



Offered by Life Insurance Company of North America

## Employee-Paid LONG-TERM DISABILITY INSURANCE

### Summary of Benefits

Prepared for: EXCEL Industrial Services, LLC

#### Eligibility:

All active, Employees of the Employer who are citizens or permanent resident aliens of the United States or who are citizens and residents of the United States Virgin Islands or Puerto Rico, and regularly working a minimum of 20 hours per week, excluding Employees classified as Field Employees.

**Employee:** You will be eligible for coverage immediately.

#### Available Coverage:

Gross Monthly Benefit	Maximum Gross Monthly Benefit	Benefit Waiting Period	Maximum Benefit Period
60% of your monthly covered earnings	\$5,000	90 Days	Please refer to the "Duration" section below for more details.

#### Additional Features

**Family Survivor Benefit** – If you die while receiving benefits, we will pay a survivor benefit to your lawful spouse, eligible children, or estate. The plan will pay a single lump sum equal to 3 months of benefits.

#### Employee's Monthly Cost of Coverage:

Monthly Rate Per \$100 of Monthly Covered Earnings = \$1.15

*Actual per pay period premiums may differ slightly due to rounding.*

#### How to Calculate Your Monthly Cost:

**Step 1:** Divide your annual salary by 12 to calculate your monthly earnings.

**Step 2:** Find the above Monthly rate.

**Step 3:** Multiply this rate by your monthly earnings, or \$8,333, whichever is less.

**Step 4:** Divide the total by 100. The result is your Monthly cost.

#### Important Definitions and Policy Provisions:

**Disability** – "Disability" or "Disabled" means that, solely because of a covered injury or sickness, you are unable to perform the material duties of your regular occupation/regular job and you are unable to earn 80% or more of your indexed earnings from working in your regular occupation/regular job. After benefits have been payable for 24 months, you are considered disabled if solely due to your injury or sickness, you are unable to perform the material duties of any occupation for which you are (or may reasonably become) qualified by education, training or experience, and you are unable to earn 80% or more of your indexed earnings. We will require proof of earnings and continued disability.

**Covered Earnings** –For Partners and S Corporation Shareholders Covered Earnings means the sum of the amounts listed below, divided by 52.

(a) Your compensation as an Employee or S Corporation shareholder, as reported on your Federal Income Tax Return, Form 1040, for the prior calendar year, less the gross total of unadjusted business expenses as included on the corresponding Schedule A-Itemized Deductions; (b) Your non-passive income (loss) from trade or business as reported on Schedule E-Part II of your Federal Income Tax Return, Form 1040, for the prior calendar year, less any expenses incurred and reported elsewhere on your Return; and, (c) Your contributions during the prior calendar year, deposited into a: (a) cash or deferred compensation plan, or salary reduction plan, qualified under IRC Section: 401(k); 403(b); 457; or similar plan; and (b) elective pre-tax deferrals to a Section 125 plan or flexible spending account. You may not have been a partner or S Corporation shareholder for the entire previous calendar year. In this case, your Covered Earnings are based on the weekly average of the sum of the listed amounts above, averaged for the full number of weeks that you were a partner or an S Corporation shareholder during such calendar year.

For Sole Proprietors Covered Earnings means (a) the average weekly net profit as determined from Schedule C – Part II of your Federal Income Tax Return, Form 1040, for the prior calendar year; plus (b) your Federal Income Tax Return, Form 1040, for the prior calendar year; plus (b) your average weekly contribution during the prior calendar year deposited into a: (i) cash or deferred compensation plan, or salary reduction plan, qualified under IRC Section: 401(k); 403(b); 457; or similar plan; and (ii) a Section 125 plan or flexible spending account. Weekly net profit is calculated as gross income less total expenses. You may not have been a sole proprietor for the previous calendar year. In this case, average weekly net profit and average weekly contributions are calculated using the full number of weeks that you were a sole proprietor during such calendar year.

For Employee's who are compensated on less than a 12-month basis Covered Earnings means your average rate of weekly earnings determined from your annual contract salary. Covered Earnings also includes your contributions deposited into a: (a) cash or deferred compensation plan, or salary reduction plan, qualified under IRC Section: 401(k); 403(b); 457; or similar plan; and (b) elective pre-tax deferrals to a Section 125 plan or flexible spending account. Covered Earnings does not include bonuses, commissions, overtime pay, expense accounts, stock options and any other extra compensation. Pay for hours worked or billed over 40 per week are excluded. Covered Earnings based on excluded income and Employer contributions deposited into such 401(k); 403(b); 457; or similar plan are excluded.

For Employee's whose income is reported on an IRS Form 1099 Covered Earnings means your average rate of weekly earnings as figured from the 1099 form received from the Employer for the prior calendar year, calculated as (a) minus (b), divided by 52 or the number of weeks you worked for the Employer during such calendar year, if less than 52. (a) your earned income as reported on the 1099 form. (b) business expenses, as reported on Schedule C – Part II of your Federal Income Tax Return, Form 1040. Covered Earnings also includes your contributions deposited into a: (a) cash or deferred compensation plan, or salary reduction plan, qualified under IRC Section: 401(k); 403(b); 457; or similar plan; and (b) elective pre-tax deferrals to a Section 125 plan or flexible spending account. Covered Earnings based on excluded income and Employer contributions deposited into such 401(k); 403(b); 457; or similar plan are excluded.

