



INSURING LIVES • SUPPORTING WOMEN • SERVING COMMUNITIES™

Royal Neighbors of America

Short-Term Disability Plan

DETAILS OF THE PLAN

Preface

This **Summary Plan Description (SPD)** provides a concise description of the Plan coverage available for you. While this SPD contains detailed and important information about your benefit Plan, every attempt has been made to communicate that information clearly and in easily understandable terms. While the **Company** intends to continue the benefits and policies described in this booklet, the Company reserves the right to change, modify or discontinue the Plan at its discretion at any time. This SPD does not constitute a contract of employment or guarantee any particular benefit. In the event of a discrepancy between this SPD and the Plan document, the Plan document will govern.

Introduction

Consistent with the Royal Neighbors' concern for its employees, the **Short-Term Disability** Plan provides financial protection against the loss of current income if you become disabled by a non-occupational illness or injury while you are employed by the Company.

If you are disabled as a result of an **occupational injury or illness**, you may be eligible to receive benefits under your state's **Workers' Compensation** program. You will need to satisfy the requirements described in this SPD to receive Short-Term Disability benefits.

Eligibility

As of January 1, 2008, participating employees in the Short-Term Disability

Plan include all employees with one year of full-time employment at Royal Neighbors of America

You are eligible for the Short-Term Disability Plan if you are a full-time employee with at least 1 year of full-time service at Royal Neighbors of America

Enrollment

Enrolling in the plan

Your Short-Term Disability coverage is **automatic**; there is no need to enroll.

When coverage begins

You are covered under the Short-Term Disability Plan after one year of full-time employment and after five consecutive days of absence due to a serious health condition unless it is a continuing condition and fifteen days or less have lapsed between the certified event.

Cost

Cost of coverage

There is no cost to you for your Short-Term Disability coverage. Royal Neighbors pays the entire cost of your coverage.

Taxes

Any payments you receive under this Plan are **taxable** as regular pay.

PLAN BENEFIT

Benefit amount

If you are not able to attend work due to a serious health condition and/or injury that is *not* job-related, the Plan continues your pay until you are able to return to work, your paid time off under the plan ceases and you start an unpaid leave of absence, terminate, or after six months, whichever occurs first. To be considered disabled you must be unable to work because of an absence that either meets the Family Medical Leave of Absence criteria or your physician determines you are unable to work. This Plan does not provide benefits if the **absence** arises out of an illness or injury resulting from employment with the Company, or any other company or self-employment. The Plan provides from 60% to 100% of your normal earnings in the event you are temporarily unable to work as a result of the serious health condition. Please see the chart below. There is a five-day waiting period. Your benefits will start after the fifth consecutive day of absence.

| YEARS OF SERVICE | WEEKS 100% SALARY | @ OF | WEEKS 75% SALARY | @ OF | WEEKS 60% SALARY | @ OF |
|------------------------|-------------------------|---------|------------------------|---------|------------------------|---------|
| 1 thru 5 | 4 | | 8 | | 14 | |
| 6 thru 10 | 6 | | 10 | | 10 | |
| 11 thru 15 | 8 | | 12 | | 6 | |
| 16 or more | 10 | | 14 | | 2 | |

Maternity Coverage

So long as the eligible absence falls under the FMLA guidelines an employee is eligible to receive Short Term Disability coverage throughout the duration of their FMLA leave.

Eligible normal bi-weekly pay

Your Short-Term Disability benefit is based on your pay at the time of your disability, verified by your physician. Your pay for this purpose includes current, base pay excluding overtime and/or any additional compensation. If your rate of pay changes while you are out on disability, your benefit is adjusted accordingly.

Other benefits

While you are on **short-term disability**, other benefits, including medical, dental and life insurance, continue. You remain responsible for any premiums, deductibles and co-payments required by your other benefit plans while you are receiving compensation. Paid time off accruals cease during short-term disability leave and after FMLA benefits end.

Restrictions and Exclusions

The Short-Term Disability Plan will *not* pay benefits:

- If your serious health condition is due to injury or illness that is job-related;
- If your serious health condition occurred as a result of participation in willful acts contrary to law;
- If your serious health condition occurred while serving in the armed forces;
- If you do not cooperate by providing the proper healthcare certification as evidence of your inability to attend work

Requirements to Receive Benefits

To receive benefits under this Plan you should contact the Human Resources Representative. After five days of consecutive missed work due to a health care condition, you must show satisfactory proof of a serious health condition. An attending physician's statement or other evidence of health status may be sent to Human Resources via fax or courier.

