



Employee Paid Disability Insurance Plan

University of California

Foreword

The University of California Employee-Paid Disability (EPD) Insurance Plan is designed to protect you against a Total or Partial Disability which may adversely affect your earnings power.

Injuries and Sickness can prevent you from doing your job and result in loss of current income. A Total Disability can have serious financial consequences for you and your family.

The purpose of the University's Employee-Paid Disability Insurance Plan is to provide a partial income replacement benefit if you are unable to work due to a disability covered by the Plan. It supplements the disability coverage available to you through the University-Paid Disability (UPD) Insurance Plan and provides coverage for disabilities that may have a long duration. Details of the plan can be found on the following pages.

It is a pleasure to make this insurance available to you as we believe it enhances the protection afforded by our Group Insurance Program.

The University's Employee-Paid Disability Insurance Plan described here is fully governed by the terms and conditions of contracts between The Regents of the University of California and Liberty Life Assurance Company of Boston, and by the University's Group Insurance Regulations. Those terms and conditions apply if information in this booklet is not the same.

The benefits of the University's Employee-Paid Disability Insurance Plan are subject to change. The University of California intends to continue the Plan described in this booklet but reserves the right to terminate or amend it at any time. If you belong to an exclusively represented bargaining unit, some of your benefits may differ from the ones described herein. Contact your Human Resources or Labor Relations Office for more information.

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Section I – Basic Information About This Plan

The intent of this booklet is to provide you with a brief, non-technical explanation of your benefits under the University-Paid Disability (UPD) and Employee Paid Disability (EPD) plans. Coverage under the EPD Plan supplements the automatic coverage provided by the UPD Insurance Plan.

Words that are capitalized have a technical meaning and are described in the Glossary at the end of this booklet and in the certificate which is available to you upon request when you become covered. The terms “the plan” and “this plan” are generally used in this booklet to describe the Employee-Paid Disability (EPD) Insurance Plan.

Eligibility

You are eligible to enroll in this Plan if you meet **all** the following criteria:

- you are a member of a Defined Benefit Retirement Plan to which the University contributes (such as UCRP, PERS, etc.),
- you are appointed to work at least 50% time for 12 months or more, and
- you maintain average regular paid time equal to 20 hours or more per week.

Certain employment actions may affect your continuing eligibility for this plan. See EMPLOYMENT ACTIONS THAT AFFECT COVERAGE described in Section 5 of this booklet for details.

Monthly Cost

You pay the full cost of monthly premiums for the EPD Plan. Your monthly cost for this plan is based on your age, salary rate, and the Waiting Period you select. To calculate the monthly cost, use the rate factors shown in the table below multiplied by your Monthly Covered Salary Rate up to \$14,286.* This calculation is based on the full-time salary rate for your appointment and applies to both full-time and part-time Employees.

Use the Waiting Period you choose and your age as of January 1 of the current year (or your date of hire, whichever is most recent) to find the rate in this table (This table reflects 2000 rates; subsequent years' rates may change):

| Age | Waiting Period | | | |
|------------|-----------------------|----------------|----------------|-----------------|
| | 7 Days | 30 Days | 90 Days | 180 Days |
| Under 35 | 0.0116 | 0.0043 | 0.0037 | 0.0015 |
| 35-39 | 0.0122 | 0.0047 | 0.0041 | 0.0019 |
| 40-44 | 0.0137 | 0.0058 | 0.0049 | 0.0030 |
| 45-49 | 0.0151 | 0.0068 | 0.0058 | 0.0038 |
| 50-54 | 0.0187 | 0.0087 | 0.0074 | 0.0057 |
| 55-59 | 0.0224 | 0.0125 | 0.0106 | 0.0093 |
| 60-64 | 0.0309 | 0.0203 | 0.0174 | 0.0165 |
| 65-69 | 0.0274 | 0.0159 | 0.0136 | 0.0121 |
| 70 & over | 0.0208 | 0.0088 | 0.0075 | 0.0048 |

*The maximum benefit under this plan is 70% of \$14,286 per month so there is no coverage for any Monthly Covered Salary Rate above \$14,286. If your Monthly Covered Salary Rate is higher than \$14,286 per month, use \$14,286.

Premium Worksheet

To calculate your monthly premium, use your age and Monthly Covered Salary Rate as of January 1 of the current year or your date of hire or plan enrollment, whichever is most recent.

1. Find the premium rate for your age and Waiting Period

premium rate from table

2. Multiply the premium rate by your gross Monthly Covered Salary Rate up to \$14,286 per month. If your Monthly Covered Salary Rate is higher, use \$14,286.

monthly covered
salary rate

3. This is your monthly premium for Employee-Paid Disability (EPD) Insurance

monthly premium

Example: Assume that you are 43 years old, have a gross Monthly Covered Salary Rate of \$3,458, and you select a 30-day Waiting Period.

| | |
|---|----------|
| 1. Premium Rate for your age and Waiting Period | \$0.0058 |
| 2. Your gross Monthly Covered Salary Rate | x 3,458 |
| 3. Your total monthly cost | \$20.06 |

Premiums During A Benefit Period

Your premium payments are waived during any period for which disability benefits are payable. If coverage is to be continued, premium payments may be resumed **when you re-enroll** following a period during which they were waived.

Enrollment

You may enroll in this plan during your "Period of Initial Eligibility" (PIE), which begins on the day you become eligible (Eligibility Date) and ends 31 days following your Eligibility Date. Refer to the Effective Date Of Insurance and Delayed Effective Date For Insurance Section 2 of this booklet for additional details.

Your Campus or Laboratory Benefits or Payroll Office must receive your enrollment form by the end of your PIE. You may also have an additional PIE when you return to work, if you lose coverage during a leave without pay or certain other situations. See your local Benefits Representative for more information.

Late Enrollment

If you do not enroll during your PIE and want to do so later or if you want to shorten your waiting period, you must apply with Liberty using an Evidence of Insurability Application.

In completing the Evidence of Insurability Application you must provide your full health history as requested on the form. At the time of application, Liberty may require a medical examination (at your expense) in addition to the information requested on the form. Application for coverage by Evidence of Insurability is a special administrative process and processing time will vary depending on the timeliness and availability of information Liberty

needs to determine your eligibility for coverage. If you have questions regarding the status of your Application you may contact Liberty directly at:

Liberty Life Assurance Company
P.O. Box 1525
Dover, NH 03820
1-800-210-0268

If you are approved for coverage based on your Evidence of Insurability Application and later file a disability claim under the plan within two years of approval, Liberty will review your Application to determine whether the original medical history you submitted was accurate and complete. Liberty alone makes the decision to accept or deny Applications based on Evidence of Insurability.

Effective Date

Coverage becomes effective the first day you become eligible provided the enrollment form is received in the local Accounting or Benefits Office within your PIE and you are in pay status as well as in Active Employment, based on your normally scheduled workday.

If you are on a paid leave for health reasons or any unpaid leave of absence on the normal effective date, new or increased coverage begins the day following the first full day you return to Active Employment, based on your normally scheduled workday. Refer to the Delayed Effective Date For Insurance provision in Section 2 of this booklet.

If you have applied for coverage by Evidence of Insurability and your Application is approved, your effective date will be the date Liberty approves the Application, provided you meet the Active Employment and pay status requirements above. You must also contact your local Benefits office once Liberty approves your Application so premium contributions may begin.

You may defer the normal effective date of this EPD coverage for up to six months by submitting a written request with your enrollment form during your PIE or with your Evidence of Insurability Application. The decision to defer the effective date of this coverage is irrevocable.

Waiting Period

You may elect one of four Waiting Period options. The Waiting Period under the UPD Plan will correspond with the option elected under this EPD Plan. For example, if you choose the 180 day Waiting Period you will not receive either UPD or EPD benefits until you have satisfied the Waiting Period of 180 days. You may change to a longer Waiting Period at any time by submitting an enrollment form to your local accounting office. However, you may apply for a shorter Waiting Period only by completing an Evidence of Insurability Application. Liberty will decide whether or not your Waiting Period may be shortened based on medical evidence concerning your health.

The period for which a benefit is payable will begin on the later of:

A. the completion of the chosen Waiting Period listed below:

Option 1: on the 8th day of continuous Total Disability or Partial Disability resulting from Injury or Sickness.

Option 2: on the 31st day of continuous Total Disability or Partial Disability resulting from Injury or Sickness.

Option 3: on the 91st day of continuous Total Disability or Partial Disability resulting from Injury or Sickness.

Option 4: on the 181st day of continuous Total Disability or Partial Disability resulting from Injury or Sickness.

- B. exhaustion of accrued sick leave up to 22 working days/ 176 hours (prorated for part-time Employees). This includes any sick leave accrued before or after your last day at work while still on pay status and before benefits begin (see Note below); or
- C. the day earnings cease.

Note: If you choose to use additional sick leave days or other salary continuance for which you are eligible, your benefits will begin after your earnings cease, if you have satisfied your Waiting Period.

