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LONG-TERM DISABILITY INSURANCE



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THINK AHEAD.

LONG-TERM DISABILITY INSURANCE



IF YOU CAN'T BREAK A FALL, SOFTEN THE IMPACT.

GIVE THEM MORE THAN A PROMISE.

GIVE YOUR LOVED ONES A SAFER LANDING.

Good intentions can't prevent a disability. That's why PEF MBP sponsors Long-term Disability Insurance through The Hartford.¹ Help protect your family against financial losses. Take action and enroll. Because promises alone aren't enough.

¹The Hartford® is The Hartford Financial Services Group, Inc. and its subsidiaries, including issuing companies Hartford Life Insurance company and Hartford Life and Accident Insurance Company. Policies sold in New York are underwritten by Hartford Life Insurance Company. Home Office of both companies in Simsbury, CT. All benefits are subject to the terms and conditions of the policy. Policies underwritten by the issuing companies listed above detail exclusions, limitations, reduction of benefits and terms under which the policies may be continued in force or discontinued.

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LONG-TERM DISABILITY INSURANCE

LTD BENEFITS

Most of us think nothing of insuring our cars, homes and other valuables. But many of us overlook protecting our most valuable asset . . . the one that makes all the others possible . . . our income.

Long Term Disability (LTD) insurance provides a monthly benefit to someone, who due to illness or injury is unable to work for an extended period of time. Many experts believe that LTD insurance should be an important part of an employee's plan to protect themselves and their families.

- One in 7 workers can expect to be disabled for five years or more before retirement.

Source: Council for Disability Awareness, 2009.

The PEF Membership Benefits Program sponsors Long Term Disability Insurance is a group plan underwritten by Hartford Life Insurance Company¹, in which you have the option of selecting either a 50% or 60% benefit level. The coverage pays a benefit for disabilities lasting longer than 6 months. Bi-weekly premiums are based on your age and income level and are payroll deducted.

Participating in your union benefit programs is one more way to take full advantage of your PEF membership.

CURRENT SOURCES OF DISABILITY INCOME

Right now, you have some disability protection through your accumulated sick days. But an accident or illness could keep you from working for years, or possibly your entire working life.

WHAT ABOUT SOCIAL SECURITY BENEFITS AND OUR PENSION PLAN?

Before you feel too secure about those sources of income, take note of these facts—

- While Social Security replaces about 40 percent of the average worker's pre-retirement earnings, most financial advisors say that you will need 70 percent or more of pre-retirement earnings to live comfortably.

Source: Social Security Administration, The Future of Social Security: 2008, SSA Publication No. 05-10055.

- For the average PEF member, Social Security replaces only 30%-42% of income; higher salaried workers may get less.
- To qualify for an early pension, you need at least 10 year's service. And even if you do qualify, it takes many service years to generate higher benefits.

LONG-TERM DISABILITY PLAN

ELIGIBILITY

All dues paying members of the Public Employees Federation working at least 18-3/4 hours per week on a regularly scheduled basis are eligible for the LTD plan*.

PLAN OPTIONS

Your PEF MBP sponsored LTD plan offers two levels of coverage from which you can choose: 50% or 60% of your monthly income² as of the most recent December 1st of the year you become disabled, up to \$5,000 a month, after a six-month elimination period. Elimination period means the period of time you must be disabled before benefits become payable. Once the elimination period ends, you're eligible for monthly income for as long as you're disabled up to age 65. (Disabilities that start between the ages of 62 and 69 are covered from one to three-and-a-half years. Consult your insurance certificate for details.) Please refer to the Plan Costs chart on pages 5 and 6.

LTD BENEFITS

Your LTD benefit percentage will be based on your salary, and will not take into account earnings from investments or savings plans. The plan will offset your benefit payments by other sources of income for which you may be eligible, such as:

- Workers' Compensation
- Social Security (Primary and Family Source)
- Disability pension or any New York State retirement payments
- Any other group or association benefits for disability, retirement or unemployment
- Benefits from your sick pay or PEF MBP sponsored Short Term Disability (STD) program will offset benefits payable under this LTD program only when the STD benefits combined with PEF MBP Sponsored LTD benefits exceed 85% of your income.

However, your PEF MBP sponsored LTD benefit payments will not be reduced if Social Security benefits increase for general cost-of-living adjustments.

Furthermore, your LTD benefit payments will be offset by no more than 40% of disability or retirement benefits which were being paid to you before you became disabled.

Regardless of how much in other benefits you may be eligible for, your LTD benefit will not be less than \$200 a month.

*PER DIEM employees not eligible.

DEFINITION OF DISABILITY

The definition of disability is the inability to engage in the material and substantial duties of your own occupation during the first 2 1/2 years that benefits are payable.

Thereafter, disability is the inability to perform any occupation for which you are or can become qualified by training, education or experience.

In addition to having more of your income replaced, your chances of qualifying for benefits are often much better with this LTD plan than with Social Security or your pension. Your pension plan states you must be permanently disabled in your own occupation; Social Security states you must be permanently unable to perform any job in order to qualify for benefits.

