

Buy-up Long Term Disability Insurance



For the Employees of the J.R. Simplot Company

Answers to your questions about coverage from Standard Insurance Company



Standard Insurance Company

Long Term Disability Insurance





About This Booklet

This booklet is designed to answer some common questions about the Buy-up Long Term Disability (LTD) insurance policy offered by your employer to eligible employees. It is not intended to provide a detailed description of the coverage.

If you become insured, you will receive a certificate containing a detailed description of the insurance coverage including the definitions, exclusions, limitations, restrictions and terminating events. The controlling provisions will be found in the *group policy*.

Neither this booklet nor the certificate modifies the group policy or the insurance coverage in any way.

Please note that defined terms from the *group policy* are italicized in this booklet.

Buy-up Long Term Disability Insurance Features

Chances are you already purchase home, auto and life insurance to protect yourself against the threat of loss. And you probably have health insurance to guard against costly medical bills. So, what steps have you taken to help shield yourself, your lifestyle, and those who count on you from an unexpected loss of income? Would you be able to meet your financial obligations if you became disabled and unable to work?

Long Term Disability (LTD) insurance from Standard Insurance Company is designed to pay a benefit in the event you cannot work because of a covered illness or *injury*.

This benefit replaces a portion of your monthly income, thus helping you to meet your financial commitments in a time of need.

Your *employer* provides eligible employees with LTD coverage under a Base LTD Plan to help protect a certain level of income. Since every employee's needs are different, your *employer* also provides eligible employees with the opportunity to apply for coverage under a Buy-up LTD Plan from The Standard.

The advantages of the Buy-up LTD coverage include:

Choice – You decide which LTD plan meets your specific needs.

Convenience – With premiums for the Buy-up LTD Plan deducted directly from your paycheck, you don't have to worry about mailing monthly payments.

Peace of Mind – You can take comfort and satisfaction in knowing that you have done.

Commonly Asked Questions

The following information provides details to give you a better understanding of the Buy-up LTD insurance available from The Standard.





What Is Buy-up LTD Coverage?

Buy-up LTD insurance offers you the opportunity to choose one of two levels of LTD coverage. The Base LTD Plan is fully paid by your employer and provides a basic level of LTD coverage. The Buy-up LTD Plan is paid for by both you and your employer and provides for a higher level of LTD coverage.

You have the option to become insured under the Base LTD Plan or the Buy-up LTD Plan to meet your individual needs for income protection. If you do not enroll in the Buy-up LTD Plan, you will be automatically insured under the Base LTD Plan provided you are an eligible member and meet the active work requirement.

When Does My Insurance Coverage Become Effective?

The effective date of your coverage depends on when you become an eligible member, whether you are applying for the Buy-up LTD Plan and whether you are required to provide evidence of insurability.

To be a member and eligible for LTD coverage, you must be:

- A regular employee of J.R. Simplot Company (excluding temporary employees, full-time members of the armed forces, leased employees and independent contractors)
- Work the required number of hours and meet all other eligibility requirements for coverage under the group policy, as determined by your employer
- A citizen or resident of the United States or Canada

The effective date of coverage depends on several factors. For your LTD insurance to become effective, you must satisfy the following:

- An eligibility waiting period. Your eligibility waiting period is determined by your employer. Contact HR Solutions for more information.
- An active work requirement (This means that if you are incapable of active work on the day before the scheduled effective date of insurance, your insurance will not become effective until the day after you complete one full day of active work as an eligible employee.
- An evidence of insurability requirement, if applicable.

Base LTD Plan

Your LTD coverage under the Base LTD Plan will go into effect on the day after you serve your eligibility waiting period, provided you meet the active work requirement explained below.

Buy-up LTD Plan

If you apply for the Buy-up LTD Plan and agree to pay premiums for this coverage, your coverage becomes effective on the later of:

- The date you complete the eligibility waiting period, if you apply on or before that date, or
- The date you apply, if you apply within 31 days after you complete the eligibility waiting period, or

- The date The Standard approves your evidence of insurability, if you apply more than 31 days after you complete the eligibility waiting period.

Under each circumstance you must meet the active work requirement before your insurance becomes effective.

What Is The Active Work Requirement?

Active work means performing with reasonable continuity, the material duties of your own occupation at your employer's usual place of business. 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. This active work requirement also applies to any increase in coverage.