If you elect not to use sick leave you have left beyond the required 22 working days/176 hours, and then decide at a later date to use your remaining sick leave or accrued vacation leave, you must contact Liberty so they can temporarily suspend your benefits to avoid an overpayment on your claim. Also, department approval is required for any use of accrued sick or vacation leave.

After you begin your Waiting Period, if you return to work for a consecutive number of days equal to 20% or less of your Waiting Period, you will retain credit for the earlier period if you are Totally Disabled again for the same condition.

Example: You have a 7-day Waiting Period. You satisfy 5 days of the Waiting Period and then return to your normal pre-disability schedule for 1 day. (1 day = 14% of your 7-day Waiting Period). You become Totally Disabled again due to the same condition. In this situation, you will only need to satisfy 2 more days of your Waiting Period because you are given credit for the earlier 5 days satisfied.

If you return for more than 20% of your Waiting Period, and again become Totally Disabled due to the same condition, you will be required to restart the entire Waiting Period.

SHORT TERM EPD COVERAGE (First 12 Months Of Benefits)

For all nonwork-related claims the University-Paid Disability plan pays part of your benefit. For work-related claims, the EPD plan pays benefits in coordination with your Workers' Compensation benefits, and other benefits from other income, if any.

The **Amount of Short Term EPD Insurance Benefits** will be the lesser of:

- (a) 70% of your Eligible Earnings; or
- (b) 70% of your Eligible Earnings less benefits from other income listed in Section 3 of this booklet; or
- (c) the maximum Monthly Benefit of \$10,000.

The **Maximum Benefit Period for Short Term EPD Insurance Benefits** for any one Total Disability will end on the earliest of:

- (a) the end of your Total Disability; or
- (b) the end of your 52nd week of Total Disability for which a benefit is payable.

LONG TERM EPD COVERAGE (After 12 Months Of Benefits)

To be eligible for further benefits under Long Term EPD Coverage, continuing Total Disability is redefined in a long-term disability context. To be sure you are eligible for continued Long Term EPD benefits, refer to the Glossary, for a complete definition of Total Disability from the 13th month of disability onward.

The **Amount of Long Term EPD Insurance Benefits** will be the lesser of:

- (a) 50% of your Eligible Earnings; or
- (b) 70% of your Eligible Earnings less benefits from other income listed in Section 3 of this booklet; or
- (c) the maximum Monthly Benefit of \$10,000.

The minimum Monthly Benefit for Long Term Coverage is \$100.

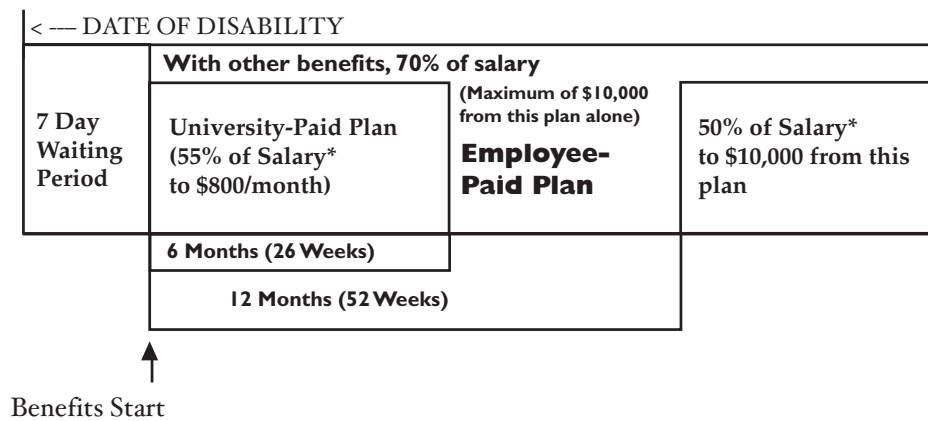
The **Maximum Benefit Period For Long Term EPD Insurance Benefits** will end when you reach age 65, unless the following exceptions apply:

| Age At Disability | Maximum Benefit Period |
|--------------------------|--------------------------------------|
| Less than age 60 | to age 65, but not less than 5 years |
| 60 through 69 | the lesser of 5 years or to age 70 |
| 70 and over | 1 year |

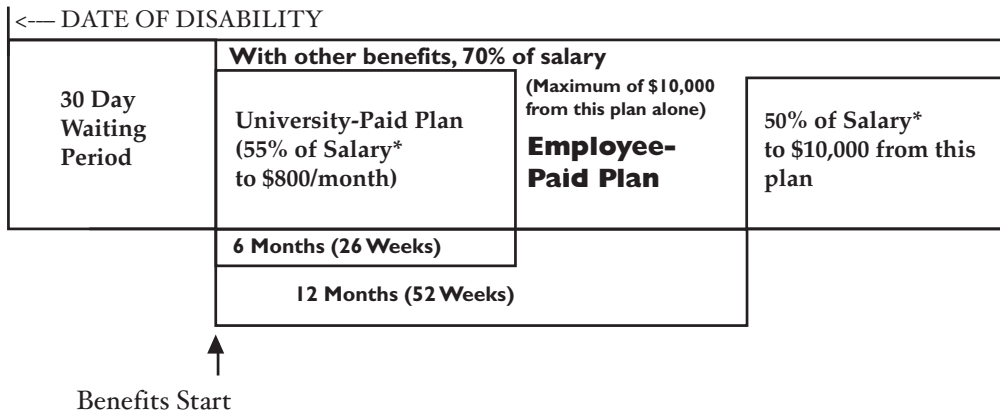
However, the Long Term EPD benefit will be extended beyond the end of your maximum benefit period if you attain the age specified in the Long Term EPD benefit duration while disabled and have not received 12 monthly Long Term EPD benefit payments. In this event, the Long Term EPD benefit period will be extended during the continuance of your Total Disability until 12 monthly payments have been paid.

Please refer to benefit charts on the following pages.

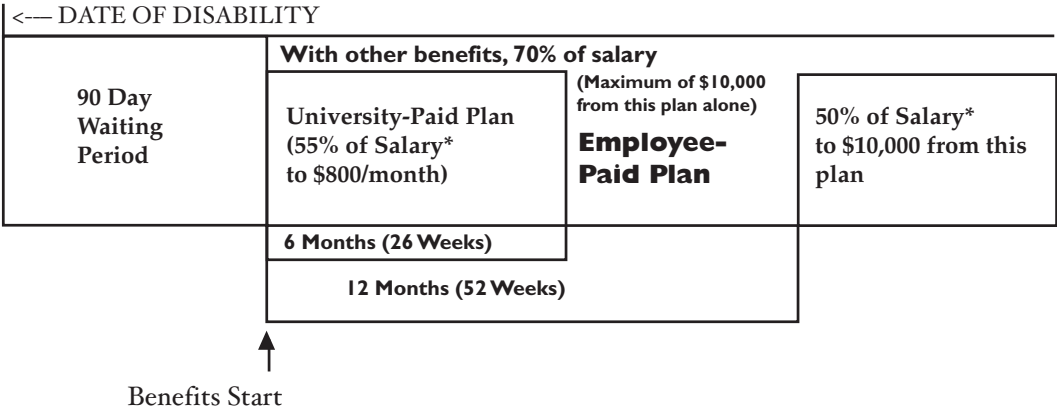
University-Paid and Employee-Paid Disability Plans



University-Paid and Employee-Paid Disability Plans



University-Paid and Employee-Paid Disability Plans



University-Paid and Employee-Paid Disability Plans

| | | | | |
|---------------------------------------|--|---|--|----------------------------|
| <--- DATE OF DISABILITY | | | | |
| 180 Day Waiting Period | With other benefits, 70% of salary | | | |
| | University-Paid Plan (55% of Salary* to \$800/month) | (Maximum of \$10,000 from this plan alone) Employee- Paid Plan | 50% of Salary* to \$10,000 from this plan | |
| | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; padding: 5px;">6 Months (26 Weeks)</td> </tr> <tr> <td style="text-align: center; padding: 5px;">12 Months (52 Weeks)</td> </tr> </table> | | | 6 Months (26 Weeks) |
| 6 Months (26 Weeks) | | | | |
| 12 Months (52 Weeks) | | | | |

↑
Benefits Start

After 12 months, if you continue to be eligible, a \$100 minimum payment will be made regardless of other benefits or payments.

Note: Your disability benefits may not start after the end of your plan waiting period if you choose to use more accrued sick leave or salary continuance.

* Salary means **Eligible Earnings** – See your plan booklet under GLOSSARY.

**University-Paid and Employee-Paid Disability Plans
Use of Sick Leave**

Example 1: You have 24 hours of sick leave at time of disability and have a 30-day plan waiting period.

S/L – Sick Leave
LWOP – Approved Leave without Pay

| | M | T | W | TH | F | SA | SU | |
|----------------------|----------|----------|--|-----------|----------|-----------|-----------|--|
| Date of Disability → | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| WEEK 1 | S/L 1 | S/L 2 | S/L 3 | LWOP | LWOP | | | |
| WEEK 2 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | |
| WEEK 3 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | |
| WEEK 4 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | |
| WEEK 5 | 29 | 30 | ← Waiting Period Satisfied & Disability Benefits Begin | | | | | |

Note: These three examples assume a full-time, Monday through Friday, 40-hour work week. First two examples assume no regularly scheduled, paid holidays.

