

Long Term Disability Insurance

for the Class 2 Employees of

The City of Palo Alto



The following is a description of your Long Term Disability (LTD) insurance benefit.

This benefit is provided to you at no cost.

Who is Eligible for Coverage?

All active, Full-time Employees of the Employer regularly working a minimum of 20 hours per week who are classified as Management, Confidential and Council Officer

LTD Benefit

Replaces 66.67% of your annual earnings to a maximum of \$10,000 per month after you have been disabled for 60 days.

Definition of annual compensation

Covered Earnings means an Employee's wage or salary as reported by the Employer for work performed for the Employer as in effect just prior to the date Disability begins. It includes earnings received from commissions but not bonuses, overtime pay and other extra compensation. Commissions will be averaged for the 12 months just prior to the date Disability begins, or the months employed, if less than 12 months.

Maximum LTD benefit period

If you become disabled prior to age 62, benefits continue until age 65 as long as you remain disabled. If you become disabled after age 62, benefits continue until your Social Security Normal Retirement Age as long as you remain disabled. Please refer to your plan documents for additional details.

How is Disability Defined?

You may be eligible for disability benefits if you are unable to perform the material duties of your own regular occupation and you are unable to earn 80% or more from working in your own regular occupation.

After benefits have been payable for 24 months, you are considered disabled if solely due to your injury or sickness, you are unable to perform the material duties of any occupation for which you may be reasonably become qualified by education, training or experience and you are unable to earn 60% or more of your previous earnings.

Pre-existing Condition Exclusion

A pre-existing condition means any Injury or Sickness for which you incurred medical expenses or received medical treatment for 3 months prior to your effective date of insurance. If you become disabled and it is determined that the injury or sickness was a pre-existing condition, LTD benefits are not be payable.

Once you have been insured under the LTD plan for 12 months, the pre-existing condition limitation does not apply. In addition, if you were insured under the prior disability plan with City of Palo Alto immediately prior to the effective date of the plan, credit will be given for time you were eligible under the prior plan.

This plan summary is provided to help you understand your insurance coverage. Please refer to your certificate booklet for your complete plan description. The terms and conditions described in the group insurance policy will prevail in the event there is a discrepancy between this summary and the group insurance policy.