

GROUP VOLUNTARY SHORT-TERM DISABILITY INSURANCE BENEFIT HIGHLIGHTS



In the U.S., a disabling injury occurs every second.¹

Concord Crossroads, LLC

A disability can happen to anyone. A back injury, pregnancy, or serious illness can lead to months without a regular paycheck. If you're unable to work for a short period of time due to a non-work-related condition, illness or injury, short-term disability insurance offers financial protection by paying you a portion of your earnings.



To learn more about Short-Term Disability insurance, visit thehartford.com/employeebenefits

COVERAGE INFORMATION

BENEFIT PERCENTAGE (PERCENT OF YOUR EARNINGS)	MAXIMUM	SICKNESS BENEFIT STARTS	INJURY BENEFIT STARTS	BENEFIT DURATION
60%	\$1,000	On the 8 th day	On the 8 th day	12 weeks

PREMIUMS

See the Premium Worksheet.²

ASKED & ANSWERED

WHO IS ELIGIBLE?

You are eligible if you are an active full time international employee who works at least 30 hours per week on a regularly scheduled basis.

AM I GUARANTEED COVERAGE?

This insurance is guaranteed issue coverage – it is available without having to provide information about your health. If you are a late entrant, evidence of insurability is required for the full coverage amount.

HOW MUCH DOES IT COST AND HOW DO I PAY FOR THIS INSURANCE?

Premium is provided on the Premium Worksheet.

Premium will be automatically paid through payroll deduction, as authorized by you during the enrollment process. This ensures you don't have to worry about writing a check or missing a payment.

WHEN CAN I ENROLL?

You may enroll during any scheduled enrollment period, within 31 days of the date you have a change in family status, or within 31 days of the completion of any eligibility waiting period established by your employer.

WHEN DOES THIS INSURANCE BEGIN?

Subject to any eligibility waiting period established by your employer, insurance will become effective in accordance with the terms of the certificate (usually the first day of the month following the date you elect coverage).

You must be actively at work with your employer on the day your coverage takes effect.

WHEN DOES THIS INSURANCE END?

This insurance will end when you no longer satisfy the applicable eligibility conditions, premium is unpaid, you leave your employer, or the coverage is no longer offered.

WHAT DOES IT MEAN TO BE DISABLED?

Disability is defined in The Hartford's certificate with your employer. Due to accidental bodily injury, sickness, mental illness, substance abuse or pregnancy you are unable to perform the essential duties of your occupation, and as a result, you are earning 20% or less of your pre-disability weekly earnings or you are able to perform some, but not all, of the essential duties of your occupation and as a result, you are earning more than 20% but less than 80% (standard) of your pre-disability weekly earnings.

Pre-disability earnings are defined in your policy.

¹Injury Facts. National Safety Council. 2015 Edition. P. 37. Web. 30 June 2017.

²Rates and/or benefits may be changed.

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This Benefit Highlights document explains the general purpose of the insurance described, but in no way changes or affects the policy as actually issued. In the event of a discrepancy between this document and the policy, the terms of the policy apply. **Benefits are subject to state availability. Policy terms and conditions vary by state.** Complete details are in the Certificate of Insurance issued to each insured individual and the Master Policy as issued to the policyholder. The Hartford compensates both internal and external producers, as well as others, for the sale and service of our products. For additional information regarding Hartford's compensation practices, please review our website <http://thehartford.com/group-benefits-producer-compensation>. Disability Form Series includes GBD-1000, GBD-1200, or state equivalent.

GROUP VOLUNTARY LONG-TERM DISABILITY INSURANCE BENEFIT HIGHLIGHTS



Just over 1 in 4 of today's 20 year-olds will become disabled before they retire (age 67).¹

Concord Crossroads, LLC

A disability can happen to anyone. Long-term disability insurance helps protect your paycheck if you're unable to work for a long period of time after a serious condition, injury or sickness.



To learn more about Long-Term Disability insurance, visit thehartford.com/employeebenefits

COVERAGE INFORMATION

BENEFIT PERCENTAGE (PERCENT OF YOUR EARNINGS)	MAXIMUM	MINIMUM (BASED ON MONTHLY INCOME LOSS BEFORE THE DEDUCTION OF OTHER INCOME BENEFITS)	BENEFIT STARTS (ELIMINATION PERIOD)	BENEFIT DURATION
60%	\$5,000	The greater of \$100 or 10% of the benefit	After 90 days disabled	Disabled before: Age 63 Benefit duration: As long as you are disabled Benefit duration maximum: The greater of your Social Security Normal Retirement Age or 4 years

PREMIUMS

See the Premium Worksheet.²

ASKED & ANSWERED

WHO IS ELIGIBLE?

You are eligible if you are an active full time international employee who works at least 30 hours per week on a regularly scheduled basis.

AM I GUARANTEED COVERAGE?

If this is the first time you are eligible to elect coverage, evidence of insurability is not required.

If you did not elect coverage the first time it was offered to you, evidence of insurability is required to elect coverage.²

This coverage is subject to a pre-existing condition exclusion, which is detailed on the Limitations & Exclusions sheet.