Waiting period satisfied by 30 calendar days.

**University-Paid and Employee-Paid Disability Plans
Use of Sick Leave**

Example 2: You have 200 hours of sick leave at time of disability and have a 30-day plan waiting period.

| | |
|--------|----------------------------|
| S/L – | Sick Leave |
| LWOP – | Approved Leave without Pay |

| | M | T | W | TH | F | SA | SU |
|----------------------|----------|----------|--|-----------|----------|-----------|-----------|
| Date of Disability → | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| WEEK 1 | s/L 1 | s/L 2 | s/L 3 | s/L 4 | s/L 5 | | |
| WEEK 2 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| | s/L 6 | s/L 7 | s/L 8 | s/L 9 | s/L 10 | | |
| WEEK 3 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| | s/L 11 | s/L 12 | s/L 13 | s/L 14 | s/L 15 | | |
| WEEK 4 | 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| | s/L 16 | s/L 17 | s/L 18 | s/L 19 | s/L 20 | | |
| WEEK 5 | 29 | 30 | ← Waiting Period Satisfied & Disability Benefits Begin | | | | |
| | s/L 21 | s/L 22 | | | | | |

Note: These three examples assume a full-time, Monday through Friday, 40-hour work week. First two examples assume no regularly scheduled, paid holidays.

You have 24 hours of sick leave remaining

Waiting period satisfied by both 22 sick leave days and 30 calendar days.

**University-Paid and Employee-Paid Disability Plans
Use of Sick Leave**

Example 3: You have 200 hours of sick leave at time of disability and have a 30-day plan waiting period. Also, there is a 2-day regularly scheduled paid holiday (ex. Thanksgiving).

| | |
|--------|----------------------------|
| S/L – | Sick Leave |
| LWOP – | Approved Leave without Pay |

| | M | T | W | TH | F | SA | SU |
|----------------------|----------|----------|----------|-----------|--|-----------|-----------|
| Date of Disability → | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| WEEK 1 | S/L 1 | S/L 2 | S/L 3 | S/L 4 | S/L 5 | | |
| WEEK 2 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| WEEK 3 | S/L 11 | S/L 12 | S/L 13 | S/L 14 | S/L 15 | 20 | 21 |
| WEEK 4 | S/L 16 | S/L 17 | S/L 18 | HOL | HOL | 27 | 28 |
| WEEK 5 | S/L 19 | S/L 20 | S/L 21 | S/L 22 | ← Waiting Period Satisfied & Disability Benefits Begin | | |

Note: These three examples assume a full-time, Monday through Friday, 40-hour work week. First two examples assume no regularly scheduled, paid holidays.

You have 24 hours of sick leave remaining

Waiting period satisfied by 22 sick leave days.

Section 2 – Effective Dates

Effective Date Of Insurance

Your insurance will be effective at 12:01 A.M. Standard Time in the governing jurisdiction on the day determined as follows, but only if your written Application for insurance is made with Liberty through the University of California.

You will be insured for EPD contributory insurance on the latest of these dates:

1. your Eligibility Date, if you make written Application for insurance (enrollment form) during your Period of Initial Eligibility (PIE); or
2. the date Liberty gives its approval, if you:
 - a. apply after your PIE;
 - b. terminate your insurance while continuing to be eligible; or
 - c. apply for a shorter Waiting Period.

In the case of a., b., and c. above, you must submit an Evidence of Insurability Application to Liberty for approval and then complete the enrollment with the University. This will be at your expense.

Delayed Effective Date For Insurance

The effective date of any initial, increased or additional insurance for you will be delayed if you are not in Active Employment because of Injury or Sickness. The initial, increased or additional insurance will start on the day following the date you complete one full day of Active Employment, based on your normally scheduled work day.

Section 3 – Disability Income Benefits

GENERAL INFORMATION

The Employee-Paid Disability (EPD) Insurance Plan pays benefits every two weeks during the first 12 months (Short Term Disability period) and every month thereafter (Long Term Disability period) as long as you continue to qualify for benefits.

For nonwork-related disabilities during the first 26 weeks of your EPD benefit period, part of your benefit will be paid by the University-Paid Disability Plan. The University-Paid benefit is calculated as follows:

- | | |
|--|--------------------|
| 1. Monthly Eligible Earnings | \$ 3,000 |
| 2. Monthly University-Paid Disability Income | \$ 800 |
| (55% of \$3,000=\$1,650 but \$800 is maximum Monthly Benefit under the plan) | |
| 3. Benefit Period | (6 months maximum) |
| TOTAL UPD BENEFIT (\$800 X 6 mos.) | \$ 4,800 |

SHORT TERM EPD COVERAGE

When Is Your Short Term EPD Benefit Payable?

When Liberty receives proof that you are Totally or Partially Disabled due to Injury or Sickness and require the regular attendance of a Physician, Liberty will pay you a bi-weekly benefit after the end of your Waiting Period. The benefit will be paid for the period of your Total or Partial Disability if you give to Liberty proof of continued (1) Total or Partial Disability; and (2) regular attendance of a Physician. The proof must be given upon Liberty's request and at your expense.

Liberty requires that you be under the direct and continuous care of a Physician who will provide medical documentation proving your continuous Total or Partial Disability. This Physician care should begin no later than 7 days following the date you are first unable to work on an Active Employment basis. Telephone contact with your Physician is not considered direct care or regular attendance of your Physician. See Glossary of this booklet for more information on the definition of Total Disability or Partial Disability.

For the purpose of determining Total or Partial Disability: (1) the Injury must occur and your disability must begin while you are insured for this coverage; and (2) disability which is the result of your Sickness must begin while you are insured for this coverage. In addition, a loss of a license for any reason does not, in itself, constitute Total Disability.

Your Monthly Benefit will not exceed the amount of insurance benefits nor be paid for longer than the maximum benefit period. The amount of insurance benefits and the maximum benefit period are shown in Section 1 – Basic Information About This Plan.

**Calculation Of Short Term Disability Monthly Benefit
(During The First 12 Months Of Benefits)**

To figure your Monthly Benefit:

1. multiply your Eligible Earnings by 70%.
2. take the lesser of:
 - a. the amount figured in step (1) above; or
 - b. 70% of your Eligible Earnings less the benefits from other income shown below; or
 - c. the maximum Monthly Benefit shown in Section 1 – Basic Information About This Plan.

Note: The Short Term EPD Benefit supplements Workers' Compensation benefits ONLY if all sick leave and Extended Sick Leave is used up, not just the 22 working days/176 hour maximum required by this plan.

Benefits From Other Income (Short Term EPD)

Benefits from other income are those benefits shown below and under "Lump Sum Benefit Payments" (Section 3):

1. any disability or Retirement Benefits for which you are eligible under Social Security; or
2. any other governmental program or coverage required or provided by statute; or
3. any benefit payable under Workers' Compensation law or any other act or law of like intent; or
4. the amount of earnings you earn or receive from any form of rehabilitative employment or any other salary, wages, or payments except for Health Sciences Supplemental Income by the University to you; or
5. disability or Retirement Benefits under any Defined Benefit Retirement Plan for which a University Employee receives credit for University service.

Note: Liberty will not offset University sponsored group disability benefits available to certain Employees with respect to compensation that is not covered by University disability programs such as disability coverage of Health Sciences Supplemental Income.

Liberty will not offset your benefit with (a) any disability benefits from privately purchased individual disability insurance policies; or (b) Defined Contribution Plan benefits (DCP) such as TIAA-CREF, 401k plans and 403b plans through UC and other employers.

Example Of STD Plan Benefits

A. You become disabled at age 35 and remain disabled for two months. You have no other benefits from other income except University-Paid Disability benefits.

| | |
|--|------------|
| 1. Monthly Eligible Earnings | \$ 1,750 |
| 2. Monthly Employee-Paid Disability Income (1 st 12 months-70% of \$1,750) | \$ 1,225 |
| 3. Benefit Period | (2 months) |
| TOTAL UPD & EPD BENEFIT (\$1,225 x 2 mos.) | \$ 2,450 |

Benefit Periods Less Than A Week

For any period for which a UPD benefit or a Short Term EPD benefit is payable that does not extend through a full week, the benefit will be paid on a prorated basis. The rate will be 1/7th per day for such period of Total Disability.

Termination Of Your Short Term EPD Benefit

Your Monthly Benefit will cease on the earliest of (1) the date you are no longer Totally or Partially Disabled; or (2) the date you die; or (3) the end of your maximum benefit period; or (4) the date you begin work for another employer for wage or profit unless you are on approved Rehabilitative Employment Status or Stay At Work/Return To Work (SAW/RTW) Status; or (5) for those on Rehabilitative Employment Status, the date your current earnings and benefits from other income exceed 80% of your Pre-Disability Earnings; or (6) for those on SAW/RTW Status, the date your current earnings while on SAW/RTW exceed 80% of your Pre-Disability Earnings; or (7) for those on SAW/RTW Status, the date your current earnings and benefits from other income exceed 100% of your Pre-Disability Earnings.