Proof of a serious health condition must be provided within a health condition certification document supplied by the attending health care professional. Failure to cooperate with requests for information will result in denial of short-term disability benefits. If you are approved for benefits, you will receive your payment(s) within the typical payroll periods.

How long benefits continue

Short-term disability benefits may continue for a period not to exceed six months (26 weeks) within a 12-month period looking backwards. New occurrences will begin after 15 days of the end of the last claim. All occurrences will follow the benefit percentage of earnings table as listed during each 12-month period. A new occurrence will begin at the same benefit percentage where the previous occurrence concluded. Employees experiencing an employment anniversary date will stay at the same tenure level throughout that occurrence. Any new claims will begin at the new tenure level. .

Benefit Duration

Short-term disability benefits will end when you return to work accompanied by a return to work statement from the attending health care professional, terminate, or after six months, whichever occurs first. If your disability is determined to be permanent and you are not able to return to work, with or without restrictions, you may qualify for **Total and Permanent Disability** under the Long-Term Disability Plan, provided to full-time Royal Neighbors of America employees with six months tenure.

ABOUT YOUR COVERAGE

Coverage when you are not working

Periods of absence under this Plan that meet the criteria of the Family and Medical Leave Act may be credited toward the employee's entitlement under that Act at the Company's discretion.

Reimbursement requests for tuition, licenses, certifications, etc. during a leave of absence

The Society will reimburse expenses while an employee is active and not on a leave of absence. Costs will be reimbursed once the employee returns to work and is eligible for reimbursement.

If you leave the Company

Your Short-Term Disability coverage ends on the day you terminate, retire or are no longer eligible for coverage for any reason.

Future of the Plan

While the Company intends to continue the benefits and policies described in this booklet, the Company, dependent upon action from the Royal Neighbors Board of Directors, reserves the right to suspend, modify, or terminate this Plan at its discretion at any time.

ADMINISTRATIVE INFORMATION

Overpayments and other errors

If a benefit is paid that is larger than the amount allowed by the Plan, the Plan has a right to recover the excess amount from the person who received it. Erroneous statements will not change the rights or obligations under the Plan and will not operate to grant additional benefits or coverage.

Plan Sponsor

Royal Neighbors of America
230-16th Street
Rock Island, IL 61201

Type of Plan and Administration

The Short-Term Disability Plan is a pay continuation plan, it is not considered a formal welfare plan subject to the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by Royal Neighbors of America.

Source of Benefits Funding

Royal Neighbors of America self-funds the entire cost of the Short-Term Disability Plan.

Agent for Service of Legal Process

Royal Neighbors of America
Attn: General Council Office
230-16th Street
Rock Island, IL 61201

Contacts

For information about this Plan or to apply for benefits, contact a Human Resources representative.

GLOSSARY OF TERMS

The following terms are highlighted throughout the SPD. In this section, you will find the definitions for these terms to help clarify their meaning and to provide information to better help you understand the provisions of your benefit Plan.

Automatic enrollment

The plan does not require you, upon becoming eligible for coverage, to make an election for coverage to begin.

Company

Royal Neighbors of America provides this benefit.

Serious Health Condition

A condition that causes you to be unable to perform regular job duties.

Full-Time Employee

Any person designated by the Company as a full-time employee. Any employee that works at least 35 hours per week on a regular basis will be considered a Full-Time Employee.

Normal pay

Your current base pay excluding overtime and/or any additional compensation.

Occupational injury or illness

An injury or illness that happens because of, or as a direct result of, your daily job duties or responsibilities.

Proof of Eligibility

Evidence that you are not able to work as a result of your serious health condition. Proof will be a certification provided by a health care professional.

Short-term disability

A serious health condition that lasts for a period of time, usually less than six months, and makes you unable to perform your job.

Summary Plan Description (SPD)

A legally required document intended to help you understand your benefits, how the Plan operates, how to file claims, and your rights and responsibilities as a Plan participant. It does not describe every feature in the Plan, and it is not intended to be a full statement of the Plan documents.

Taxable income

Your Short-Term Disability earnings are subject to taxes, like base pay and overtime pay.

Total and permanent disability

A serious health condition that prevents you from engaging in the functions of gainful employment, meets the criteria of the Social Security Disability Act as well as the Long-Term Disability benefit provided by Royal Neighbors of America.

Workers' Compensation

Every state has a system of providing for the cost of medical care and weekly payments to employees who suffer job-related illnesses or injuries and to dependents of those killed in industry. The employer is required to pay benefits prescribed by law.