HOW MUCH DOES IT COST AND HOW DO I PAY FOR THIS INSURANCE?

Premium is provided on the Premium Worksheet.

Premiums will be automatically paid through payroll deduction, as authorized by you during the enrollment process. This ensures you don't have to worry about writing a check or missing a payment.

WHEN CAN I ENROLL?

You may enroll during any scheduled enrollment period, within 31 days of the date you have a change in family status, or within 31 days of the completion of any eligibility waiting period established by your employer.

WHEN DOES THIS INSURANCE BEGIN?

Subject to any eligibility waiting period established by your employer, insurance will become effective in accordance with the terms of the certificate (usually the first day of the month following the date you elect coverage).

You must be actively at work with your employer on the day your coverage takes effect.

WHEN DOES THIS INSURANCE END?

This insurance will end when you no longer satisfy the applicable eligibility conditions, premium is unpaid, you leave your employer, or the coverage is no longer offered.

WHAT DOES IT MEAN TO BE DISABLED?

Disability is defined in The Hartford's certificate with your employer.

Typically, disability means that you cannot perform one or more of the essential duties of your occupation due to injury, sickness, pregnancy or other medical condition covered by the insurance, and as a result, your current monthly earnings are less than 80% of your pre-disability earnings. Once you have been disabled for 2 years following the elimination period, you must be prevented from performing one or more of the essential duties of any occupation and as a result, your current monthly earnings are less than or equal to 60% of your pre-disability earnings.

Pre-disability earnings are defined in your policy.

WILL MY BENEFIT BE TAXED?

The cost of your core coverage is not included in your gross income on IRS Form W-2, unless you elect otherwise prior to the beginning of a new plan year. This means your benefit will be taxed.

¹U.S. Social Security Administration Fact Sheet. Web. 30 June 2017 <https://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf>

²Rates and/or benefits may be changed.

³The Long Term Disability policy contains a Pre-Existing Condition Exclusion. Please refer to the certificate for more information on exclusions and limitations, such as Pre-Existing Conditions.

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LIMITATIONS & EXCLUSIONS



This insurance coverage includes certain limitations and exclusions. The certificate details all provisions, limitations, and exclusions for this insurance coverage. A copy of the certificate can be obtained from your employer.

GROUP SHORT TERM DISABILITY INSURANCE

LIMITATIONS AND EXCLUSIONS

GENERAL EXCLUSIONS

- You must be under the regular care of a physician to receive benefits.
- You cannot receive disability insurance benefit payments for disabilities that are caused or contributed to by:
 - War or act of war (declared or not)
 - The commission of, or attempt to commit a felony
 - An intentionally self-inflicted injury
 - Your being engaged in an illegal occupation
 - Sickness or injury for which workers' compensation benefits are paid, or may be paid, if duly claimed
 - Sickness or injury sustained as a result of doing any work for pay or profit for another employer, including self-employment

OFFSETS

- Your benefit payments will be reduced by other income you receive or are eligible to receive due to your disability, such as:
 - Social Security disability insurance (please see next section for exceptions)
 - Other employer-based insurance coverage you may have
 - Unemployment benefits
 - Settlements or judgments for income loss
 - Retirement benefits that your employer fully or partially pays for (such as a pension plan)
- Your benefit payments will not be reduced by certain kinds of other income, such as:
 - Retirement benefits if you were already receiving them before you became disabled
 - Retirement benefits that are funded by your after-tax contributions your personal savings, investments, IRAs or Keoghs profit-sharing
 - Most personal disability policies
 - Social Security cost-of-living increases

This example is for purposes of illustrating the effect of the benefit reductions and is not intended to reflect the situation of a particular claimant under the Policy:

Insured's weekly [Pre-Disability Earnings/Basic weekly Pay] \$1,000
Short term disability benefits percentage x 60%
Unreduced maximum benefit \$600
Less Social Security disability benefit per week - \$300
Less state disability income benefit per week - \$100
Total amount of short term disability benefit per week \$200

This policy provides disability income insurance only. It does NOT provide basic hospital, basic medical or major medical insurance as defined by the New York Department of Financial Services.

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GROUP LONG TERM DISABILITY INSURANCE

LIMITATIONS AND EXCLUSIONS

GENERAL EXCLUSIONS

- You must be under the regular care of a physician to receive benefits.
- You cannot receive disability insurance benefit payments for disabilities that are caused or contributed to by:
 - War or act of war (declared or not)
 - The commission of, or attempt to commit a felony
 - An intentionally self-inflicted injury
 - Your being engaged in an illegal occupation

PRE-EXISTING CONDITIONS

- Your insurance excludes the benefits you can receive for pre-existing conditions. In general, if you were diagnosed or received care for a condition before the effective date of your certificate, you will be covered for a disability due to that condition only if:
 - You have not received treatment for your condition for 3 months before the effective date of your insurance, or
 - You have not received treatment for your condition for 3 months after the effective date of your insurance, or
 - You have been insured under this coverage for 12 months prior to your disability commencing, so you can receive benefits even if you're receiving treatment, or
 - You have already satisfied the pre-existing condition requirement of your previous insurer

LIMITATIONS

- **Mental Illness and Substance Abuse Limitation.** If you are disabled because of Mental Illness or because of alcoholism or the use of narcotics, sedatives, stimulants, hallucinogens or other similar substance, benefits will be payable for a maximum of 24 months in your lifetime, unless at the end of that 24 months, you are confined to a hospital or other place licensed to provide medical care for your disability.