LONG TERM EPD COVERAGE

When Is Your Long Term EPD Benefit Payable?

When Liberty receives proof that you are Totally Disabled due to Injury or Sickness and require the regular attendance of a Physician, Liberty will pay you a Monthly Benefit after you have exhausted your Short Term EPD benefits. The benefit will be paid for the period of your Total Disability if you give to Liberty proof of continued (1) Total Disability; and (2) regular attendance of a Physician. The proof must be given upon Liberty's request and at your expense.

Liberty requires that you be under the direct and continuous care of a Physician who will provide medical documentation proving your continuous Total Disability. Telephone contact with your Physician is not considered direct care or regular attendance of your Physician. See the Glossary of this booklet for more information on the definition of Total Disability.

Your Monthly Benefit will not exceed the amount of insurance benefits or be paid for longer than the maximum benefit period shown in Section 1 – Basic Information About This Plan.

Calculation Of Long Term Disability Monthly Benefit (After 12 Months Of Benefits)

To figure your Monthly Benefit:

1. multiply your Eligible Earnings by 50%.
2. take the lesser of:
 - a. the amount figured in step (1) above; or
 - b. 70% of your Eligible Earnings less your benefits from other income shown below; or
 - c. the maximum Monthly Benefit shown in Section 1 – Basic Information About This Plan.

Benefits From Other Income (Long Term EPD)

Your benefits from other income are those benefits shown below and under “Lump Sum Benefit Payments” (Section 3):

1. The amount for which you are eligible under:
 - a. Workers' Compensation Law (temporary benefits)
 - b. occupational disease law;

- c. any compulsory benefit act or law;
 - d. any other act or law of like intent.
2. The amount of any disability benefits which you are eligible to receive under:
 - a. any other group insurance plan of the University, excluding Accidental Death and Dismemberment (AD&D);
 - b. any governmental retirement system as a result of your job with the University.
 3. The amount of any disability benefits or Retirement Benefits you voluntarily elect to receive as retirement payment under the University's Retirement Plan;
 4. The amount of benefits you receive: (a) under any other disability plan, or (b) under any Defined Benefit Retirement Plan for which you receive credit for University service.
 5. The amount of disability and/or Retirement Benefits under the United States Social Security Act, the Canada Pension Plan, the Quebec Pension Plan, or any similar plan or act, which (a) you receive or are eligible for; and (b) your spouse, minor child or minor children* receive or are eligible for because of your disability; or (c) your spouse, minor child or minor children* receive or are eligible for because of your eligibility for Retirement Benefits.

*Liberty will not offset your disability benefit with any Social Security Benefits your child or children receive or are eligible for if the child or children are not living with you on a permanent basis.

6. The amount of earnings you earn or receive from any form of employment or any other salary, wages or payments except for Health Sciences Supplemental Income by the University to you.

Note: Liberty will not offset for University sponsored group disability benefits available to certain Employees with respect to compensation that is not covered by University disability programs such as disability coverage of Health Sciences Supplemental Income.

Liberty will not offset your benefit with (a) any disability benefits from privately purchased individual disability insurance policies; or (b) Defined Contribution Plan benefits (DCP) such as TIAA-CREF, 401k plans and 403b plans through UC and other employers.

Benefits from other income, except Retirement Benefits, must be payable as a result of the same disability for which Liberty pays a benefit.

Examples Of LTD Plan Benefits

You become disabled at age 35 and remain disabled until your death at age 60. You have no other benefits from other income except University-Paid Disability benefits.

| | |
|--|-----------|
| A. Monthly Eligible Earnings | \$ 1,750 |
| 1 st 12 months: Monthly Employee-Paid (including 6 months of University-Paid) Disability Income equals 70% of \$1,750 | \$ 1,225 |
| 13 th month to death: Monthly Employee-Paid Disability Income equals (50% of \$1,750) | \$ 875 |
| Total Benefit Period (300 months) | |
| TOTAL EPD BENEFIT (\$1,225 x 12 mos. + \$875 x 288 mos.) | \$266,700 |

B. You become disabled at age 40 and remain disabled until your return to work at age 44. In addition to EPD benefits, you have benefits from other income that you are receiving which start with the 13th month of disability.

- | | |
|--|-----------|
| 1. Monthly Eligible Earnings | \$ 3,000 |
| 2. Monthly Employee-Paid Disability Income (1 st 12 months-70% of \$3,000) | \$ 2,100 |
| (no other benefits from other income) | |
| 3. Unadjusted Monthly Employee-Paid Disability Income (13 th month to return to work) | \$ 1,500* |
| (50% of \$3,000) | |

*Adjustment calculation
(maximum benefit equals 70% from
all sources)

| | | |
|----------------------------|---|----------|
| 70% of \$3,000 | = | \$ 2,100 |
| Benefits From Other Income | = | \$ 1,000 |
| \$2,100 minus \$1,000 | = | \$ 1,100 |

Long Term EPD benefit is smaller of
\$1,500 (50% of salary) or \$1,100

| | |
|---|----------|
| Adjusted Long Term EPD benefit payable | \$ 1,100 |
|---|----------|

- | | |
|---|----------|
| 4. Benefit Period (48 months) | |
| TOTAL EPD BENEFIT ((\$2,100 x 12 mos. + \$1,100 x 36 mos.) | \$64,800 |

C. You become disabled at age 71 and remain disabled until your death at age 76. In addition to EPD benefits, you receive benefits from other income starting with the 13th month of disability. At age 71, your maximum LTD benefit period after the STD period is 12 additional months.

- | | |
|---|-------------|
| 1. Monthly Eligible Earnings | \$ 5,000 |
| 2. Monthly Employee-Paid Disability Income (1 st 12 months – 70% of \$5,000) | \$ 3,500 |
| 3. Unadjusted Monthly Employee-Paid Disability Income (13 th month to end of benefit) | \$ 2,500 ** |
| (50% of \$5,000) | |

**Adjustment calculation (maximum benefit
equals 70% from all sources)

| | | |
|----------------------------|---|----------|
| 70% of \$5,000 | = | \$ 3,500 |
| Benefits From Other Income | = | \$ 3,500 |
| \$3,500 minus \$3,500 | = | \$ 0 |

(minimum benefit of \$100 per month)

| | |
|---------------------------------------|-------------|
| Adjusted monthly EPD benefit payable | \$ 100 |
| 4. Benefit Period | (24 months) |
| TOTAL EPD BENEFIT | |
| (\$3,500 x 12 mos. + \$100 x 12 mos.) | \$43,200 |

Benefit Periods Less Than A Month

For any period for which a Long Term EPD benefit is payable that does not extend through a full month, the benefit will be paid on a prorated basis. The rate will be 1/30th per day for such period of Total Disability.

Termination Of Your Long Term EPD Benefits

Your Monthly Benefit will cease on the earliest of (1) the date you are no longer Totally Disabled; or (2) the date you die; or (3) the end of your maximum benefit period; or (4) the date you begin work for another employer for wage or profit unless you are on approved Rehabilitative Employment Status or SAW/RTW; or (5) for those on Rehabilitative Employment Status, the date your current earnings and benefits from other income exceed 80% of your Pre-Disability Earnings; or (6) for those on SAW/RTW Status, the date your current earnings while on SAW/RTW exceed 80% of your Pre-Disability Earnings; or (7) for those on SAW/RTW Status, the date your current earnings and benefits from other income exceed 100% of your Pre-Disability Earnings.

INFORMATION AFFECTING BOTH STD AND LTD BENEFITS

UC-Sponsored Medical And Life Insurance Plans While Receiving Benefits

Medical Plan

During the first six months (26 weeks) of disability benefits for a nonwork-related disability, part of your disability benefit will be paid by the University-Paid Disability (UPD) plan. If you have medical plan coverage and all premiums due have been paid at the time you become eligible for UPD benefits, the UC contribution for your medical plan will begin on the first of the month after your disability benefits begin, and will continue until the last day of the month following the month in which the UPD benefits end provided:

- (a) you do not separate from UC employment, and
- (b) your UC medical coverage is continuous.

If you go off pay status during your Waiting Period and wish to ensure your UC medical coverage is continuous, you must make arrangements with the local Accounting Office to pay the gross monthly medical premiums directly until the UPD part of your benefits begins. Once the UC contribution resumes, you must pay any net cost of medical coverage.

Even if your approved leave without pay and EPD benefits continue beyond the day your UPD benefits end, the UC medical plan contributions will stop after 6 months. If you are still on an approved leave of absence, you may make direct payments of your gross medical plan premiums through your local Accounting Office to maintain coverage. See your local Benefits Representative for information.

