

THE UNIVERSITY OF IOWA

**Life Insurance
Long Term Disability Insurance
and
Retirement Annuity Protection
Insurance**

iowa



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This booklet describes the basic features of The University of Iowa Group Life Insurance, Supplemental Life Insurance, Dependent Life Insurance, Long Term Disability Insurance, Wraparound Long Term Disability Insurance, and Retirement Annuity Protection Insurance.

This booklet outlines what you must do to be insured, and it also explains how to file claims.

The insurance plans described in this booklet are established through Group Policies issued by Principal Life Insurance Company for The University of Iowa.

Please read this booklet carefully. If you should have any questions, contact the University Benefits Office.

GENERAL INFORMATION

This booklet is your insurance certificate.

The rights and benefits of each person covered by these insurance plans are determined by the provisions of the Master Group Policies which are held by the University Benefits Office. The Master Policies are available for your inspection at that office during regular office hours.

Participation in Insurance Programs

Participation in the University's Group Life Insurance and Long Term Disability Insurance programs is a condition of employment by The University of Iowa for all faculty and staff members who hold regular appointments of 50% time or more.

Faculty and Staff Members who participate in TIAA/CREF are covered by the Retirement Annuity Protection Insurance.

Benefits

The specific amount of benefits provided by these insurance plans for each individual are based on several factors described in this booklet.

Election of Benefits

Faculty, Professional and Scientific, and Supervisory Exempt Staff may elect to increase or decrease Life Insurance, Dependent Life Insurance, and/or Long Term Disability Insurance coverage during the annual open enrollment period or within 30 days of a significant change in your family status (marriage, divorce, death of your **spouse** or **domestic partner**, death of your child(ren), or birth or adoption of a child), termination or gaining of your **spouse's** or **domestic partner's** employment, or an approved leave of absence. Changes will be effective on January 1 for the annual enrollment and the first of the month following a significant change in your family status.

Merit Staff Members or House Staff Members may elect to change their Supplemental Life Insurance or Dependent Life Insurance during the annual open enrollment period or within 30 days of a significant change in your family status (marriage, divorce, death of your **spouse** or **domestic partner**, death of your child(ren), or birth or adoption of a child), termination or gaining of your **spouse's** or **domestic partner's** employment.

Medical Examination

Proof of good health will be required for:

- adding Wraparound Long Term Disability Insurance.
- for Faculty, Professional and Scientific, and Supervisory Exempt Staff switching from 50% to 70% salary replacement plan.

Failure to successfully pass the medical questionnaire and/or test may result in the denial of the requested level of Insurance.

Long Term Disability Insurance and the Retirement Annuity Protection Insurance include a limitation for preexisting conditions.

Future of Plan

It is expected that these plans will be continued indefinitely. However, the University and the State Board of Regents do have the right to change or terminate these insurance plans at any time.

Definitions

There are several terms used in this booklet which have a very specific meaning for all of the insurance plans. The following terms are defined in the Appendix A and appear in bold face type when used in this booklet:

Active Work and Actively at Work
Annual Budgeted Salary
Benefit Waiting Period
Completed Years of Continuous Service
Dependents
Disability and Disabled
Developmental Disability
Domestic Partner
Full-Time; Full-Time Student
Group Policy
Hospital
Monthly Budgeted Salary
Nursing Facility
Period of Limited Activity
Physical Handicap
Physician
Predisability Earnings
Qualified Faculty or Staff Member
Social Security Normal Retirement Age
Spouse
We, Us, and Our

LIFE INSURANCE

The University Group Life Insurance Program provides faculty and staff members with term life insurance. Participation in the program is a condition of employment and is available only to faculty and staff members who hold a regular appointment of 50% time or more.

The Supplemental Life Insurance and **Dependent** Life Insurance Programs provide faculty and staff members with an opportunity to arrange for additional term life insurance. Participation in the Supplemental Life Insurance and in the **Dependent** Life Insurance and program is available only for members who are covered under the Group Life Insurance plan.

The amount of the insurance is determined in accordance with the benefit schedule selected as set forth in this booklet.

Death Benefit

If you die while insured by this Life Insurance plan, **we** will pay an amount which is determined from the Benefit Schedule in force on the date of your death less any Accelerated Benefit payment and Accumulated Interest Charges.

Upon your death, the Scheduled Benefit in force on the date of your death less any Accelerated Benefit payment and Accumulated Interest Charges will be placed in an interest-bearing draft account. The account balance will be available to your beneficiary at any time, in total or in part, as provided in the Group Policy.

Contact the University Benefits Office if you would like more information on the Interest Draft Account, lump sum, or any of the other settlement options that are available to your beneficiary upon your death.

You should name at least one beneficiary at the time you enroll for insurance. You may change your beneficiary by filing a written request on a Change of Beneficiary form available from the University Benefits Office. A change in your beneficiary will not be in force until the University Benefits Office receives the completed form, signed by you.

If some of your beneficiaries are surviving when the benefits are to be paid, the insurance benefits will be paid to those surviving beneficiaries. If none of the beneficiaries identified by you are alive when the benefits are to be paid, the insurance benefits will be paid to your **spouse, domestic partner**, child(ren), or estate.

If you do not complete a form designating a beneficiary, the insurance benefits will be paid to your estate.

If your **spouse, domestic partner** or a **dependent** die while insured for **Dependent** Life Insurance, **we** will pay the Scheduled Benefit in force for that individual. Payment will be to you if you survive the **spouse, domestic partner** or **dependent**. If not, **we** will pay the beneficiary you named for your Group Life Insurance.

Assignments

If a faculty or staff member makes an assignment of their University life insurance, the individual who is the assignee, as owner, can decide who is the beneficiary of the life insurance policy upon the death of the faculty or staff member.

The principle advantage of an assignment is that if the faculty or staff member lives three years after the assignment is made, the policy proceeds payable upon the faculty or staff member's death are excluded from the estate of the faculty or staff member for federal estate tax purposes. This can be significant for anyone who anticipates that their estate value will exceed the federal estate tax limit at death. Since federal estate tax applies to life insurance as well as the accumulation in TIAA/CREF and all other property, the ability to assign the life insurance and remove the proceeds from the taxable estate can result, under certain circumstances, in significant federal estate tax savings.

If you are interested in assigning your interest in group or supplemental life insurance policies, please contact the University Benefits Office for the appropriate forms. You are also strongly encouraged to consult with a professional for appropriate estate planning advice. In some cases it may be more advantageous to assign the policy not to an individual, but to a trustee of a life insurance.