OFFSETS

- Your benefit payments will be reduced by other income you receive or are eligible to receive due to your disability, such as:
 - Social Security disability insurance (please see next section for exceptions)
 - Workers' compensation
 - Other employer-based insurance coverage you may have
 - Unemployment benefits
 - Settlements or judgments for income loss
 - Retirement benefits that your employer fully or partially pays for (such as a pension plan)
- Your benefit payments will not be reduced by certain kinds of other income, such as:
 - Retirement benefits if you were already receiving them before you became disabled
 - Retirement benefits that are funded by your after-tax contributions your personal savings, investments, IRAs or Keoghs profit-sharing
 - Most personal disability policies
 - Social Security cost-of-living increases

This example is for purposes of illustrating the effect of the benefit reductions and is not intended to reflect the situation of a particular claimant under the Policy:

Insured's monthly [Pre-Disability Earnings/Basic Monthly Pay] \$3,000
Long term disability benefits percentage x 60%

Unreduced maximum benefit \$1,800
Less Social Security disability benefit per month - \$900
Less state disability income benefit per month - \$300
Total amount of long term disability benefit per month \$600

This policy provides disability income insurance only. It does NOT provide basic hospital, basic medical or major medical insurance as defined by the New York Department of Financial Services.

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Premium Worksheet



Rates and/or benefits can change.

VOLUNTARY SHORT TERM DISABILITY INSURANCE

Bi-weekly Premium Amount (Cost per Pay Period – 26/Year)

To calculate your bi-weekly premium amount, use the following formula.

$$\frac{\text{Your Annual Earnings}}{\div 52} = \frac{\text{Your Weekly Earnings}}{\div 10} = \frac{\text{Weekly Benefit Max}}{\div 10} = \frac{\text{Weekly Benefit Max}}{\div 10} \times \frac{\text{Rate}}{\text{Rate}} = \text{Premium Amount}$$

Weekly Benefit Max = \$1,000

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VOLUNTARY LONG TERM DISABILITY INSURANCE

Bi-weekly Premium Amount (Cost per Pay Period – 26/Year)

To calculate your bi-weekly premium amount, use the following formula.

$$\frac{\text{Your Annual Earnings}}{\div 12} = \frac{\text{Your Monthly Earnings}}{\div 100} = \frac{\text{Your Monthly Earnings}}{\div 100} \times \frac{\text{Rate}}{\text{Rate}} = \text{Premium Amount}$$

Maximum = \$100,000

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Dear Concord Crossroads Employee,

Concord Crossroads is now offering Short Term and Long Term Disability as a Voluntary Benefit. With this benefit now being voluntary, employees have the option to elect to have the premium for these coverages deducted from their paycheck on a Pre-Tax or Post-Tax basis.

Below we have included information on both deduction options:

- Pre-Tax Deduction means Concord will withhold premium deductions before taxes.
 - The primary advantage of pre-taxing is the immediate tax reduction. The IRS rules guarantee these savings. Pre-taxing reduces your reportable W2 income, which lowers your possible exposure to three types of levies.
 - Federal Income Tax
 - FICA Tax
 - OASDI (Social Security Disability): 6.20%
 - Medicare: 1.45%
 - State Income Tax
 - The primary disadvantage of pre-taxing premiums is the possible impact on benefits in the future in event of a claim. You will owe income and FICA taxes on the payment and the insurance company will send a 1099 form to you and the IRS. Your employer must fund their half of your FICA obligation.
- Post-Tax Deduction means Concord will withhold premium deductions after taxes.
 - You may feel the upside post-tax payroll deductions for short-term disability premiums in the future. The insurance company will not have to take taxes out of your claims payment. The benefit is 100% tax-free.
 - The industry estimates that 1/3 of adults will experience a disability at least once in their lifetime. Most policies limit the benefit amount to 70% of income or less. You will need every penny you can get if you are out of work for an extended period.
 - The primary drawback of post-tax deductions is that you feel the effect right away. The premiums eat more of your take-home paycheck and discourage you from buying a policy.

Please note that as an employer we cannot speak to how an employee decides to contribute to their insurance plan. We have provided the above information which should help in conversations with tax professionals as needed for further clarification as to how it pertains to this plan and the proper reporting thereof.

Sources: <https://www.growingfamilybenefits.com/short-term-disability-income-taxable/>;
<https://www.thehartford.com/business-insurance/strategy/disability-insurance/taxation-of-benefits>