Life Insurance

If you are enrolled in University-sponsored Employee-Paid Life Insurance and become Totally Disabled, you may qualify for a waiver of your Employee-Paid Life Insurance premium. See your Benefits Representative for more information and a claim form.

Taxes On Benefits

The UPD portion of your disability benefit is fully taxable. You may voluntarily elect to have Federal taxes deducted from your benefit checks by requesting and completing a Liberty tax withholding authorization form. If OASDI/Medicare has been deducted from your regular pay, it will be deducted from your UPD benefit check during the first six months following your date of disability. If OASDI/Medicare is not deducted from your regular pay, it will not be deducted from your UPD benefits.

The EPD portion of your disability benefit is generally not taxable.

Cost Of Living Increases

After the first deduction for each of your benefits from other income, your Monthly Benefit will not be further reduced due to any cost of living increases payable under the benefits from other income provision of this plan. This provision does not apply to increases received from any form of employment.

State Disability Insurance (SDI)

University Employees are not eligible for California State Disability Insurance (SDI) available through private employers or California Non-Industrial Disability Insurance (NDI) coverage offered by public employers. Instead, the University offers a University-Paid Disability (UPD) Insurance Plan which may not necessarily have the same provisions as SDI and NDI.

However, if you have been employed by the University for less than 18 months, you may be eligible for SDI benefits through your previous employer. In this case, it is advisable to file a claim for SDI benefits as soon as possible. Before submitting a claim to Liberty, you should call or write the State Employment Development Department (EDD) to obtain a determination, in order to insure that your Liberty benefits are calculated properly.

UPD and EPD benefits are offset by the amount of SDI if you have been employed at the University for less than 18 months. UPD and EPD benefits are not offset by SDI for disabilities beginning after you have been employed at the University for 18 months or more or in a situation where SDI benefits are payable for another job.

Social Security Benefits

You must make Application with the Social Security Administration for benefit payments under that plan when it is determined that the Total Disability will extend beyond a 12 month period. If you do not make Application for Social Security disability benefits, your EPD benefit will still be reduced by an estimated Social Security disability benefit amount.

If the Application is denied by the Social Security Administration, the University requires you to appeal the denial to the full extent afforded under the Social Security appeals process. If you do not appeal the denial, your benefit will still be reduced by an estimated Social Security Disability benefit amount.

In the event that Social Security disability benefits are awarded and the amount you are eligible to receive was overestimated by Liberty, you will be reimbursed for such amount.

Lump Sum Benefit Payments

If you receive benefits from other income which are paid in a lump sum, such as a retroactive Social Security award or retroactive UCRP disability benefits, the benefits will be prorated on a monthly basis over the time period for which the sum is given or the maximum benefit period, whichever is less. This monthly amount will then offset your benefit from Liberty.

Benefits from other income treated as lump sum benefits include, but are not limited to, the following, with offsets to your Liberty benefit as noted:

1. Lump-Sum Cashout from the University of California Retirement Plan (UCRP) – a one-time offset in the month in which the Lump-Sum Cashout payment is made.
2. Capital Accumulation Provision (CAP) benefit under UCRP – a one-time offset in the month in which the CAP payment is made.
3. Payout of Terminal Vacation Leave – if terminal vacation leave is paid out in a lump sum, it is not an offset for disability benefit purposes. If terminal vacation leave is paid out in periodic payments as regular pay, it is offset as any full or partial wage or salary payments or other payments by the University would be.
4. Executive Severance Pay/Health Science Severance Pay – offset in the month in which the severance payment is received.
5. Defined Contribution Retirement Plan benefits from a University-sponsored plan or from a plan sponsored by any other employer (e.g., TIAA-CREF) are not offset, whether paid by lump sum or by periodic payments.
6. Settlements are offset if they are paid as wage replacement or in lieu of wages.

In the event of a one-time payment under a special University program, such as any early retirement program or any other special program, the University directions announced at the time of the special payment will apply.

RETURN TO WORK

You are eligible for a number of plan features that will assist you in returning to work as soon as you are able. Liberty provides assistance with return to work through its own and the University's vocational rehabilitation staff. You may also work directly with your local vocational rehabilitation and human resources staff to help you return to your previous job, a transitional work assignment, or a completely different position.

Stay At Work/Return To Work (SAW/RTW)

This provision applies only to claims with a date of disability on or after January 1, 2000.

If you are Partially Disabled, SAW/RTW allows you to receive a Partial Disability benefit for up to 12 months. This means that you may be able to stay at work part-time during an illness, return to work on a part-time basis following Total Disability or perform an alternate job at lesser earnings and still be eligible to receive a modified benefit. An alternate job at lesser earnings means a job where you might work as much as full-time but your earnings are equal to 80% or less than 80% of your Pre-Disability Earnings.

When Liberty receives proof that you are Partially Disabled from Injury or Sickness, they will pay you a SAW/RTW benefit after you have satisfied your Waiting Period. Your Waiting Period may be satisfied with any combination of Total or Partial Disability days. To receive SAW/RTW benefits, you must provide proof of continued Partial Disability and regular attendance of a Physician. In addition, your department or University location will need to determine whether they can offer you a temporary alternative work schedule. While on SAW/RTW status, you are not required to pay the EPD premium even though you are working part-time on University pay status.

Your SAW/RTW benefit will be calculated by taking your Pre-Disability Earnings, subtracting your earnings from Partial Disability employment and any benefits from other income, and then multiplying the result by 70%. In no case will the total benefits and other income exceed 100% of your Pre-Disability Earnings. Your SAW/RTW benefit will never exceed the maximum benefit as described in Section 1 – Basic Information About This Plan. The SAW/RTW benefit is available for a maximum duration of 12 months.

Contact your Liberty Mutual Case Manager for a SAW/RTW Status Application. This application must be submitted to Liberty and approved before you begin your modified/part-time assignment.

Rehabilitative Employment Status

This provision applies only to claims with a date of disability before January 1, 2000.

Rehabilitative Employment Status allows you to return to work gradually on a structured part-time basis while continuing to receive a modified benefit, with the goal of increasing your hours at work to full-time.

If you become eligible to receive or are receiving UPD and/or EPD benefits and you apply in advance in writing, Liberty may reclassify your claim as “Rehabilitative Employment Status” (a trial work period) under the UPD and EPD plans to assist your return to full-time work. If Rehabilitative Employment Status is approved, it will be for a limited time (no more than three months at a time). During this period, you will receive a reduced EPD benefit that takes into account your earnings during this period.

Liberty will need Objective Medical Evidence from your attending Physician, and vocational information in order to evaluate your continuous Total Disability and determine the length of any Rehabilitative Employment Status. Liberty will notify you in writing of its decision regarding Rehabilitative Employment Status.

Your Rehabilitative Employment Status may be extended or renewed by Liberty from time to time, but not more than three months at a time. The total length of your Rehabilitative Employment Status will not be more than 12 months for all disabilities due to the same or related causes and cannot be longer than the plan’s maximum benefit period for your age and diagnosis. While on Rehabilitative Employment Status you are not required to pay the EPD premium even though you may have returned to part-time University pay status.

If you are on Rehabilitative Employment Status and engage in any gainful occupation, you will not lose your eligibility for EPD benefits while attempting to perform work. However, once you have demonstrated the ability to work consistently at a level making you competitive in the work force, you are no longer considered Totally Disabled and your Rehabilitative Employment Status and EPD benefits will end. To be considered eligible and to remain eligible for Rehabilitative Employment Status, your benefits under this EPD plan and from other sources of income must not be more than 80% of your Eligible Earnings from University employment before the beginning of Total Disability. This includes any full or partial wages or other payments to you from any source of employment.

The salary used to determine your initial EPD benefit will be reduced by your wages earned while on Rehabilitative Employment Status and if applicable, other sources of income. Your EPD benefit would then be 70% of your adjusted salary. In no event will the benefit payable to you under the plan while you are on Rehabilitative Employment Status be greater than the maximum Monthly Benefit shown in Section 1 – Basic Information About This Plan.

Contact your Benefits Representative for a Rehabilitative Employment Status application. This application must be submitted to Liberty and approved before you return to work on a trial basis.

Successive Periods Of Total Disability

If you return to work and become Totally Disabled again, you may qualify for a Successive Period of Total Disability. A “Successive Period of Total Disability” is a Total Disability which is related or due to the same cause(s) as a prior Total Disability for which a Monthly Benefit was payable.

A. During the first 12 months of benefits:

A Successive Period of Total Disability will be treated as part of your prior Total Disability if, after receiving Total Disability Benefits under this coverage, you (1) return to work for the University on an Active Employment basis, based on your normally scheduled workday; and (2) in less than four consecutive weeks (based on your normally scheduled work week) after you return to work for the University and while covered under this plan, you again become Totally Disabled due to the same or related cause as the prior Total Disability. Benefit payments will be subject to the terms of this coverage for your prior Total Disability. For example, if you normally work 8 hours a day, Monday through Friday each week, then you must be in Active Employment less than twenty consecutive 8-hour days to satisfy this requirement.