Amount of Group Life Insurance

If you are a qualified Faculty, Professional, Scientific or Supervisory Exempt Staff Member, your Group Life Insurance benefit is determined by the election you have made on your enrollment form. The options are:

- ***Option 1** The amount that is equal to your **annual budgeted salary** (this amount will be rounded to the next higher \$1,000, if it is not already an exact multiple of 1,000).
- ***Option 2** The amount that is equal to your **annual budgeted salary** (this amount will be rounded to the next higher \$1,000, if it is not already an exact multiple of 1,000) multiplied by 2.
- ***Option 3** The amount that is equal to your **annual budgeted salary** (this amount will be rounded to the next higher \$1,000, if it is not already an exact multiple of 1,000) multiplied by 2.5.
- ***Option 4** The amount that is equal to your **annual budgeted salary** (this amount will be rounded to the next higher \$1,000, if it is not already an exact multiple of 1,000) multiplied by 3.
- ***Option 5** \$50,000

If you are a Qualified Merit Staff Member, your Group Life Insurance benefit is determined by the election you have made on your enrollment form. The option is:

- ***Option 1** The amount that is equal to your **annual budgeted salary** (this amount will be rounded to the next higher \$1,000, if it is not already an exact multiple of 1,000) multiplied by 2.

If you are a Qualified House Staff Member, your Group Life Insurance benefit is determined by the election you have made on your enrollment form. The option is:

- ***Option 1** The amount that is equal to your annual budgeted salary (this amount will be rounded to the next higher \$1,000, if it is not already an exact multiple of 1,000) multiplied by 2.

The coverage provided by the Group Life Insurance benefit is subject to the maximum amounts specified in the following Schedule of Benefits.

Schedule of Maximum Benefits

The maximum group life insurance benefit amount is \$400,000.

The maximum annual budgeted salary amount is \$200,000.

Amount of Supplemental Life Insurance

You may elect a supplemental Scheduled Benefit as described below:

Schedule I	The amount that is equal to your annual budgeted salary (this amount will be rounded to the next higher \$1,000, if it is not already an exact multiple of 1,000) multiplied by .5.
Schedule II	The amount that is equal to your annual budgeted salary (this amount will be rounded to the next higher \$1,000, if it is not already an exact multiple of 1,000) multiplied by 1.
Schedule III	The amount that is equal to your annual budgeted salary (this amount will be rounded to the next higher \$1,000, if it is not already an exact multiple of 1,000) multiplied by 1.5.
Schedule IV	The amount that is equal to your annual budgeted salary (this amount will be rounded to the next higher \$1,000, if it is not already an exact multiple of 1,000) multiplied by 2.
Schedule V	The amount that is equal to your annual budgeted salary (this amount will be rounded to the next higher \$1,000, if it is not already an exact multiple of 1,000) multiplied by 2.5.
Schedule VI	The amount that is equal to your annual budgeted salary (this amount will be rounded to the next higher \$1,000, if it is not already an exact multiple of 1,000) multiplied by 3.
Schedule VII	The amount that is equal to your annual budgeted salary (this amount will be rounded to the next higher \$1,000, if it is not already an exact multiple of 1,000) multiplied by 3.5.

Taxable Life Insurance

The Internal Revenue Service (IRS) has determined that if an employer allows employees access to life insurance in excess of \$50,000, then whatever is in excess of \$50,000 has a value to the employee. This value must be added to the individual's taxable salary when reporting income earned on the annual W-2. This is based upon the following IRS table:

Age	Rate per \$1,000 of Excess Life Insurance Per Year
Under 25	\$.60
25-29	.72
30-34	.96
35-39	1.08
40-44	1.20
45-49	1.80
50-54	2.76

55-59	5.16
60-64	7.92
65-69	15.24
70 & Over	24.72

In determining the amount of life insurance in excess of \$50,000, the employer must total all life insurance programs that the employee participates in. If you have any questions concerning this calculation and the possible effect on your taxable income, contact the University Benefits Office.

Amount of Dependent Life Insurance

If your **spouse, domestic partner** or a **dependent** dies, you will be paid the Scheduled Benefit then in force for that individual. The Scheduled Benefit is based on the status of that person. You may elect a **Dependent** Life Insurance amount shown below:

Status	*Scheduled Benefit
Spouse or Domestic Partner	\$10,000 or \$20,000
Children (age at death) 14 days but less than 24 years of age	\$5,000 or \$10,000

***You may elect to change your Scheduled Benefit amount during each annual open enrollment period as determined by the Policyholder.**

Eligibility and Effective Date for Initial Coverage

All Faculty, Professional, Scientific and Supervisory Exempt Staff Members are insured by Group Life Insurance on the first of the calendar month following the date they begin **active work**.

All Merit Staff Members are insured by Group Life Insurance on the first of the calendar month following 30 days of employment.

All House Staff Members are insured by Group Life Insurance on the first of the calendar month following the date they begin active work.

Supplemental Life Insurance is effective on the same date as the Group Life Insurance program, if applicable.

If you are not **actively at work** on the date insurance would otherwise be effective, you will be insured on the date you return to **active work**.

Eligibility and Effective Date for Spouse, Domestic Partner or Dependents

You will be eligible for insurance for your **spouse, domestic partner** or **dependents** on the later of:

- the date you are eligible for Member coverage; or
- the date you first acquire a **spouse, domestic partner** or **dependent**.

Insurance for your **spouse, domestic partner**, or **dependents** will be in force under the same terms as described earlier for Group Life Insurance, except:

- Insurance will not be effective unless you are insured for Group Life Insurance.
- If a **spouse, domestic partner** or **dependent** is in a **period of limited activity** on the date initial insurance would otherwise be effective, the individual will not be insured until the **period of limited activity** ends.
- If a **spouse, domestic partner** or **dependent** is in a **period of limited activity** on the date an increase in Scheduled Benefits would otherwise be effective, the increase will not be in force until the **period of limited activity** ends.
- A **spouse, domestic partner** or **dependent** acquired after your **dependent** insurance is already in force will be insured on the date acquired, provided the individual (other than a newborn child) is not in a **period of limited activity**.
- A newborn child will be insured for **Dependent** Life Insurance when the child is 14 days old, if your **dependent** Insurance is then in force.

Premium Payments

The University pays the premium for the Group Life Insurance program up to 2.0 times your **annual budgeted salary**.

You will pay the total cost of your Supplemental Life Insurance and **Dependent** Life Insurance.