This LTD plan does not require you to be permanently disabled to qualify for benefits.

Financial experts agree that having coverage in your own occupation is one of the features to look for in a good disability income plan.

IMPORTANT ADVANTAGES

- Premiums paid through convenient payroll deduction.
- Acceptance is guaranteed for new employees enrolled within 120 days of the date they were first eligible to become a member of PEF.
- No premiums due while receiving benefits.
- Prompt claim service from a leader in the business.
- Rates that are often one-third to one-fifth the cost of a comparable individual plan.



Your plan will also include a three-month Survivor Benefit which pays your survivor a lump sum equal to three times your monthly benefit if you die while collecting disability income.

Bi-weekly costs based on age and annual salary.

| Annual Salary | Under Age 40 | | Age 40 - 49 | | Age 50+ | |
|------------------|--------------|-----------|-------------|-----------|-----------|-----------|
| | 50% Level | 60% Level | 50% Level | 60% Level | 50% Level | 60% Level |
| Less than 20,999 | \$2.21 | \$3.15 | \$3.36 | \$4.76 | \$4.63 | \$6.60 |
| 21,000 - 24,999 | 2.64 | 3.75 | 3.83 | 5.37 | 5.15 | 7.32 |
| 25,000 - 28,999 | 3.06 | 4.38 | 4.47 | 6.34 | 6.04 | 8.59 |
| 29,000 - 32,999 | 3.49 | 4.98 | 5.11 | 7.28 | 6.94 | 9.87 |
| 33,000 - 36,999 | 3.96 | 5.61 | 5.74 | 8.17 | 7.83 | 11.10 |
| 37,000 - 40,999 | 4.38 | 6.25 | 6.38 | 9.07 | 8.77 | 12.47 |
| 41,000 - 44,999 | 4.81 | 6.85 | 7.02 | 10.00 | 9.70 | 13.78 |
| 45,000 - 48,999 | 5.27 | 7.49 | 7.66 | 10.90 | 10.55 | 14.98 |
| 49,000 - 52,999 | 5.70 | 8.08 | 8.30 | 11.78 | 11.44 | 16.25 |
| 53,000 - 56,999 | 6.12 | 8.72 | 8.94 | 12.68 | 12.39 | 17.58 |
| 57,000 - 60,999 | 6.60 | 9.36 | 9.57 | 13.62 | 13.36 | 18.98 |
| 61,000 - 64,999 | 7.02 | 10.00 | 10.42 | 14.81 | 14.38 | 20.42 |
| 65,000 - 69,999 | 7.66 | 10.90 | 11.28 | 16.00 | 15.45 | 21.96 |
| 70,000 + | 8.30 | 11.78 | 12.13 | 17.23 | 16.55 | 23.53 |

Rates are based on 26 paychecks per year. If you are not on a 26 bi-weekly pay period, call Corporate Benefit Planning for rates. Rates and/or benefits may be changed on a class basis. Rates are based on the attained age of the Insured Person and increase as you enter each new age category.

ENHANCEMENTS TO LTD PLAN

RESIDUAL DISABILITY

You do not have to be totally disabled during the elimination period. You can be partially disabled during the elimination period and still working, earning up to 80% of your pre-disability earnings. Benefits will not be paid until after the elimination period.

REHABILITATION BENEFIT

To encourage your return to a productive lifestyle, the plan pays a Rehabilitation Benefit if you return to work on a part-time basis. Your part-time earnings and residual benefit combined may equal up to 100% of your pre-disability earnings. If this sum exceeds your pre-disability earnings, the Monthly Benefit paid by The Hartford will be reduced accordingly.

VOCATIONAL REHABILITATION FAMILY CARE CREDIT

This benefit encourages your participation in a rehabilitative employment program by deducting the cost of family care from those employment earnings. There is a maximum monthly deduction of \$250 during the first six months of rehabilitative employment and \$125 thereafter, not to exceed the amount of your monthly earnings, and a \$2,500 calendar year maximum.

Your net earnings after deducting the family care credit will be used to determine your net monthly benefit, which results in a greater monthly benefit. The sum of your net monthly benefit and gross income from rehabilitative employment, before deducting your family care credit, may equal up to 100% of your pre-disability earnings. If it exceeds 100%, your net monthly benefit will be reduced by the amount of the excess.

ACCIDENTAL DISMEMBERMENT AND LOSS OF SIGHT

If you have an accidental injury that directly causes certain dismemberments or loss of sight within 90 days of the accident, the LTD monthly benefit will be paid for a minimum number of months even if you return to work sooner. The number of monthly benefit payments is based on the type of loss.

If you suffer more than one loss in an accident, your number of monthly benefit payments is limited to the loss for which the greatest number of monthly payments apply.

Your monthly benefits may continue after the minimum number of payments have been made if you are then totally disabled.