If you return to a job with the University on an Active Employment basis for four consecutive weeks or more (not including paid holidays), the Successive Period of Total Disability will be treated as a new period of Total Disability. You must complete another Waiting Period.

B. Beginning with the 13th month of benefits:

A Successive Period of Total Disability will be treated as part of your prior Total Disability if, after receiving Total Disability Benefits under this coverage, you (1) return to work for the University on an Active Employment basis, based on your normally scheduled workday; and (2) in less than six consecutive months after you return to work for the University and while covered under this plan, you again become Totally Disabled due to the same or related cause as the prior Total Disability. Benefit payments will be subject to the terms of this coverage for your prior Total Disability.

If you return to a job with the University on an Active Employment basis for six consecutive months or more, the Successive Period of Total Disability will be treated as a new period of Total Disability. You must complete another Waiting Period.

For All Successive Periods Of Total Disability

You may take up to one-half day off per week, based on your normal work schedule, for routine follow-up appointments with your attending Physician without being required to restart the four-week period (with respect to A. above) or six-month period (with respect to B. above). However, if you take additional vacation, compensated time and/or sick leave before the completion of the four-week period (with respect to A. above) or six-month period (with respect to B. above), you will be required to restart this period.

If regular University holidays are scheduled during this period, they will not be counted as workdays nor will they be considered a reason to restart the four-week period (with respect to A. above) or six-month period (with respect to B. above). The balance of the period should be completed beginning with the first workday after the holiday. Changes to your work schedule made after the date of disability will not be considered a normal work schedule for this purpose.

If a later disability is due to an unrelated cause and you had returned to full-time Active Employment based on your normally scheduled workday, it will be considered a new disability and a new Waiting Period will apply.

If you become eligible for coverage under any other employer's group Short Term or Long Term Disability coverage, this Successive Period of Disability provision will cease to apply to you.

Section 4 – Exclusions

General Exclusions

Disabilities That Are Not Covered

This plan will not cover any Total or Partial Disability due to:

1. war, declared or undeclared or any act of war;
2. intentionally self-inflicted injuries;
3. active Participation in a Riot;
4. your committing of or attempting to commit an indictable offense;
5. For UPD benefits only, a Monthly Benefit will not be payable if you become Totally or Partially Disabled due to:
 - Injury that arises out of or in the course of employment; or
 - Sickness when a benefit is payable under a Workers' Compensation law, or any other act or law of like intent.

“Participation” in a riot shall include promoting, inciting, conspiring to promote or incite, aiding, abetting, and all forms of taking part in, but shall not include actions taken in defense of public or private property, or actions taken in defense of yourself, as long as such actions of defense are not taken against persons seeking to maintain or restore law and order including, but not limited to police officers and firemen.

“Riot” shall include all forms of public violence, disorder or disturbance of the public peace, by three or more persons assembled together, whether or not acting with a common intent and whether or not damage to persons or property or unlawful act or acts is the intent or the consequence of such disorder.

Pre-Existing Condition Exclusion

Short Term Disability benefits (first 12 months) under this plan will not be subject to a pre-existing condition exclusion.

After 12 months of benefits, the Pre-Existing Condition Exclusion will apply to any Long Term Disability Sickness or Injury as follows:

If medical treatment (including examination, laboratory test, diagnosis and/or prescription) of any kind was prescribed for or rendered to or received by you during the 90 days immediately before the effective date of your coverage under this plan:

1. a period of Total Disability due to that Sickness or Injury that begins within 12 months of the effective date of your coverage under this plan will not be covered for Long Term Disability benefits; and
2. any later Total Disability considered a continuation of that period of Total Disability, will not be covered.

For the purpose of this Pre-Existing Condition Exclusion, a Total Disability is considered a continuation of an earlier period of Total Disability if both are due to the same or related Sickness or Injury and are not separated by both:

- (a) your return to full-time Active Employment based on your normally scheduled workday, and

- (b) a continuous period of 90 days after your return to full-time Active Employment during which no medical treatment (including examination, laboratory test, diagnosis and/or prescription) of any kind was prescribed for or rendered to or received by you in connection with that Sickness or Injury.

If you are a former Employee and are re-hired by the University within 120 days following your termination date and had been continuously insured under this plan for 12 consecutive months prior to your termination date, you will not be required to re-satisfy the Pre-Existing Condition Exclusion. If you are re-hired by the University more than 120 days after your termination date, you will be considered a new Employee and will be required to re-satisfy the Pre-Existing Condition Exclusion.

Mental Illness And Substance Abuse Limitation

This section applies after the Short Term Disability period (first 12 months of benefits) has expired. If your Total Disability, as determined by Liberty, is caused at least in part by a mental, psychoneurotic or personality disorder or substance abuse, disability benefits are not payable for your Total Disability for more than 24 additional months beginning with the 13th month of EPD benefits. At the end of the 24 month period during which Long Term EPD benefits are payable, if you are Continuously Hospitalized for one or more of the disorders above, benefits will be payable for the duration of that hospitalization.

The 24 month limit is a lifetime maximum, but benefits are not payable for more than the maximum benefit period shown in Section 1 – Basic Information About This Plan.

“Continuously Hospitalized” means you are hospitalized at some point before the end of the 24 month period, but not necessarily from the beginning of the benefit period, and are discharged some time after the end of the 24 month period. Benefits will continue while you are hospitalized but not beyond the normal plan limits.

Section 5 – Termination Provisions

End Of Your Insurance

You will cease to be insured on the earliest of the following dates:

1. the date this plan terminates, but without prejudice to any claim originating prior to the time of termination;
2. the date you are no longer in an eligible class;
3. the date your class is no longer included for insurance;
4. the last day for which your required contribution has been made;
5. the date your employment terminates. Cessation of Active Employment will be deemed termination of employment, except the insurance will be continued for you if you were absent due to disability during your Waiting Period and the period during which premium is being waived. Refer to Employment Actions That Affect Coverage, which follows, for additional information.

Liberty reserves the right to review and terminate all classes insured under this plan if any class(es) cease(s) to be covered.

EMPLOYMENT ACTIONS THAT AFFECT COVERAGE

Termination Or Retirement

If you leave or retire from University employment, your disability insurance coverage ends on your last day in Active Employment before your termination or retirement.

If you become Totally Disabled before you are laid off, terminate, or retire from employment, your eligibility to receive benefits will continue until your disability ends or until the maximum benefit period is reached, whichever occurs first, provided you were disabled while still in Active Employment and benefits have been approved.

Benefits are not payable for any period of time in which you are not normally scheduled to work. Benefits are not payable beyond the date of death.

Reduction In Appointment

If your appointment is reduced to less than 50% time, coverage under this plan ends on the last day of Active Employment prior to the reduction in your appointment.

Reduction In Average Regular Paid Time

After two consecutive months of insufficient average regular paid time (20 hours per week), coverage under this plan ends the first of the following month.

Layoff Or Leave Of Absence

If you are placed on temporary layoff or take an approved leave of absence without pay, coverage ends on the last day of Active Employment. If you take a leave of absence with pay for non-health reasons, coverage may continue, subject to the required premium payments, for up to two years from the date the leave begins, as long as (a) your appointment is at least 50%; and (b) your average regular paid time is at least 20 hours per week; and (c) your earnings are covered by a University-sponsored defined benefit plan; and (d) your paycheck is large enough to cover the required premium contributions.

Coverage ends at the end of the 24th month or on the last day before a pay period in which any of these conditions is unmet. You must submit a cancellation form to your local Accounting Office to stop premium deductions by the 25th month of your leave.

If you take a leave with pay for health reasons, coverage ends on the last day of Active Employment before the leave begins.

Sabbatical

If you are on sabbatical leave at 50% time or more, your payroll deductions for EPD and the University's contribution for UPD will continue. You will be covered for disabilities beginning during this leave. If you are on sabbatical leave at less than 50% time you may continue coverage during this sabbatical by paying your regular EPD premium directly to the local Accounting Office. Your University contribution for your UPD coverage will continue. If you do not pay the EPD premium, you will not have EPD coverage. You will only have UPD coverage.

Benefits are based on your full pay before your sabbatical leave begins. (Salary or pay used to determine benefits is defined under "Eligible Earnings" in the Glossary.) If your sabbatical is preceded or followed by an approved leave of absence without pay, see your Benefits Representative for more information.

Furlough

If you are on furlough you may continue EPD coverage during the furlough by paying your regular EPD premium directly to the local Accounting Office during the period off pay status. Your University contribution for your UPD coverage will continue up to four months after furlough begins. Disabilities that begin during furlough are covered; however, no benefits are payable for periods you are scheduled to be off pay status. Benefits are based on your full pay for periods when you were scheduled to be on full pay status. (Salary or pay used to determine benefits is defined under "Eligible Earnings" in the Glossary.) If you do not pay the EPD premium during a furlough, you will not have EPD coverage. You will only have UPD coverage.

Regardless of how your salary is paid (e.g., work only ten months, furlough two months, but pay is over twelve months) you will not receive disability benefits during your scheduled furlough period.