Your share of the premium will automatically be deducted from your compensation.

Any change in the amount of your insurance will result in a corresponding change in the premium.

Effective Date for Benefit Changes

For Faculty, Professional, Scientific and Supervisory Exempt Staff members **actively at work**, a change in your Scheduled Benefit amount because of either:

- a change in your **annual budgeted salary**; or
- a change in the Scheduled Benefit provided under this plan

will normally be effective on January 1 of the next calendar year.

For Merit staff members, changes will normally be effective on the first of the month following the date of the change.

For House staff members, changes will normally be effective on July 1 of the next calendar year.

If you are not **actively at work** on the date the change would otherwise be effective, the change will not be in force until the day you return to **active work**.

A modification in your Scheduled Benefit amount because of a change in the age that you will attain during the 12-month period ending on December 31 will be effective on January 1 of the next calendar year, whether or not you are **actively at work** on that day.

If you elect to modify your life insurance following a significant change in status, the modification will be effective on the first of the month following the change in status.

Continuation of Insurance

Your insurance will be continued so long as:

- you are **actively at work**, are on sick leave, are on authorized vacation, or are qualified for **disability** insurance benefits; or
- you are on an authorized leave of absence, provided you arrange for the payment of premium;

and the Group Plan continues.

Authorized Leave

If you cease **active work** under the terms of a leave authorized by The University of Iowa, your insurance will be continued if such authorization specifically states that benefits are to be continued during such leave of absence and you arrange for payment of the required premiums.

Coverage During A Disability

If you cease **active work** at The University of Iowa because you are **disabled**, you may qualify for a continuation of your Life Insurance. This continuation is called Coverage During Disability.

To be qualified for Life Insurance coverage during **disability**, you must:

- become **disabled** while insured for Group Life Insurance; and
- become **disabled** prior to the June 30 that next follows the date you attain age 70; and
- send proof of **disability** to **us** when required; and
- satisfy the requirements described under Qualifying for Long Term Disability benefits; and
- cancel any individual policy issued under the Rights to Purchase Individual Insurance described in this booklet.

Premium will not be charged for your Life Insurance effective on the end of the next month following the date of approval.

If you die while qualified for **disability** benefits, the Life Insurance benefit will be that which would have been paid had you remained **actively at work** at the **annual budgeted salary** in effect on the date the **disability** began.

Your continuation of Life Insurance during a **disability** will cease on the date Long Term Disability or TIAA/CREF monthly benefit payments cease or the date you retire. If you are still **disabled**, you will be considered retired and will receive benefits of a retiree.

In no event will this continuation be in effect while you are working.

Accelerated Benefit

An Accelerated Benefit is an advance (before death) payment of a part of your Group Life and Supplemental Life Insurance benefit. To qualify for an Accelerated Benefit, you must:

- be insured for a Life Insurance benefit of at least \$20,000; and
- be terminally ill (expected to die within 12 months); and
- send proof of your terminal illness to **us**.

Proof of terminal illness will consist of a statement from your **physician**, and any other medical information that **we** believe is needed to confirm your status.

If you qualify, **we** will pay you any amount you request; except that:

- only one Accelerated Benefit payment will be made during your lifetime; and
- you must request a payment of at least \$10,000; and
- **we** will not pay you more than the lower of (1) 50% of your Member Life Insurance Benefit, or (2) \$100,000.

If an Accelerated Benefit is paid, the Life Insurance benefit otherwise payable to your beneficiary upon your death will be reduced by the sum of the Accelerated Benefit payment plus Accumulated Interest charges.

Accumulated Interest Charges will be the sum of interest charged for each day of the period from the date of your Accelerated Benefit payment to the date of your death. This interest will:

- be calculated by applying a daily rate (equivalent to 8% per year) to the amount of your Accelerated Benefit payment; and
- be limited to a total of not more than (16%) of your Accelerated Benefit payment.

During the two years following payment of an Accelerated Benefit:

- termination of **active work** because of your terminal illness will not result in termination of your Life Insurance; and
- your Life Insurance will be provided without premium charge.

Rights to Purchase Individual Insurance

If you cease to be eligible for the Life Insurance program, the maximum amount of insurance you may then buy will be the amount in force on the date you become ineligible. This insurance policy may be purchased without submitting to a health examination or otherwise providing proof of your health. The amount of insurance you will be entitled to purchase will depend on the specific circumstances.

- If you end **active work** or cease to be in a class eligible for insurance, the maximum amount you may then buy will be the amount of life insurance in force on the date of termination, less any Accelerated Benefit and Accumulated Interest Charges.
- If your insurance during **disability** ceases because **disability** ends and you do not resume **active work** at The University of Iowa within 31 days, the maximum amount you may buy will be the amount of life insurance in force on the date **disability** ends, less any Accelerated Benefit and Accumulated Interest Charges.

- If the Group Policy terminates or the Group Policy is amended so you are no longer eligible for insurance after you have been insured for at least five years, the maximum amount you may buy will be \$2,000.

In order to purchase an individual policy, you must both apply for the insurance and pay the first premium within 31 days after the date your Life Insurance terminates. If you die within the 31-day purchase period, your beneficiary will be paid the life insurance amount, if any, you had the right to buy. This payment will be made whether or not you have applied for an individual policy.

Upon termination you will be notified by the University Benefits Office of the opportunity to convert to an individual policy. Any individual policy issued will be effective on the 32nd day following termination of your Life Insurance.

The individual policy you will be offered by **us** will be ordinary life insurance. No term life insurance or **disability** insurance benefits will be included in this insurance. The premium you pay will be the rate for the risk class on the date of issue.

Rights to Purchase Individual Dependent Life Insurance

Your **spouse, domestic partner** or **dependent child** will have the right to buy an individual life insurance policy without submitting proof of good health:

- If Life Insurance for your **spouse** or **domestic partner** ceases because you are divorced or separated, or termination of your **domestic partner** relationship or because you die, end **active work**, or cease to be in a class eligible for insurance. In these instances, the maximum amount your **spouse** or **domestic partner** may buy will be the amount of Life Insurance in force for your **spouse** or **domestic partner** on the date of termination, less any individual amount purchased earlier under these rights.
- If the Group Policy terminates or is amended to eliminate **Dependent** Life Insurance or your insurance class after your **spouse, domestic partner** or **dependent child** has been insured for at least five years. In these instances, the maximum amount your **spouse, domestic partner** or **dependent child** may buy will be the smaller of: (1) \$2,000; or (2) the **spouse's, domestic partner's** or **dependent child's** Life Insurance amount in force on the date of termination, less any amount for which your **spouse, domestic partner** or **dependent child** becomes eligible under any Group Policy within 31 days.