Will I Have To Provide Information Regarding My Medical History?

The Standard may require you to provide information regarding your medical history, referred to as evidence of insurability, if you:

- Apply for the Buy-up LTD Plan more than 31 days after you complete the eligibility waiting period
- Were eligible for more than 31 days but were not insured under your employer's prior LTD coverage, if any
- Were eligible for more than 31 days but were not insured under the employee-paid portion of your employer's prior LTD coverage, if any
- Terminate your coverage under the Buy-up LTD Plan for any reason but later apply to become insured again
- Request to insure predisability earnings above the guarantee issue amount

Contact your human resources department for a Medical History Statement when evidence of insurability is required.

What Are The LTD Benefit Amounts Under The Base LTD Plan And The Buy-Up LTD Plan?

Your monthly LTD benefit is a percentage of your insured monthly predisability earnings reduced by deductible income. The LTD benefit amount for each plan is indicated below.

	Base LTD Plan	Buy-up LTD Plan
Percentage of monthly predisability earnings	50%	60%
Maximum monthly LTD benefit	\$5,000	\$10,000
Minimum monthly LTD benefit	\$100 or 10% of your Unreduced LTD benefit, whichever is greater	\$100 or 10% of your Unreduced LTD benefit, whichever is greater





To compare the amount of your LTD benefit under both plans, fill in the blanks below.

	Base LTD Plan	Buy-up LTD Plan
1. Enter your monthly predisability earnings	\$ _____ (If your monthly predisability earnings exceed \$10,000 enter \$10,000 above.)	\$ _____ (If your monthly predisability earnings exceed \$16,667, enter \$16,667 above.)
2. Percentage of predisability earnings	50%	60%
3. Multiply amount on line 1 by percentage on line 2 and enter total here	\$ _____	\$ _____
<p>This is your monthly LTD benefit amount before reduction for deductible income. Under the Buy-up LTD Plan (Plan 2), you have Base (Plan 1) and Buy-up coverage for a maximum benefit of \$10,000</p>		

How Long Must I Be Disabled Before Ltd Benefits Are Payable?

If you become disabled and your claim for LTD benefits is approved by The Standard, LTD benefits become payable after the benefit waiting period. This is a specified number of days during which you must remain continuously disabled. Benefits are not payable during the benefit waiting period. The benefit waiting period for each plan is 180 days.

How long are benefits paid?

The maximum benefit period for each plan is as follows, based on your age when you become disabled.

Age	Maximum Benefit Period
61 or younger	To age 65 or to SSNRA*, or 3 years 6 months, whichever is longest
62	To SSNRA*, or 3 years 6 months, whichever is longer
63	To SSNRA*, or 3 years, whichever is longer
64	To SSNRA*, or 2 years 6 months, whichever is longer
65	2 years
66	1 year 9 months
67	1 year 6 months
68	1 year 3 months
69 or older	1 year

* Social Security Normal Retirement Age (SSNRA) means your normal retirement age under the Federal Social Security Act.

How Much Will Coverage Under The Buy-Up Ltd Plan Cost Me?

If you elect the Buy-up LTD Plan, your semi-monthly premium rate for this plan is \$0.386 per \$100 of insured semi-monthly earnings. Premiums for the Buy-up LTD Plan will be deducted directly from your paycheck. If you do not enroll in the Buy-up LTD Plan, you will automatically be insured under the Base LTD Plan with no premium cost to you.

To calculate your estimated monthly premium for coverage under the Buy-up LTD Plan, use the formula below:

- | | |
|--------------------------------------------|----------|
| 1. Enter your annual salary divided by 24 | \$ _____ |
| 2. Divide line 1 by 100 | \$ _____ |
| 3. Multiply the amount from line 2 by .386 | \$ _____ |

The amount on line 3 is your estimated semi-monthly premium for coverage under the Buy-up LTD Plan.

When Am I Considered Disabled?

Own Occupation Period

During the benefit waiting period and the own occupation period, you are considered to be disabled 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, and
- You suffer a loss of at least 20 percent of your indexed predisability earnings when working in your own occupation.

You are not disabled merely because your right to perform your own occupation is restricted, including a restriction or loss of license.

Any Occupation Period

After the own occupation period, you are considered disabled 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 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 60 percent of your indexed predisability earnings within 12 months following your return to work, regardless of whether you are working in that or any other occupation.