After 12 months of Total Disability benefits, a salary adjustment is made so that Long Term Total Disability benefits are continuous rather than stopping for scheduled periods of furlough. An adjustment is made by multiplying the Eligible Earnings the Employee was appointed to receive for the full calendar month before the month in which Total Disability begins by the number of months the Employee is normally scheduled to work. The result is divided by 12 to arrive at the monthly salary on which Long Term disability benefits will be based.

Example: Assume you are an Employee on furlough 2 months each year:

| | |
|---|--------------------|
| Salary for month before disability | \$1 ,500 |
| Multiplied by months normally scheduled to work | <u> </u> x 10 |
| Equals | \$15,000 |
| Divided by 12 | <u> </u> ÷ 12 |
| Equals salary for Long Term disability benefit purposes | \$ 1,250 |

Note: See your local Benefits Representative about other employment actions which may cause coverage to end and about reestablishing eligibility.

Section 6 – General Provisions

Individual Certificates

A certificate provides a formal definition of plan provisions. It is not evidence of individual coverage. A certificate may be obtained by calling Liberty between the hours of 8:15 and 4:30 (PST) at 1-800-838-4461.

This booklet is intended to outline the principal features of the EPD (and UPD) plan. The statements made in this summary are subject to the terms of the policy (between The Regents of the University of California and Liberty Life Assurance Company of Boston) and to the University's Group Insurance Regulations. Those terms and conditions apply if information in this booklet is not the same.

Effect Of Statements Made In Your Application For Coverage

In the absence of fraud, all statements made in any signed Application are considered representations and not warranties (absolute guarantees).

No representation by the University in applying for this plan will make it void, unless the representation is contained in the signed Application.

No representation by you, in applying for any contributory insurance under this plan, will be used to reduce or deny a claim unless you are given a signed (your signature) copy of the Application for insurance, or Evidence of Insurability form .

The Authority For Interpretation Of This Plan

Liberty shall possess the authority, in its sole discretion, to construe the terms of this plan and to determine benefit eligibility hereunder. Liberty's decisions regarding construction of the terms of this plan and benefit eligibility shall be conclusive and binding.

Contesting The Plan

The validity of this plan shall not be contested, except for non-payment of premiums, after it has been in force for two years from the date of issue. The validity of this plan shall not be contested on the basis of a statement made relating to insurability by you after such insurance has been in force for two years during your lifetime, and shall not be contested unless the statement is contained in a written instrument signed by you.

Filing A Claim

Written notice of your claim must be given to Liberty within 30 days of the date of the loss on which your claim is based, if that is possible. If that is not possible, Liberty must be notified as soon as it is reasonably possible to do so. You may obtain claim forms from your local Benefits Office. You should protect your rights by filing your claim with Liberty promptly at the address shown on the claim form.

Proof Of Claim

Proof of your claim must be given to Liberty. This must be done no later than 30 days after the end of your Waiting Period unless it is not reasonably possible to furnish such proof within such time.

Such proof must be furnished as soon as reasonably possible, and in no event, except in the absence of legal capacity of the claimant, later than one year from the time proof is otherwise required.

It is your responsibility to give Liberty the required Objective Medical Evidence (proof) to verify your continuous Total Disability. You must also provide vocational and other information necessary for the evaluation of your claim for benefits. You cannot receive benefits without providing this information. In cases where medical evidence is not conclusive, Liberty may require additional records, tests, or examinations in order to pay benefits.

Objective Medical Evidence substantiating your continued Total Disability and regular attendance of a Physician must be given to Liberty within 30 days of the request for the proof. The proof must cover, when applicable (a) the date your Total Disability started; (b) the cause of your Total Disability; and (c) the degree of your Total Disability.

You will receive notification from Liberty within 5 calendar days of their receipt of a complete claim indicating whether you will receive benefits under the plan. A complete claim consists of a completed Employee Statement, Attending Physician's Statement, and University Statement. If Liberty needs more time to make a determination, you will be notified of the reasons within 90 days.

Payment Of Claim

When Liberty receives proof of your claim that it determines is satisfactory, the benefit payable under this plan may be paid at least monthly, depending on the coverage for which your claim is made, during any period for which Liberty is liable. Any balance remaining unpaid upon the termination of the period of liability will be paid immediately upon receipt of due written proof.

The benefit is payable to you. But, if a benefit is payable to your estate, or if you are a minor, or you are not competent, Liberty has the right to pay up to \$2,000 to any of your relatives or any other person whom Liberty considers entitled thereto by reason of having incurred expense for your maintenance, medical attendance or burial. If Liberty, in good faith, pays the benefit in such a manner, Liberty will not have to pay such benefit again.

Liberty's Examination Rights

Liberty, at its own expense, will have the right and opportunity to have you, whose Injury or Sickness is the basis of a claim, examined by a Physician or vocational expert of its choice. This right may be used as often as is reasonably required.

To obtain factual information regarding your claim, Liberty may arrange to interview you personally. Liberty cannot approve a claim without the Objective Medical Evidence and vocational information necessary to evaluate your continuous Total or Partial Disability.

Claim Denials

In the event that your claim is denied, either in full or in part, Liberty will notify you in writing within 90 days after your claim form was filed.

Under special circumstances, Liberty is allowed an additional period of not more than 90 days (180 days in total) within which to notify you of its decision. If such an extension is required, you will receive a written notice from Liberty indicating the reason for the delay and the date you may expect a final decision.

Liberty's notice of denial shall include:

1. the specific reason or reasons for denial with reference to those policy provisions on which the denial is based;
2. a description of any additional material or information necessary to complete the claim and an explanation of why that material or information is necessary; and
3. the steps to be taken if you wish to have the decision reviewed.

Please note that if Liberty does not respond to your claim within the time limits set forth above, you should automatically assume that your claim has been denied and you should begin the appeal process at that time. However, failure to do so will not waive your right to appeal.

How To Appeal

You, the claimant, or your authorized representative, may appeal a denied claim within 60 days after you receive Liberty's notice of denial. You have the right to:

1. submit a request for review, in writing, to Liberty;
2. review pertinent documents; and
3. submit issues and comments in writing to Liberty.

Liberty will make a full and fair review of the claim and may require additional documents as it deems necessary or desirable in making such a review. A final decision on the review shall be made not later than 60 days following receipt of the written request for review. If special circumstances require an extension of time for processing, you will be notified of the reasons for the extension, and a decision shall be made not later than 120 days following receipt of the request for review. The final decision on review shall be furnished in writing and shall include the reasons for the decision with reference, again, to those policy provisions upon which the final decision is based.

Liberty's Rights Of Recovery

If a benefit overpayment on any claim occurs, you will be required to reimburse Liberty within 60 days of such overpayment, or Liberty has the right to reduce future benefit payments until such reimbursement is received. Liberty has the right to recover such overpayments from you or your estate.

Timing Of Legal Proceedings

You or your authorized representative cannot start any legal action until 60 days after proof of claim has been given nor more than three years after the time proof of claim is required.

Section 7 – Plan Administration

Name Of Plan:

The University of California’s Employee-Paid Group Disability Insurance Plan

Plan benefits are provided under the terms of the Group Disability Insurance Policy No. GD/GF3-860-037972-01, hereinafter referred to as “the policy”, issued by Liberty Life Assurance Company of Boston, hereinafter referred to as “Liberty”, to the Employer as “Policyholder”.

Participants Included:

See Basic Information About This Plan

Name And Address Of Employer/Plan Administrator:

University of California
Office of the President
300 Lakeside Drive, 5th Floor
Oakland, California 94612-3557
1-800-888-8267

Plan Year:

January 1st – December 31st

Agent For Service Of Legal Process On The Plan:

Liberty Life Assurance Company of Boston
Western Regional Claims Office
8900 North 22nd Avenue
Suite 100
Phoenix, Arizona 85021

Type Of Administration:

Insurer Administration

Continuation Of The Plan:

The University of California intends to continue the Plan described in this brochure but reserves the right to terminate or amend it at any time. The amendment or termination shall be carried out by the President or his or her delegates. The University’s right to terminate or amend applies in the case of all Employees and Plan beneficiaries. Each year the University of California will determine the terms of the Plan and the amount of your contribution if any.

Amendment Of Liberty’s Policy:

The policy may be changed in whole or in part by mutual agreement of the University and Liberty. Only an Officer of Liberty can approve a change. The approval must be in writing and endorsed on or attached to the policy. No consent of any participant or any other person referred to in the policy(ies) shall be required to modify, amend, or change the policy(ies).

Financial Arrangements:

The benefits under the Plan are paid by Liberty Life Assurance Company of Boston under an insurance policy. The cost of EPD premiums is paid entirely by the Plan participants. The cost of UPD premiums is currently paid entirely by the University of California.

Your Rights In The Event Of Policy Termination

Termination of the policy under any conditions will not prejudice any payable claim which occurs while the policy is in force.