Your **spouse, domestic partner** or **dependent child** must apply and pay the first premium for the individual policy within 31 days after the date insurance ceases. See The University Benefits Office for the proper forms. Any individual policy issued will be effective on the 32nd day, following termination of **dependent** life insurance.

The individual policy will be for life insurance only (other than term insurance). No **disability** or other benefits will be included. The premium to be paid will be at **our** normal rate for your **spouse's** or **domestic partner's** age and risk class on the individual policy's date of issue.

If your **spouse, domestic partner** or **dependent child** dies within the 31-day purchase period, **we** will pay the life insurance amount, if any, the **spouse, domestic partner** or **dependent child** had the right to buy. This payment will be made whether or not your **spouse, domestic partner** or **dependent child** has applied for an individual policy.

Termination of Insurance

Insurance will cease on the earliest of:

- the end of the calendar month in which you cease **active work**; or
- the date the Group Policy terminates.

Termination of Insurance for Spouse or Domestic Partner or Dependents

Insurance for your **spouse** or **domestic partner** or **dependents** will terminate on the earliest of:

- the end of the calendar month in which you cease to belong to a class for which insurance is provided; or
- the date **dependent** coverage is removed from the Group Policy; or
- the date your Life Insurance ceases.

Insurance for your **spouse** or **domestic partner** or any one **dependent** will terminate on the last day of the calendar month in which he or she ceases to be your **spouse** or **domestic partner** or **dependent**.

However, insurance will be continued beyond the maximum age for a **dependent** child who is incapable of self-support because of a **developmental disability** or **physical handicap** and is **dependent** on you for primary support. You must apply for this continuation within 31 days after the child reaches the maximum age.

Life Insurance for Retirees

If you have at least ten or more years of service from a permanent appointment of at least 50% time immediately prior to retirement during which you participated in the Group Life Insurance program and are age 62 or older at retirement, you will have insurance in the Group Life Insurance for Retirees program. Insurance of \$2,000 is provided for ten years of service with an extra \$200 of insurance for each additional year. The maximum coverage is \$4,000. The entire cost of this benefit is paid by The University of Iowa.

LONG TERM DISABILITY INSURANCE

A faculty and staff member who becomes **disabled** may be entitled to **disability** insurance payments. The University provides this coverage to faculty and staff members who hold a regular appointment of at least 50% time and have completed at least 12 months of employment, within the preceding 24-month period. The amount of the insurance benefit is based on the individual's **monthly budgeted salary** and length of service.

A faculty or staff member who holds a regular appointment of 50% time or more may purchase the Wraparound Long Term Disability Plan to provide supplemental coverage during the first five years of employment. The amount of the insurance benefit is based on the individual's salary and length of service.

All of the premium for the Wraparound Long Term Disability Insurance is paid by the faculty or staff member through payroll deductions.

Eligibility

Qualified Faculty and Staff Members will be eligible for Long Term Disability Insurance on the first day of the calendar month which follows the date they have completed at least 12 months of **active work** within the preceding 24-month period.

Qualified Faculty and Staff Members will be eligible for Wraparound Long Term Disability Insurance on the first day of the calendar month which follows the date they begin **active work**.

Effective Date for Initial Insurance

Your Long Term Disability Insurance will begin on the date you are eligible, unless you are not **actively at work** on the date insurance would otherwise be effective.

Wraparound Long Term Disability Insurance will begin on the first of the month following the date proof of good health is approved by **us** if you are **actively at work** on that date.

If you are not **actively at work**, your Long Term Disability or Wraparound Long Term Disability Insurance will not be in force until the day you return to **active work**.

Qualifying for Long Term Disability Benefits

To qualify for benefit payment, all of the following must occur:

- You must become **disabled** while insured for Long Term Disability.
- Your **disability** must not be subject to any of the limitations described under Limitation on Disability Insurance in this booklet.
- You must complete a **benefit waiting period**.
- You must satisfy the requirements described under Qualifying for Long Term Disability benefits.
- You must file a claim in accordance with the Claim Procedures Section.

A **benefit waiting period** will start on the date you are **disabled** as established by the Claim Procedures set forth in this booklet. A **benefit waiting period** will be completed either when your **disability** has been continuous for 90 working days or when you have exhausted all of your accrued sick leave and vacation time (if elected), whichever is later.

Benefit Payable

The benefit payable for each full month of **disability** following the **benefit waiting period** is based on your **monthly budgeted salary**, and the length of time you have worked at The University of Iowa. To determine your appropriate **monthly budgeted salary** and length of service, please review the Effective Date of Benefit Changes found on page 19 in this booklet.

The **monthly budgeted salary** for Long Term Disability Insurance for any Member shall not exceed \$41,666.66.

The **monthly budgeted salary** for Wraparound Long Term Disability Insurance for any Member shall not exceed \$41,666.66.

The benefit payable for each full month of a **disability** payment period will be the amount produced by multiplying your benefit payable factor times your primary benefit for the month.

Your benefit payable will be the percentage of your **monthly budgeted salary** based on the schedule shown below less all income from other sources multiplied by your **income loss percentage**.

Qualified Faculty, Professional and Scientific, and Supervisory Exempt Staff may select from a 50% or 70% Salary Replacement Plan. The Long Term Disability benefit depends upon which plan is selected and on the **completed years of continuous service** with the University. Qualified Merit Staff may only participate in the 70% Salary Replacement Plan, as shown on the following table:

<u>Completed Years of Continuous Service</u>	<u>Percentage of Monthly Budgeted Salary</u>	
	<u>Members Electing 70% Benefit Option</u>	<u>Members Electing 50% Benefit Option</u>
One year but less than two years	30%	10%
Two years but less than three	40%	20%
Three years but less than four years.....	50%	30%
Four years but less than five years.....	60%	40%
Five years or more	70%	50%

Qualified House Staff may only participate in the 60% Salary Replacement Plan, as shown below:

<u>Percentage of Monthly Budgeted Salary</u>	
Qualified House Staff Members	60%

The Wraparound Long Term Disability benefit depends on the **completed years of continuous service** with The University of Iowa, as shown on the following table:

<u>Completed Years of Continuous Service</u>	<u>Percentage of Monthly Budgeted Salary</u>
Less than one year.....	70%
One year but less than two years	40%
Two years but less than three years	30%
Three years but less than four years.....	20%
Four years but less than five years.....	10%
Five years or more	0%

The primary benefits payable will be reduced by any payments from Income from Other Sources as described below.

