of Insurance

Any statement made to obtain insurance or to increase insurance is a representation and not a warranty.

No misrepresentation will be used to reduce or deny a claim or contest the validity of insurance unless:

- 1. The insurance would not have been approved if we had known the truth; and
- 2. We have given you or any other person claiming benefits a copy of the signed written instrument which contains the misrepresentation.

After insurance has been in effect for two years during the lifetime of the insured, we will not use a misrepresentation to reduce or deny the claim.

B. Incontestability Of The Group Policy

Angie D. Eggen

Any statement made by the Policyholder or Employer to obtain the Group Policy is a representation and not a warranty.

No misrepresentation by the Policyholder or your Employer will be used to deny a claim or to deny the validity of the Group Policy unless:

1. The Group Policy would not have been issued if we had known the truth; and
2. We have given the Policyholder or Employer a copy of a written instrument signed by the Policyholder or Employer which contains the misrepresentation.

The validity of the Group Policy will not be contested after it has been in force for two years, except for nonpayment of premiums.

LT.IN.MO.1

CLERICAL ERROR, AGENCY, AND MISSTATEMENT

A. Clerical Error

Clerical error by the Policyholder, your Employer, or their respective employees or representatives will not:

1. Cause a person to become insured.
2. Invalidate insurance under the Group Policy otherwise validly in force.
3. Continue insurance under the Group Policy otherwise validly terminated.

B. Agency

The Policyholder and your Employer act on their own behalf as your agent, and not as our agent. The Policyholder and your Employer have no authority to alter, expand or extend our liability or to waive, modify or compromise any defense or right we may have under the Group Policy.

C. Misstatement Of Age

If a person's age has been misstated, we will make an equitable adjustment of premiums, benefits, or both. The adjustment will be based on:

1. The amount of insurance based on the correct age; and
2. The difference between the premiums paid and the premiums which would have been paid if the age had been correctly stated.

LT.CE.OT.1

TERMINATION OR AMENDMENT OF THE GROUP POLICY

The Group Policy may be terminated by us or the Policyholder according to its terms. It will terminate automatically for nonpayment of premium. After the first year, except for nonpayment of premium or failure to meet the Minimum Participation requirements as shown in the **Coverage Features**, we may terminate the Group Policy on any Premium Due Date by giving the Policyholder not less than 31 days advance written notice. The Policyholder may terminate the Group Policy in whole, and may terminate insurance for any class or group of Members, at any time by giving us written notice.

Benefits under the Group Policy are limited to its terms, including any valid amendment. No change or amendment will be valid unless it is approved in writing by one of our executive officers and given to the Policyholder for attachment to the Group Policy. If the terms of the certificate differ from the Group Policy, the terms stated in the Group Policy will govern. The Policyholder, your Employer, and their respective employees or representatives have no right or authority to change or amend the Group Policy or to waive any of its terms or provisions without our signed written approval.

Angela D. Gbure

We may change the Group Policy in whole or in part when any change or clarification in law or governmental regulation affects our obligations under the Group Policy, or with the Policyholder's consent.

Any such change or amendment of the Group Policy may apply to current or future Members or to any separate classes or groups of Members.

LT.TA.MO.1

DEFINITIONS

Benefit Waiting Period means the period you must be continuously Disabled before LTD Benefits become payable. No LTD Benefits are payable for the Benefit Waiting Period. See **Coverage Features**.

Contributory means insurance is elective and Members pay all or part of the premium for insurance.

CPI-W means the Consumer Price Index for Urban Wage Earners and Clerical Workers published by the United States Department of Labor. If the CPI-W is discontinued or changed, we may use a comparable index. Where required, we will obtain prior state approval of the new index.

Employer means an employer (including approved affiliates and subsidiaries) for which coverage under the Group Policy is approved in writing by us.

Group Policy means the group LTD insurance policy issued by us to the Policyholder and identified by the Group Policy Number.

Indexed Predisability Earnings means your Predisability Earnings adjusted by the rate of increase in the CPI-W. During your first year of Disability, your Indexed Predisability Earnings are the same as your Predisability Earnings. Thereafter, your Indexed Predisability Earnings are determined on each anniversary of your Disability by increasing the previous year's Indexed Predisability Earnings by the rate of increase in the CPI-W for the prior calendar year. The maximum adjustment in any year is 10%. Your Indexed Predisability Earnings will not decrease, even if the CPI-W decreases.

Injury means an injury to the body.

L.L.C. Owner-Employee means an individual who owns an equity interest in an Employer and is actively employed in the conduct of the Employer's business.

LTD Benefit means the monthly benefit payable to you under the terms of the Group Policy.

Maximum Benefit Period means the longest period for which LTD Benefits are payable for any one period of continuous Disability, whether from one or more causes. It begins at the end of the Benefit Waiting Period. No LTD Benefits are payable after the end of the Maximum Benefit Period, even if you are still Disabled. See **Coverage Features**.

Noncontributory means (a) insurance is nonelective and the Policyholder or Employer pay the entire premium for insurance; or (b) the Policyholder or Employer require all eligible Members to have insurance and to pay all or part of the premium for insurance.

P.C. Partner means the sole active employee and majority shareholder of a professional corporation in partnership with the Policyholder.

Physical Disease means a physical disease entity or process that produces structural or functional changes in the body as diagnosed by a Physician.

Physician means a licensed M.D. or D.O., acting within the scope of the license. Physician does not include you or your spouse, or the brother, sister, parent, or child of either you or your spouse.

Pregnancy means your pregnancy, childbirth, or related medical conditions, including complications of pregnancy.

Signature of Employee

Prior Plan means your Employer's group long term disability insurance plan in effect on the day before the effective date of your Employer's participation under the Group Policy and which is replaced by coverage under the Group Policy.

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