QUESTIONS & ANSWERS

- Q.** Do I have to provide evidence of insurability when I enroll?
- A.** If you enroll within 120 days of the date you were first ELIGIBLE to become a member of PEF, your application will automatically be approved. After 120 days, you will have to complete an Evidence of Insurability form that will need to be approved by The Hartford¹ before coverage can begin.
- Q.** If I become disabled, how long will I have to wait before receiving benefits?
- A.** Payments start after you have been disabled for 6 months.
- Q.** What if I go back to work after being disabled, and then get sick again?
- A.** If during the elimination period, you return to work for less than 15 days and become disabled from the same cause, there will be no interruption in calculating the elimination period. You can be partially disabled during the elimination period and still working, however, benefits still will not be paid until after the elimination period. If after receiving benefits, you return to work for 90 days only to become disabled again from the same cause, you will not have to go through another elimination period to resume benefit payments.
- Q.** Does this plan cover illnesses that occur before the insurance goes into effect?
- A.** Benefits are not payable for medical problems which existed prior to your effective date of insurance unless total disability commences on or after the last day of a 12-month period during which you have been insured.
- Q.** Does this plan cover mental and nervous illnesses?
- A.** Yes, but those benefits are limited to a total of 24 months for all disability periods during your lifetime. This limitation does not apply to periods of confinement in a hospital, or another qualified institution, for treating mental and nervous disorders, alcoholism and drug addiction.
- Q.** What happens if I leave my present job and am no longer a PEF member?
- A.** If you had the PEF MBP sponsored LTD Plan for 12 months, you may be eligible to convert your PEF MBP sponsored LTD plan to a similar group plan at rates often much lower than individual plan rates. Ask Corporate Benefit Planning for details.

GENERAL INFORMATION

EFFECTIVE DATES

Your policy will become effective the first day of the month following the month your enrollment card is received by the PEF Membership Benefits Program, provided you meet all the eligibility requirements and are not absent from work due to a disability on the date your insurance becomes effective. If you are absent from work due to a disability on that date, your insurance will become effective on the date you actually return to work on a full-time basis.

Coverage will continue for as long as the group contract is in effect, your premiums are paid, and you remain an active, eligible employee. However, if the contract terminates while you're receiving LTD benefits, your payments will continue for as long as you're disabled or until age 65.

HOW TO ENROLL

Send your completed enrollment form to PEF Membership Benefits Program. When your application is approved, your premiums will be automatically deducted from your paycheck.

EXCLUSIONS

Benefits are not payable for disabilities resulting from: the commission of, or attempt to commit an assault, battery or felony; war or act of war, insurrection, rebellion or participation in a riot or civil disorder. Pre-existing medical conditions are subject to certain limitations.

FOR MORE INFORMATION

Corporate Benefit Planning can answer any questions about this program. Just call (800) 233-3394 or (518) 785-0115. When your insurance goes into effect, you'll receive a certificate of insurance and a booklet on how to file a claim.

This plan has been made available through the trustees of the PEF Membership Benefits Program, 1168-70 Troy-Schenectady Road, P.O. Box 12414, Albany, NY 12212.

Agent of record:

Corporate Benefit Planning
40 British American Blvd.
Latham, NY 12110
(518) 785-0115
(800) 233-3394

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 State Insurance Department. The expected ratio for this policy is 80%. This ratio is the portion of future premiums which the company expects to return as benefits, when averaged over all people with this policy.

To enroll in the Long Term Disability Plan complete the application card and return it to:

PEF Membership Benefits Program
PO Box 12414
Albany, NY 12212-2414

This brochure explains the general purposes of the insurance described, but in no way changes or affects the policy as actually issued. In the event of any discrepancy between this brochure and the policy, the terms of the policy apply. Complete details are in the certificate of insurance issued to each insured individual.

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¹The Hartford® is The Hartford Financial Services Group, Inc. and its subsidiaries, including issuing companies Hartford Life Insurance Company and Hartford Life and Accident Insurance Company. Policies sold in New York are underwritten by Hartford Life Insurance Company. Home Office of both companies is Simsbury, CT. All benefits are subject to the terms and conditions of the policy. Policies underwritten by the issuing companies listed above detail exclusions, limitations, reduction of benefits and terms under which the policies may be continued in force or discontinued. This brochure/presentation 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 brochure and the policy, the terms of the policy apply. Complete details are in the Certificate of Insurance issued to each insured individual and the Master Policy as issued to the policyholder. Benefits are subject to state availability.

² Monthly Income is defined by your Monthly Rate of Basic Earnings. Monthly Rate of Basic Earnings means your regular monthly pay, not counting:

1. commissions;
2. bonuses;
3. overtime pay; or
4. any other fringe benefit or extra compensation such as:
 - hazardous duty pay,
 - and performance awards.

If you become disabled, your Monthly Rate of Basic Earnings shall be based on your salary as of the date of enrollment. Thereafter, it will be based on your salary as of the most recent December 1, unless you request a change in writing, increasing or decreasing your benefit amount and this has been verified by Corporate Benefit Planning.

Policy Form # BC-209014