Income from Other Sources

- **Disability** payments that you and your **dependents** receive from Federal Social Security (or would have received if a complete and timely application had been made).
- Federal Social Security Retirement payments that you and your **dependents** receive from or would have received if a complete and timely application had been made.

- Wage replacement payments (other than payments from the Veterans' Administration) that you receive under a Workers' Compensation Act or other similar law.
- all payments for the month that you receive from any sick pay or salary continuance.

The determination of income from other sources will be subject to the requirements set forth in the Claim Procedures Section.

The effect of the Federal Social Security program on your Long Term Disability Insurance monthly benefits will be based on the provisions of the Social Security Act in force on the date that you are entitled to begin receiving such Federal Social Security benefits. Adjustments in the amount of your Long Term Disability Insurance monthly benefits will also be made to reflect changes in Federal Social Security amounts resulting from changes in the status of your **dependents**. However, Federal Social Security cost of living increases will not reduce the monthly benefits you receive under the Long Term Disability Insurance.

Indexed Predisability Earnings

On each March 1, following the date you become **disabled**, your **predisability earnings** will be increased by the rate of increase in the Consumer Price Index during the preceding calendar year, subject to an annual maximum of 10%.

If you have been **disabled** for less than one year as of such date, the amount of the increase will be multiplied by the ratio of:

- the number of complete months of **disability** as of such date;
- divided by 12 months.

Consumer Price Index means the U.S. city average for urban consumers, all items, as published in the Consumer Price Index by the United States Department of Labor for the preceding calendar year.

Minimum Monthly Benefit

In no event will the monthly benefit be less than \$50 for each full month of a benefit payment period, except that **we** will have the right to reduce the minimum benefit payable by any prior benefit overpayment made under this plan. Also, the benefit payable for each day of any part of a benefit payment period that is less than a full month will be the monthly benefit divided by 30.

Special Death Benefit

If your **disability** payment period ends because of your death, a Special Death Benefit will be payable to your **spouse** or **domestic partner**, child(ren), or estate. This benefit will equal three times the disability benefit that would have been payable for the next full month had you not died and the payment period not ended.

Effective Date for Benefit Changes

For Faculty, Professional, Scientific, and Supervisory Exempt Staff members **actively at work**, a change in your Scheduled Benefit amount because of either:

- a change in your **monthly budgeted salary**; or
- a change in your **completed years of continuous service**; or

- a change in benefits provided under this Group Policy;

will normally be effective on January 1 of the next calendar year.

For Merit staff, changes will normally be effective on the first of the month following the date of the change.

For House staff members, changes will normally be effective on July 1 of the next calendar year.

If you are not **actively at work** on the date the change would otherwise be effective, the change will not be in force until the day you return to **active work**.

A modification in your Scheduled Benefit amount because of a change in the age that you will attain during the 12-month period ending on December 31 will be effective on January 1 of the next calendar year, whether or not you are **actively at work** on that day.

For Faculty, Professional and Scientific, and Supervisory Exempt staff if you elect to modify your long term disability insurance following a significant change in a status, the modification will be effective on the first of the month following the change in status.

Continuation of Insurance During an Authorized Leave

If you cease **active work** by taking a leave authorized by The University of Iowa, your insurance will be continued. In order to continue insurance, the authorization must specifically state that benefits are to be continued during such leave of absence and you arrange for the payment of the required premium.

Disability Escalator

The Disability Escalator for the Long Term Disability Insurance Plan will be administered in accordance with the provisions set forth in Appendix B.

Termination of Disability Benefits

Except as described in the provision on Recurring Disabilities, **disability** insurance payments will end:

- The date your **disability** ends; or
- The date you fail to provide any required proof of your **disability**; or
- The date you fail to submit to any required physical examination; or
- The date you cease to be under the regular care of a **physician**; or
- The date you fail to report your income from Other Sources described in this booklet, and earnings from all other sources. It is the responsibility of the covered individual to report these other earnings; or
- The date ten days after receipt of notice from **us** if you fail to pursue Social Security benefits as listed in the Claims Procedures section; or
- If your **disability** payments begin before you are age 65, until the later of the date 36 months after the Benefit Payment Period begins, or the date you attain Social Security Normal Retirement Age; or

- If your disability payments begin at or after age 65, until the later of the date of Social Security Normal Retirement Age, or the date of completion of the number of months shown below after the Benefit Payment Period begins.

Member's Age on the Date <u>Disability Begins</u>	Months of the Benefit Payment Period (Beginning with the date the <u>Benefit Payment Period begins</u>)
65-67	24
68-69	18
70-71	15
72 and over	12

- The date of your death.

After you begin receiving benefits, if you return to **active work**, you will be entitled to a final payment. The final payment will be equal to one-thirtieth (1/30) of your benefit for each completed day of **disability** following the last monthly benefit payment.

Recurring Disability

If you become **disabled** as the result of a recurring **disability**, you will not be required to complete a new **benefit waiting period**. A recurring **disability** exists when you become **disabled** from the same or related cause within six months of having returned to **active work** at The University of Iowa. In this situation, you will be treated as if you had not returned to work, except that **disability** benefits will not be paid for the period during which you returned to work at The University of Iowa.

(**Note:** If you become **disabled** more than six months after you have returned to **active work**, it will be treated as a new **disability**.)

Limitations on Disability Insurance

Benefits will not be paid for any **disability** that:

- results from willful self-injury; or
- results from war or act of war; or
- results from voluntary participation in an assault or felony; or
- is subject to the Preexisting Conditions Exclusion described below.

Preexisting Conditions Exclusion for Initial Insurance

A Preexisting Condition is any sickness, injury, mental health condition, or drug or alcohol condition for which you:

- received medical treatment, consultation, care, or services; or
- were prescribed or took prescription medications;

in the three month period before you became covered under the Group Policy.

No benefits will be paid for a **disability** that results from a Preexisting Condition unless, on the date you became **disabled**, you had been **actively at work** for one full day after completing 12 consecutive months during which you were insured under the Group Policy.

Excess Payment

If excess benefits are paid because of your income from the sources specified in this booklet, **we** will reduce future benefits payable by the full amount of the excess payment. If **disability** payments have ceased, **we** reserve the right to recover the amount of the excess payment from you.