How Is The LTD Benefit Amount Calculated?

The monthly LTD benefit amount is determined by multiplying your insured predisability earnings by the specified benefit percentage. This amount is then reduced by other income you receive or are eligible to receive while LTD benefits are payable. This other income is referred to as deductible income.





In the example below, the LTD benefit amount is 60 percent of insured predisability earnings. If your monthly earnings (or predisability earnings) before becoming disabled were \$2,000 and you now receive a monthly Social Security disability benefit of \$600, your monthly *LTD* benefit would be calculated as follows:

Insured predisability earnings	\$2,000
LTD benefit percentage	x 60%
	\$1,200
Less Social Security disability benefit	-600
Amount of LTD benefit	\$600

What Are Predisability Earnings?

Predisability earnings are your monthly rate of earnings from your employer and typically include:

- Salary
- Contributions you make through a salary reduction agreement with your employer to an IRC Section 401(k), 403(b), 408(k), 408(p) or 457 deferred compensation arrangement, or an executive nonqualified deferred compensation arrangement
- Amounts contributed to fringe benefits according to salary reduction agreements under an IRC Section 125 plan
- Scheduled overtime pay averaged over the preceding 12 months or over the period of your employment if less than 12 months to a Scheduled Maximum Overtime Limit of 8 hours per week. Predisability earnings generally exclude bonuses, commissions, unscheduled overtime pay, your employer's contribution to a deferred compensation arrangement or pension plan, or any other extra compensation.

Predisability earnings are based on your earnings in effect on the last full day of active work.

What Is Deductible Income?

Deductible income is income you receive or are eligible to receive while *LTD benefits* are payable. It is used to reduce the amount of your *LTD benefit*. *Deductible income* includes, but is not limited to, the following:

- Sick pay, annual or personal leave pay, severance pay or other forms of salary continuation including donated amounts paid by your *employer* if the amount of these forms of income plus your LTD benefit would exceed 100% or your predisability earnings. Only the amount over 100% of your predisability earnings will be considered deductible income.
- Benefits under any workers' compensation law or similar law
- Amounts received under any unemployment compensation law, state disability income benefit law or similar law
- Social Security disability or retirement benefits, including benefits for your spouse and children

- Disability benefits from any other group insurance
- Disability or retirement benefits under your *employer's* retirement plan
- Earnings from work activity while you are *disabled*, plus the earnings you could receive if you worked as much as you are able to considering your *disability*
- Amounts due from or on behalf of a third party because of your *disability*
- Any amount you receive by judgment, compromise, settlement or other method as a result of a claim for any of the above

When Do LTD Benefits Become Payable And For How Long?

LTD benefits become payable after the benefit waiting period. LTD benefits end automatically on the earliest of:

- The date you are no longer disabled
- The date your maximum benefit period ends
- The date you die
- The date benefits become payable under any other LTD plan under which you become insured through employment during a period of temporary recovery
- The date you fail to provide proof of continued disability and entitlement to benefits

Are My LTD Benefits Subject To Federal Income Tax And FICA?

If you elect the Base LTD Plan, your entire *LTD benefit* is subject to taxes. This is because your *employer* is paying the entire cost of this plan.

If you elect to enroll in the Buy-up LTD Plan, both you and your *employer* share the cost of insurance and at least a portion of your *LTD benefit* is subject to taxes. The taxable portion is based on the percentage of the total group premium that your *employer* contributes for the Buy-up LTD Plan. Since your *employer* contributes 50 percent of the total group premium for the Buy-up LTD Plan, then 50 percent of your *LTD benefit* is taxable. The remaining 50 percent of the *LTD benefit* would not be taxable.

What Are Some Of The Other Features Of This Coverage?

This LTD coverage has the following features:

- It covers disabilities that occur 24 hours a day, both on and off the job.
- You make premium payments for the Buy-up LTD Plan through payroll deduction.
- If an employer makes an approved work-site modification that enables you to return to work while disabled, The Standard will reimburse the employer up to a pre-approved amount for some or all of the cost of the modification.
- While you are disabled, you may qualify to participate in a rehabilitation plan that prepares you to return to work. If you qualify, The Standard may pay for return to work expenses you incur, such as job search, training and education and family care expenses.