For all other Employees Covered Earnings means your base weekly salary. Covered Earnings also includes your contributions deposited into a: (a) cash or deferred compensation plan, or salary reduction plan, qualified under IRC Section: 401(k); 403(b); 457; or similar plan; and (b) elective pre-tax deferrals to a Section 125 plan or flexible spending account. Covered Earnings does not include bonuses, commissions, overtime pay, expense accounts, stock options and any other extra compensation. Pay for hours worked or billed over 40 per week are excluded. Covered Earnings based on excluded income and Employer contributions deposited into such 401(k); 403(b); 457; or similar plan are excluded.

**When Benefits Begin** – You must be continuously Disabled for 90 Days before benefits will be paid for a covered Disability.

**How Long Benefits Last** – Once you qualify for benefits under this plan, you continue to receive them until the end of the benefit or until you no longer qualify for benefits, whichever occurs first. Should you remain Disabled, your benefits continue according to the later of your Social Security Normal Retirement Age, or the following schedule, depending on your age at the time you become Disabled.

Age at Disability	Age 60 or younger	60	61	62	63	64	65	66	67	68	69+
Duration of Payments (months)	To age 67	5 years	4 years	3.5 years	3 years	2.5 years	2 years	1.75 years	1.5 years	1.25 years	1 year

**When Coverage Takes Effect** – Your coverage takes effect on the later of the policy's effective date, the date you become eligible, the date we receive your completed enrollment form if required, or the date you authorize any necessary payroll deductions if applicable. If you're not actively at work on the date your coverage would otherwise take effect, your coverage will take effect on the date you return to work. If you have to submit proof of good health, your coverage takes effect on the date we agree, in writing, to cover you.

## **Benefit Reductions, Conditions, Limitations and Exclusions:**

**Effects of Other Income Benefits** – This plan is structured to prevent your total benefits and post-disability earnings from equaling or exceeding pre-disability earnings. Therefore, we reduce this plan's benefits by an amount equal to any Social Security retirement and/or disability benefits payable to you, your dependents, or a qualified third party on behalf of you or your dependents. Your disability benefits will not be reduced by any Social Security disability benefits you are not receiving as long as you cooperate fully in efforts to obtain them and agree to repay any overpayment when and if you do receive them. Disability benefits will be reduced by amounts received through other government programs, sick pay, employer funded retirement benefits, workers' compensation, franchise/group insurance, auto no-fault, and damages for wage loss. For details, see your outline of coverage, policy certificate, or your employer's summary plan description.

**Earnings While Disabled** – During the first 24 months that benefits are payable, benefits will be reduced if benefits plus income from employment exceeds 100% of pre-disability Covered Earnings. After that, benefits will be reduced by 50% of earnings from employment.

**Limited Benefit Period** – Disabilities caused by or contributed to by any one or more of the following conditions are subject to a lifetime limit of 24 months for outpatient treatment: Anxiety-disorders, delusional (paranoid) or depressive disorders, eating disorders, mental illness, somatoform disorders (including psychosomatic illnesses), Alcoholism, drug addiction or abuse. Benefits are payable during periods of hospital confinement for these conditions for hospitalizations lasting more than 14 consecutive days that occur before the 24-month lifetime outpatient limit is exhausted.

**Pre-existing Condition Limitation** – Benefits are not payable for medical conditions for which you incurred expenses, took prescription drugs, received medical treatment, care or services (including diagnostic measures), or for which a reasonable person would have consulted a physician during the 3 months just prior to the most recent effective date of insurance. Benefits are not payable for any disability resulting from a pre-existing condition unless the disability occurs after you have been insured under this plan for at least 12 months after your most recent effective date of insurance.

**Termination of Disability Benefits** – Your benefits will terminate when your Disability ceases, when your benefit duration period is exceeded, you earn more than your allowable Covered Earnings, or the date benefits end because you did not comply with the terms and conditions of the policy.

**Exclusions** – This plan does not pay benefits for a Disability which results, directly or indirectly, from any of the following: • Suicide, attempted suicide, or intentionally self-inflicted injury while sane or insane. • war or any act of war, whether or not declared. • active participation in a riot; • commission of a felony; • the revocation, restriction or non-renewal of an Employee's license, permit or certification necessary to perform the duties of his or her occupation unless due solely to Injury or Sickness otherwise covered by the Policy.

*In addition, the plan does not pay disability benefits any period of Disability during which you are incarcerated in a penal or corrections institution.*

Terms and conditions of coverage for Long Term Disability insurance are set forth in Group Policy No. VDT 962621. This is not intended as a complete description of the insurance coverage offered. This is not a contract. Complete coverage details, including premiums, are contained in the Policy Certificate. If there are any differences between this summary and the group policy, the information in the group policy takes precedence. Product availability and/or features may vary by state.

Please keep this material as a reference. Insurance coverage is issued on group policy form number: Policy Form TL-004700. Coverage is underwritten by Life Insurance Company, 51 Madison Avenue New York, NY 10010.

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