Termination of Insurance

Your insurance terminates on the earliest of:

- the end of the calendar month in which you cease **active work**; or
- the date the Group Policy terminates; or
- for Wraparound Long Term Disability Insurance, when you are no longer eligible for the program.

RETIREMENT ANNUITY PROTECTION INSURANCE

A faculty or staff member who becomes **disabled** may be entitled to the continuation of payments into the individual's Retirement Annuity Program. The University provides this insurance to faculty and staff members who (1) hold a regular appointment of 50% time or more, and (2) have completed at least 12 months of employment, within the preceding 24 month period, and (3) select TIAA/CREF as their Retirement Annuity Plan. The amount of the payments are based on an individual's salary and length of service.

The cost of the Retirement Annuity Protection Insurance is paid by the University.

Eligibility

Qualified Faculty and Staff Members will be eligible for the Retirement Annuity Protection Insurance on the first day of the calendar month which follows the date they have completed at least 12 months of **active work** within the preceding 24-month period at The University of Iowa.

Effective Date for Initial Insurance

Your insurance will begin on the date you are eligible, unless you are not **actively at work** on the date insurance would otherwise be effective. If you are not **actively at work**, your Retirement Annuity Protection Insurance will not be in force until the day you return to **active work**.

Qualifying for Retirement Annuity Protection Benefits

To qualify for benefits, all of the following must occur:

- You must become **disabled** while covered by Retirement Annuity Protection Insurance.
- Your **disability** must not be subject to any of the limitations described under Limitations on Disability Insurance in this booklet.
- You must complete a **benefit waiting period**.
- You must file a claim in accordance with the Claim Procedures Section of this booklet.

A **benefit waiting period** will start on the date you are **disabled**, as established by the Claim Procedures set forth in this booklet. A **benefit waiting period** will be completed either when your **disability** has been continuous for 90 working days or when you have exhausted all of your accrued sick leave and vacation time (if elected), whichever is later.

Benefit Payable

Qualified Faculty and Staff Members participating in TIAA/CREF who become **disabled**, will have monthly payments made by **us** for the explicit purpose of paying both your contribution and the University's contribution to the TIAA/CREF retirement program.

The amount paid to TIAA/CREF for a **Qualified Faculty or Staff Member** who has been employed by the University less than five years will be 15% of a person's **monthly budgeted salary** minus \$20 multiplied by the factor obtained from the following table:

<u>Completed Years of Continuous Service</u>	<u>Factor</u>
One year but less than two years	20%
Two years but less than three years	40%
Three years but less than four years.....	60%
Four years but less than five years.....	80%

The amount paid to TIAA/CREF for a **Qualified Faculty or Staff Member** who has been employed by the University five years or more will be 15% of the person's **monthly budgeted salary**.

Note: For all active **Qualified Faculty and Staff Members** or those who become insured under the Early Retirement Program, benefits will be reduced by any contribution made by the University.

Effective Date for Benefit Changes

For Faculty, Professional, Scientific and Supervisory Exempt Staff members **actively at work**, a change in your Scheduled Benefit amount because of either:

- a change in your **monthly budgeted salary**; or
- a change in your **completed years of continuous service**; or
- a change in benefits provided under this plan;

will normally be effective on January 1 of the next calendar year.

For Merit staff, changes will normally be effective on the first of the month following the date of the change.

For House staff members, changes will normally be effective on July 1 of the next calendar year.

If you are not **actively at work** on the date the change would otherwise be effective, the change will not be in force until the day you return to **active work**.

Continuation of Insurance During an Authorized Leave

If you cease **active work** by taking a leave authorized by The University of Iowa, your insurance may be continued. In order to continue insurance, the authorization must specifically state that benefits are to be continued during such leave of absence and you arrange for the payment of the required premium.

Disability Escalator

The Disability Escalator for the Retirement Annuity Protection Insurance will be administered in accordance with the provisions set forth in Appendix B.

Termination of Benefits

Except as described in the provisions on Recurring Disabilities, Retirement Annuity Protection Insurance payments will end:

- The date your **disability** ends; or
- The date you fail to provide any required proof of your **disability**; or
- The date you fail to submit to any required physical examination; or
- The date you cease to be under the regular care of a **physician**; or
- The date you fail to report your income from other sources described in this booklet and earnings from all other sources. It is the responsibility of the covered individual to report these other earnings; or
- The date ten days after receipt of notice from **us** if you fail to pursue Social Security benefits as listed in the Claims Procedures section; or

- If your **disability** payments begin before you are age 65, until the later of the date 36 months after the Benefit Payment Period begins, or the date you attain Social Security Normal Retirement Age; or
- If your disability payments begin at or after age 65, until the later or the date of Social Security Normal Retirement Age, or the date of completion of the number of months shown below after the Benefit Payment Period begins.

Member's Age on the Date <u>Disability Begins</u>	Months of the Benefit Payment Period (Beginning with the date the <u>Benefit Payment Period begins</u>)
65-67	24
68-69	18
70-71	15
72 and over	12

- The date of your death.

After you begin receiving benefits, if you return to **active work**, you will be entitled to a final payment. The final payment will be equal to one-thirtieth (1/30) of your benefit for each completed day of **disability** following the last monthly benefit payment.

Recurring Disability

If you become **disabled** as the result of a recurring **disability**, you will not be required to complete a new **benefit waiting period**. A recurring **disability** exists when you become **disabled** from the same or related cause within six months of having returned to **active work**. In this situation, you will be treated as if you had not returned to work, except that benefits provided by this plan will not be paid for the period during which you returned to work.

(**Note:** If you become **disabled** more than six months after you have returned to **active work**, it will be treated as a new **disability**.)

Limitations - See Page 21.

Pre-existing Conditions – See Page 21.

Termination of Insurance

Your insurance terminates on the earliest of:

- the end of the calendar month in which you cease **active work**; or
- the end of the calendar month in which you cease to be a participant under the TIAA/CREF retirement plan; or
- the date the Group Policy terminates.

CLAIM PROCEDURES

Notice of Claim

Written notice of claim must be given to **us** within three months after the date of loss for which claim is being made. Failure to give notice within the time specified will not invalidate or reduce any claim if notice is given as soon as reasonably possible.

Claim Forms

Claim forms and other information needed to provide proof of loss must be filed with **us** in order to obtain payment of benefits. The University Benefits Office will provide appropriate claim forms to assist you in filing claims. If the forms are not provided within 15 days after **we** receive notice of claim, you will be considered to have complied with the requirements of the Group Policy regarding proof of loss upon submitting, within the time specified below for filing proof of loss, written proof covering the occurrence, character and extent of the loss.