Your Rights Under The Plan

As a participant in this Plan, you are entitled to certain rights and protection. All participants under the Plan shall be entitled to:

1. examine, without charge, at the Plan Administrator's office and other specified sites, the Plan documents including the insurance policies, at a time and location mutually convenient to you and the Plan Administrator.
2. obtain copies of the Plan documents and other Plan information upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies.

Claim Fraud

When filing a claim, it is fraudulent knowingly to provide false information or omit relevant facts. Criminal and/or civil penalties can result from such acts.

Nondiscrimination Statement

In conformance with applicable law and University policy, the University is an affirmative action/equal opportunity employer.

Please send inquiries regarding the University's affirmative action and equal opportunity policies for staff to Director Mattie Williams and for faculty to Executive Director Sheila O'Rourke, both at this address: University of California Office of the President, 1111 Franklin Street, Oakland, CA 94607.

By authority of The Regents, University of California Human Resources and Benefits, located in Oakland, administers all benefit plans in accordance with applicable Plan documents and regulations, custodial agreements, University of California Group Insurance Regulations, group insurance contracts, and state and federal laws. No person is authorized to provide benefits information not contained in these source documents, and information not contained in these source documents cannot be relied upon as having been authorized by The Regents. Source documents are available for inspection upon request (1-800-888-8267).

What is written here does not constitute a guarantee of Plan coverage or benefits. Particular rules and eligibility requirements must be met before benefits can be received. The University of California intends to continue the benefits described here indefinitely; however, the benefits of all employees, annuitants, and Plan beneficiaries are subject to change or termination at the time of contract renewal or at any other time by the University or other governing authorities. The University also reserves the right to determine new premiums and employer contributions at any time. Health and welfare benefits are subject to legislative appropriation and are not accrued or vested benefit entitlements. If you belong to an exclusively represented bargaining unit, some of your benefits may differ from the ones described here. Contact your Human Resources Office for more information.

Glossary

This section defines some basic terms needed to understand this plan.

“Active Employment” means you must be actively at work for the University:

1. on a full-time basis and paid regular earnings;
2. for at least the minimum number of hours shown in Section 1 – Basic Information About This Plan; and either perform such work:
 - a. at the University’s usual place of business; or
 - b. at a location to which the University’s business requires you to travel.

You will be considered in Active Employment if you are actually at work on the day immediately preceding:

1. a weekend (except where one or both of these days are scheduled days of work);
2. holidays (except when such holiday is a scheduled work day);
3. paid leaves of absence for non-health reasons.

“Application” is the document completed by you when applying for coverage.

“Eligibility Date” means the date you become eligible for insurance under this plan. Eligible Employees are described in Section 1 – Basic Information About This Plan.

“Eligible Earnings” or **“Pre-Disability Earnings”** (for purposes of calculating benefits), means your monthly pay or salary which you received under your academic, nonacademic and/or administrative title(s) payable through the University. This includes such things as stipends for department chairs and shift differentials. However, such earnings will not include the following:

- bonuses
- honoraria or pay in lieu of private practice
- general assistance “by-agreement” payments
- compensation for extension teaching
- compensation received for summer session or other vacation period employment which is more than regular earnings
- any pay received which is more than 100% of the full-time equivalent of your regular and normal position
- perquisites
- overtime pay
- any other extra compensation

If you are a salaried Employee with a fixed appointment, your benefits will be based on your actual salary rate for the full calendar month just before the month your Total Disability starts. For example, if you are appointed at 75% time, the applicable salary rate for benefits purposes is the 75% rate. This is the amount you would have earned had you worked the total amount of time for which hired, not your actual earnings.

For salaried Employees with variable-time appointments and those with hourly or positive time reporting, salary for benefits purposes is an average of the actual Eligible Earnings for the three calendar months or six full pay periods before the period in which the Total Disability begins, excluding periods with furlough or approved leave without pay.

This average is calculated as follows: the sum of the actual Eligible Earnings for the three calendar months (for Employees paid monthly or semi-monthly) or six full pay periods (for Employees paid bi-weekly) is divided by 480 (the total full-time hours for 12 weeks/6 bi-

weekly pay periods) to yield an adjusted hourly rate. This rate is then multiplied times 174 hours which is the average number of hours per month for a full-time Employee to produce an adjusted average monthly salary for disability claims purposes.

For benefits after the 12th month, salary means the average of your actual Eligible Earnings for the 12 full calendar months before the month in which the Total Disability occurs, excluding months in which there was a period of furlough or approved leave of absence without pay.

Shift differentials, if earned during the six pay periods before Total Disability, are included. Overtime, uniform allowances or other extras are not included.

“Employee” means any person in Active Employment with the University.

“EPD” means Employee-Paid Disability Insurance.

“Evidence of Insurability” means a statement or proof of your medical history upon which acceptance for insurance will be determined by Liberty.

“Injury” means bodily impairment resulting directly from an accident and independently of all other causes. Any Total or Partial Disability which begins more than 60 days after an Injury will be considered a Sickness for the purpose of determining benefits under this plan.

“Monthly Benefit” means the amount payable to you if you are Totally Disabled. Benefits for Short Term EPD coverage are determined on a monthly basis and paid to you bi-weekly. Benefits for Long Term EPD coverage are determined and paid to you on a monthly basis.

“Monthly Covered Salary Rate” (for purposes of calculating premiums) means:

1. if you are working at 100% time, your Monthly Covered Salary Rate is the salary you are appointed to receive under your academic, nonacademic and/or administrative title(s) payable through the University.
2. if you work at less than 100% time, your Monthly Covered Salary Rate is the 100% time rate for your title.
3. if you have a split appointment at different rates, your Monthly Covered Salary Rate is the one you would receive if working at 100% time in the appointment which has the highest 100% time salary rate.

The premium is adjusted each January 1 based on your age and salary as of that date.

“Objective Medical Evidence” means Proof of Disability documented by a Physician.

The proof must cover, when applicable:

- 1) The date disability started;
- 2) The cause of disability; and
- 3) The degree of disability.

The documentation should include, but is not limited to, objective medical tests, films/x-rays, Physician notes, and any medical information on the claimant’s situation.

“Partial Disability” or **“Partially Disabled”** means as a result of Injury or Sickness, you are:

1. able to perform one or more, but not all, of the material and substantial duties of your own or any other occupation on an Active Employment or part-time basis; or
2. able to perform all of the material and substantial duties of your own or any other occupation on a part-time basis.

“Physician” means a person who:

1. is licensed to practice medicine and prescribe and administer drugs or to perform surgery; or
2. is a licensed practitioner of the healing arts in a category specifically favored under the health insurance laws of the State where the policy is delivered and practicing within the terms of his or her license.

This does not include you or your spouse, daughter, son, father, mother, sister or brother.

“Period of Initial Eligibility (PIE)” means the 31 days following the date you become eligible for insurance under this plan.

“Retirement Benefits” when used with the term Retirement Plan, means money which:

1. is payable under a Retirement Plan either in a lump sum or in the form of periodic payments; and
2. is payable upon:
 - a. early or normal retirement; or
 - b. disability, if the payment reduces the amount of money which would have been paid under the plan at the normal retirement age.

“Retirement Plan” means a plan that provides Retirement Benefits to you and which is not funded wholly by your contributions. The term shall not include: a profit-sharing plan, informal salary continuation plan, registered retirement savings plan, stock ownership plan, or a non-qualified plan of deferred compensation.

“Sickness” means illness, disease, pregnancy or complications of pregnancy.

“Total Disability” or **“Totally Disabled”** with respect to Short Term EPD coverage means you will be considered Totally Disabled when Liberty determines that all of these conditions are met:

For the first 12 months of EPD benefits –

1. Due to a medically determinable physical or mental impairment resulting from a bodily Injury or disease, you are completely unable to perform any and every duty pertaining to your own occupation;
2. You are not working at any occupation for wage or profit; and
3. You are under the direct and continuous care of a Physician.

“Total Disability” or **“Totally Disabled”** with respect to Long Term EPD coverage means you will be considered Totally Disabled when all of these conditions are met:

From the 13th month of EPD benefits onward –

1. Due to a medically determinable physical or mental impairment resulting from a bodily Injury or disease, you are completely unable to perform the material and substantial duties of any occupation for which you are reasonably fitted by your education, training or experience;
2. You are not working at any occupation for wage or profit; and
3. You are under the direct and continuous care of a Physician.

Note: To obtain factual information regarding your claim, Liberty may arrange to interview you personally, and/or may arrange for you to be examined by a consulting Physician at Liberty's expense. Liberty cannot approve a claim without the Objective Medical Evidence and vocational information necessary to evaluate your continuous Total or Partial Disability.

"University" means The Regents of the University of California to whom the policy is issued.

"University's Retirement Plan" is deemed to include any Retirement Plan (1) which is part of any Federal, State, Municipal or Association retirement system; or (2) for which you are eligible as a result of employment with the University.

"UPD" mean University-Paid Disability Insurance.

"Waiting Period" means a period of consecutive days of Total or Partial Disability for which no benefit is payable. The Waiting Period is described in Section 1 – Basic Information About This Plan. It begins on the first day of your Total or Partial Disability.