- If while you are disabled you must pay family care expenses in order to work, you will be credited with those expenses when your LTD benefit is calculated, up to \$350 per family member, not to exceed a total of \$1,000 per month.
- If you die while LTD benefits are payable, and on the date you die you have been continuously disabled for at least 180 days, a survivors benefit equal to three times your unreduced LTD benefit may be payable.
- If the group policy terminates, LTD benefits will continue as long as you are eligible to receive them.
- If your coverage under the group policy terminates, you may be eligible to buy LTD conversion insurance during a 31-day period following the date your insurance ends

What Exclusions Apply To This Coverage?

You are not covered for a disability caused or contributed to by any of the following:

- Your committing or attempting to commit an assault or felony, or your active participation in a violent disorder or riot
- An intentionally self-inflicted injury, while sane or insane²
- War or any act of war (declared or undeclared, and any substantial armed conflict between organized forces of a military nature)
- The loss of your professional or occupational license or certification
- A preexisting condition or the medical or surgical treatment of a preexisting condition unless on the date you become disabled, you have been continuously insured under the group policy for 12 months and have been actively at work for at least one full day after the end of those 12 months. (Note: If you enroll in the Buy-up LTD Plan late, your coverage under the Buy-up LTD Plan will be subject to a new preexisting condition exclusion, based on the effective date of your coverage under the Buy-up LTD Plan. If you become disabled, and benefits are not payable under the Buy-up LTD Plan due to this new preexisting condition exclusion, your claim will be administered as if you were still insured under the Base LTD Plan.)

What Is A Preexisting Condition?

At any time during the 90-day period just before your insurance becomes effective, a preexisting condition is a mental or physical condition, whether or not diagnosed or misdiagnosed:

- For which you or a reasonably prudent person would have consulted a physician or other licensed medical professional; received medical treatment, services or advice; undergone diagnostic procedures, including self-administered procedures; or taken prescribed drugs or medications
- Which, as a result of any medical examination, including routine examination, was discovered or suspected at any time during the 90-day period just before your coverage became effective

What Limitations Apply To This Coverage?

LTD benefits are not payable for any period when you are:

- Not under the ongoing care of a physician in the appropriate specialty as determined by The Standard
- Not participating in good faith in a plan, program or course of medical treatment or vocational training or education approved by The Standard, unless your disability prevents you from participating
- Confined for any reason in a penal or correctional institution
- Able to work and earn at least 20 percent of your indexed predisability earnings, but you elect not to work; during the own occupation period the responsibility to work is limited to work in your own occupation; thereafter, the responsibility to work includes work in any occupation

In addition, payment of LTD benefits is limited in duration:

- To 12 months if you reside outside the United States or Canada
- To 24 months in your lifetime if your disability is caused or contributed to by mental disorders, substance abuse or other limited conditions, including but not limited to chronic fatigue conditions, allergy or sensitivity to chemicals or the environment, chronic pain conditions, carpal tunnel or repetitive motion syndrome, temporomandibular joint disorder or craniomandibular joint disorder

When Does My Insurance Coverage End?

LTD insurance automatically ends on the earliest of the following:

- The date the last period ends for which a premium contribution is received
- The last day of the calendar month in which your employment terminates
- The date the group policy terminates
- The last day of the calendar month in which you cease to be a member (as defined at the beginning of this booklet); however, insurance may continue for limited periods under certain circumstances described in the group policy

If your coverage under the Buy-up LTD Plan ends because of your non-payment of the required premium, you will automatically be insured under the Base LTD Plan provided the group policy remains in effect and you remain eligible for this coverage.

How Do I Apply?

Provided you are an eligible member and meet the active work requirement, you will be automatically insured under the Base LTD Plan. Please follow the instructions provided by your employer to apply for the Voluntary LTD Plan.

You may apply for the Voluntary LTD Plan at any time as long as you meet the requirements to become insured. However, if you apply more than 31 days after the end of your eligibility waiting period, evidence of insurability is required and coverage is not effective until approved by The Standard.





Standard Insurance Company has earned a solid reputation for its quality products, expert resources, superior service, steady growth, innovation and strong financial performance. Founded in 1906, The Standard has become a leader in the group disability and life insurance market, while also offering individual disability, group dental and retirement plans for groups and individuals.

For more information about the available Buy-up LTD insurance coverage, please contact your human resources department.

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GP190-LTD/S399, GP399-LTD/TRUST,
GP899-LTD, Contract 2000

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