Proof of Loss

For Group Life Insurance, Supplemental Life Insurance, and Dependent Life Insurance

Claim forms and other information needed to prove loss should be filed promptly. Written proof of loss should be sent to **us** within 90 days after the date of loss. Proof required includes the date, nature, and extent of the loss. **We** may request additional information to substantiate your loss or require a signed unaltered authorization to obtain that information from the provider. Your failure to comply with such request could result in declination of the claim. Receipt of claim will be considered to be met when the appropriate claim form is received by **us**.

For Long Term Disability Insurance and Retirement Annuity Protection Insurance

Claim forms and other information needed to prove loss should be filed promptly. Written proof that **Disability** exists and has been continuous must be sent to **us** within six months after you complete your **benefit waiting period**. Proof required includes the date, nature, and extent of the loss. **We** may request additional information to substantiate your loss or require a signed unaltered authorization to obtain that information from the provider. Your failure to comply with such request could result in declination of the claim. Receipt of claim will be considered to be met when the **benefit waiting period** has been completed and the appropriate claim form is received by **us**.

Payment, Denial and Review

We are allowed up to 45 days from receipt of claim for processing the claim. If a claim cannot be processed due to incomplete information, **We** will send a written explanation prior to the expiration of the 45 days. A claimant is then allowed up to 45 days to provide all additional information requested. **We** are permitted two 30-day extensions for processing an incomplete claim. Written notification will be sent to a claimant regarding the extension.

In actual practice, benefits will be payable sooner, provided **we** receive complete and proper proof of loss. Furthermore, if a claim is not payable or cannot be processed, **we** will submit a detailed explanation of the basis for **our** denial.

A claimant may request an appeal of a claim denial by written request to **us** within 180 days of receipt of notice of the denial. **We** will make a full and fair review of the claim. **We** may require additional information to make the review. **We** will notify a claimant in writing of the appeal decision within 45 days after receipt of the appeal request. If the appeal cannot be processed within the 45-day period because **we** did not receive the requested additional information, **we** are permitted a 45-day extension for the review. Written notification will be sent to a claimant regarding the extension. After exhaustion of the formal appeal process, the claimant may request an additional appeal. However, this appeal is voluntary and does not need to be filed before asserting rights to legal action.

For purposes of this section, for Group Life Insurance, Supplemental Life, and **Dependent** Life Insurance, “claimant” means you, your **Dependent** or beneficiary. For Long Term Disability and Retirement Annuity Protection Insurance, “claimant” means you.

Medical Examinations

We may require that a person whose **disability** is the basis for a claim be examined by a **physician**. **We** will pay for these examinations and will select the **physician** to perform them.

Determination of Income from Other Sources

If you file a claim for **disability** benefits, you must report to **us** all income from the other sources described in this booklet. Your report must show that you have applied for all income for which you are eligible. If your benefits under the **disability** plan have been reduced to take into account the projected income which you did not receive, you must submit proof of a rejection of the claim in order to receive an adjusted amount of your **disability** payments.

If income from any of the other sources described in this booklet are received in a lump sum, **we** will compute what would be the monthly equivalent of that lump sum and will adjust the **disability** insurance payment accordingly.

Until exact amounts of income from other sources are known, **we** will estimate the Social Security benefits for which you and your **dependents** are eligible and will use that estimate in computing your income from other sources described in this booklet.

If **we** believe that it is reasonable that you would be entitled to **disability** benefits under the Federal Social Security Act, you may be required to:

- apply for **these** benefits within ten days after receipt of written notice from **us** requesting you to apply for such benefits; and
- give satisfactory proof within 30 days after receipt of **our** notice that you have applied for these benefits within the ten-day period; and
- request reconsideration of the application for Social Security benefits if the original application is denied, and appeal any denial or reconsideration if an appeal appears reasonable.

Legal Action - Time Limits

Legal action with respect to a claim may not be started earlier than 60 days after proof of loss is filed and before the appeal procedures have been exhausted. Further, no legal action may be started later than three years after proof is required to be filed. The limits set forth in this section will be adjusted to comply with the applicable laws.

APPENDIX A

The following definitions will help you to understand the coverage these plans provide.

Active Work and Actively at Work means you are able and available for active performance of all of a faculty or staff member's normal job duties at The University of Iowa. (Note: For the purposes of these coverages, faculty or staff members who are on an academic year appointment will be considered to be **actively at work** throughout the calendar year.)

Annual Budgeted Salary means:

- a. If you are a Merit Staff or House Staff Member, the current salary amount specified on your most recent Notice of Appointment.
- b. If you are a Faculty, Professional and Scientific, or Supervisory Exempt Staff Member, the current salary amount specified on your most recent Flexible Benefits Enrollment Form.

Annual Budgeted Salary does not include either compensation for correspondence study courses, grants, fellowships, or other irregular service, or compensation in the form of noncash items such as board, room, laundry or premiums paid by The University of Iowa for the benefit of any faculty or staff member.

Benefit Waiting Period for the purpose of qualifying for **disability** payments means the later of any period of 90 consecutive working days or when you have exhausted all of your accrued sick leave and vacation time (if elected) during which you have been continuously **disabled**.

Completed Years of Continuous Service means the total number of years of uninterrupted employment with The University of Iowa, including any time spent on an authorized leave of absence. Individuals who had interrupted terms of employment may have their employment periods accumulated for purposes of determining the number of **completed years of continuous service**, provided the University approves an interrupted service plan in writing.

Dependent for the purposes of **Dependent** Life Insurance means your spouse or **Domestic Partner**, if your spouse or **Domestic Partner**, is not in the Armed Forces of any country.

Dependent Child; Dependent Children for the purposes of Dependent Life Insurance means:

- a. your unmarried natural or legally adopted children age 14 days to 19 years of age, if not in the Armed Forces, and not covered as Members; and
- b. your unmarried natural or legally adopted children 19 years but less than 24 years of age, if supported by you, a Full-Time Student as defined, not in the Armed Forces, and not covered as Members; and
- c. your stepchildren or foster children, living with you.

Dependents for the purposes of the Long Term Disability Insurance Plan, means your **spouse** if you are legally married, and children if they qualify for benefits under the Federal Social Security Act as a result of your **disability**.

Developmental Disability means a child's substantial handicap which:

- a. results from mental retardation, cerebral palsy, epilepsy, or other neurological disorder; and
- b. is diagnosed by a **Physician** as a permanent or long term continuing condition.

Disability and **Disabled** mean your inability, solely and directly because of sickness or injury:

- a. during the period immediately following the date of **disability**:
 - (1) if not working, to perform the majority of the material duties of your normal job; or
 - (2) if working, to earn more than 80% of your **indexed predisability earnings**; and
- b. after completion of the two-year period immediately following the date of **disability**:
 - (1) if not working, to perform the majority of the material duties of any job that reasonably fits your background and training; or
 - (2) if working, to earn more than the applicable percentage of your **indexed predisability earnings**.

Domestic Partner (for purposes of Dependent Life Insurance) means

Your opposite sex or same sex life partner, provided:

- Your partner is at least 18 years of age; and
- Your partner is not your blood relative; and
- Your partner and you share the same residence; and
- Your partner and you are each other's sole life partner and intend to remain so indefinitely; and
- Your partner and you are jointly responsible for each other's financial welfare; and
- Your partner and you are not in the relationship solely for the purpose of obtaining insurance coverage.

Full-Time; Full-Time Student means your **Dependent** child who:

- a. physically attends classes at a school with a regular teaching staff, curriculum, and student body; and
- b. attends the school for the number of credits, hours, or courses required by the school for **full-time students**. For this purpose, school vacation (excluding a school vacation period immediately after graduation) will be considered a part of full-time school attendance. If a child leaves school during a school term due to sickness or injury, he or she will be considered a **full-time student** until the earlier of:
 - (1) the end of the school term; or
 - (2) the date he or she ceases to be in a **period of limited activity** due to the sickness or injury.

Group Policy means the policy of group insurance issued to the Policyholder by **Us** which describes benefits and provisions for insured Members and **Dependents**.

Hospital means an institution that is:

- a. licensed as a **hospital** by the proper authority of the state in which it is located; and

b. recognized as a **hospital** by the Joint Commission on Accreditation of Healthcare Organizations;

but not including any institution, or part thereof, that is used primarily as a clinic, **nursing facility**, convalescent home,, rest home, home for the aged, nursing home custodial care facility, or training center.

Income Loss Percentage is equal to:

- a. your **indexed predisability earnings** less any earnings from your regular job or other occupation; divided by
- b. your **indexed predisability earnings**.

Indexed Predisability Earnings means your **predisability earnings** adjusted for increases in the Consumer Price Index.

Monthly Budgeted Salary means the amount which is one-twelfth of your **annual budgeted salary** in effect on the date **disability** begins.

Nursing Facility means an institution, including one providing subacute care, or distinct part thereof, that is licensed by the proper authority of the state in which it is located, to provide skilled nursing care and that:

- a. is supervised on a full-time basis by a **physician** or a licensed registered nurse; and
- b. has transfer arrangements with one or more **hospitals**, a utilization review plan, and operating policies developed and monitored by a professional group that includes at least one **physician**; and
- c. has an existing contract for the services of a **physician**, maintains daily records on each patient and is equipped to dispense and administer drugs; and
- d. provides 24-hour nursing care and other medical treatment.

Not included are rest homes, homes for the aged, or places for treatment of mental disease, drug addiction, or alcoholism.

Period of Limited Activity means any period of time during which a person:

- a. is confined in a **hospital** or **nursing facility**; or
- b. whether confined or not, is unable to carry on the regular and usual activities of a healthy person of the same age and sex.

Predisability Earnings mean your **monthly budgeted salary** in effect on the date disability begins.

Physical Handicap means a **Dependent** child's substantial physical or mental impairment which:

- a. results from injury, accident, congenital defect, or sickness; and
- b. is diagnosed by a **physician** as a permanent or long-term dysfunction or malformation of the body.

Physician means a licensed Doctor of Medicine or Osteopathy.

Qualified Faculty or Staff Member means:

- a. a Faculty, Professional, Scientific or Supervisory Exempt Staff Member; or
- b. a Merit Staff Member; or
- c. a House Staff Member;

who holds a regular appointment of 50% time or more.

Qualified Faculty or Staff Member (for purposes of Wraparound Long Term Disability Insurance) means:

- a. a Faculty, Professional, Scientific or Supervisory Exempt Staff Member; or
- b. a Merit Staff Member;

who holds a regular appointment of 50% time or more.

Spouse for the purposes of **Dependent** Life Insurance means your wife or husband, if not in the Armed Forces.

Social Security Normal Retirement Age (SSNRA)

Social Security Normal Retirement Age as defined by the Social Security Administration on the date Disabled.

<u>Year of Birth</u>	<u>Normal Retirement Age</u>
Before 1938	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
After 1959	67

We, Us, and Our mean Principal Life Insurance Company, Des Moines, Iowa.

APPENDIX B

Disability Escalator

- **Eligibility.** The Disability Escalator will only apply to persons who have been **disabled** for at least one year and approved for **disability** benefits, as defined, on or prior to July 1 of each year.
- **Determination of amount of the Disability Escalator.** The amount of the **Disability Escalator** is determined by increases in the Consumer Price Index for Wage Earners and Clerical Workers (called CPI), prepared by the United States Department of Labor. The amount of any increase in the CPI will be determined by dividing the arithmetic mean of the CPI for January, February and March of the current year from the arithmetic mean of the CPI for January, February and March of the prior year. The amount so determined is the **Disability Escalator** for that year, subject to the maximum **Disability Escalator** per year and the application of the Accumulation Reserve.
- **Maximum Disability Escalator Per Year.** The increase in the **disability** benefit produced under the **Disability Escalator** may be no more than 5% per year.
- **Accumulation Reserve.** In those years when the rate of increase indicated by the **Disability Escalator** computation is more than 5%, the excess percentage will be added to an accumulation reserve for each person then eligible for the Escalator provision. In any subsequent year when the **Disability Escalator** is less than 5%, an amount will be withdrawn from the individual's accumulation reserve to allow up to a 5% **Disability Escalator** to be applied for any insured who is then receiving **disability** benefits. Remaining amounts in the accumulation reserve for each individual will continue to be carried forward, and used in the same fashion in subsequent years until the individual's reserve is exhausted.
- **Increase in Disability Benefits.** The increase, if any, in the **disability** benefits produced under the Escalator will be effective on July 1 of each year.
- **Termination of Disability Escalator.** The **Disability Escalator** will not be applied to increase benefit payments after the termination of the plan, even though **disability** benefit payments continue to be made to persons following the time of such a termination.

