

Watco Companies, LLC Disability Plan Benefits

Original Plan Effective Date: February 1, 2018
All Full-Time Railroad Team Members

Explore the coverage that helps you protect your income and your lifestyle.

What is the difference between Short Term and Long Term Disability insurance?

Short Term Disability (STD) insurance can help you replace a portion of your income during the initial weeks of a Disability and pays a weekly benefit.

Long Term Disability (LTD) insurance helps replace a portion of your income for an extended period of time and pays a monthly benefit.

Eligibility Requirements

Short Term Disability:

All active full-time employees working at least 28 hours per week are eligible to participate.

Long Term Disability:

All active full-time employees working at least 28 hours per week are eligible to participate.

How is “Disability” defined under the Plan?

Generally, you are considered disabled and eligible for short term and long term benefits if, due to sickness, pregnancy or accidental injury, you are receiving appropriate care and treatment and complying with the requirements of treatment and for STD you are unable to earn more than 80% of your predisability earnings at your own occupation and for LTD During the elimination period and the next 24 months is unable to earn more than 80% of predisability earnings at their Own Occupation for any employer in their Local economy.

Following the Own Occupation period for LTD, you are considered disabled if, due to sickness, pregnancy or accidental injury, you are receiving appropriate care and treatment and complying with the requirements of treatment and you are unable to earn 60% of your predisability earnings at any gainful occupation for which you are reasonably qualified taking into account your training, education and experience. For a complete description of this and other requirements that must be met, refer to the Certificate of Insurance provided by your Employer or contact your MetLife benefits administrator with any questions.

What is the benefit amount?

Short Term Disability:

The Short Term Disability benefit replaces a portion of your predisability earnings, less the income that was actually paid to you during the same Disability from other sources¹ (e.g., state disability benefits, no-fault auto laws, sick pay, etc.).

The Benefit amount is 60% of your predisability weekly earnings; subject to the plan's maximum weekly benefit of \$750.

Long Term Disability:

The Long Term Disability benefit replaces a portion of your predisability monthly earnings, less other income you may receive from other sources¹ during the same Disability (e.g., Social Security, Workers' Compensation, vacation pay, etc.).

The Benefit amount is the **option of:** [40, 50 or 60%] of your predisability monthly earnings; subject to the plan's maximum monthly benefit.

What is the maximum monthly benefit?

The amount of the Long Term Disability benefit may not exceed the maximum monthly benefit established under the plan, regardless of your annual salary amount. The maximum under this core plan is \$15,000. If your salary exceeds \$300,000.00, your LTD benefit will be limited to this maximum.

When do benefits begin and how long do they continue?

Short Term Disability:

Benefits begin after the end of the elimination period. The elimination period begins on the day you become disabled and is the length of time you must wait while being disabled before you are eligible to receive a benefit. The elimination periods are as follows:

For Injury: 14 days.

For Sickness (includes pregnancy): 14 days.

Benefits continue for as long as you are disabled up to a maximum duration of 26 weeks of Disability.

Long Term Disability:

Benefits begin after the end of the elimination period. The elimination period begins on the day you become disabled and is the length of time you must wait while being disabled before you are eligible to receive a benefit. Your elimination period for Long Term Disability is 360 days or until the end of the STD Maximum Benefit Period.

Your plan's maximum benefit period and any specific limitations are described in the Certificate of Insurance provided by your Employer.

Additional Disability Plan Benefits:

Coverage with Your Best Interests in Mind...

When you are ill or injured for a long time, MetLife believes you need more than a supplement to your income. That's why we offer return-to-work services, and financial incentives and assistance in obtaining Social Security Disability Benefits to help you get the maximum benefits from your coverage. (Please note – this assistance is only offered if you are approved for LTD benefits).

Services to Help You Get Back to Work Can Include:

Nurse Consultant or Case Manager Services:

Specialists who personally contact you, your physician and your employer to coordinate an early return-to-work plan when appropriate.

Vocational Analysis:

Help with identifying job requirements and determining how your skills can be applied to a new or modified job with your employer.

Job Modifications/Accommodations:

Adjustments (e.g., redesign of work station tools) that enable you to return to work.

Retraining:

Development programs to help you return to your previous job or educate you for a new one.

Financial Incentives:

Allow you to receive Disability benefits or partial benefits while attempting to return to work.

The Services of Social Security Experts:

Once you are approved for Disability benefits, MetLife can help you obtain Social Security Disability benefits. Our experts can guide you through the initial application and appeals processes and may also help you access assistance from attorneys or vendors to pursue Social Security benefits.

Answers to Some Important Questions...

Q. Can I still receive benefits if I return to work part time?

A. Yes. As long as you are disabled and meet the terms of your Disability plan, you may qualify for adjusted Disability benefits.

Your plan offers financial and Rehabilitation incentives designed to help you to return to work when appropriate, even on a part-time basis when you participate in an approved Rehabilitation Program. While disabled, you may receive up to 100% of your predisability earnings when combining benefits, Rehabilitation Incentives,] other income sources such as Social Security Disability Benefits and state disability benefits, and part-time earnings. (Please note – the Social Security Disability Benefit assistance is only offered if you are approved for LTD benefits).

Under Short Term Disability coverage and Long Term Disability coverage you can get a 10% increase in your weekly benefit with the Rehabilitation Incentive.

If you work or participate in a rehabilitation program while disabled, following the 4th weekly benefit payment, the Family Care Incentive provides reimbursement up to \$100 per week for eligible expenses, such as child care.

You may be eligible for the Moving Expense Incentive if you incur expenses in order to move to a new residence recommended as part of the Rehabilitation Program. Expenses must be approved in advance.

Q. Are there any exclusions for pre-existing conditions?

A. Yes. Your plan may not cover a sickness or accidental injury that arose in the months prior to your participation in the plan. A complete description of the pre-existing condition exclusion is included in the Certificate of Insurance provided by your Employer or contact your MetLife benefits administrator with any questions.

Q. Are there any exclusions to my coverage?

A. Yes. Under *Short Term Disability*, your plan does not cover any Disability which results from or is caused or contributed to by:

- Elective treatment or procedures, such as cosmetic surgery, sex-change surgery, reversal of sterilization, liposuction, visual correction surgery, in-vitro fertilization, embryo transfer procedure, artificial insemination or other specific procedures.

However, pregnancies and complications from any of these procedures will be treated as a sickness.

Under *Short Term and Long Term Disability* coverage, your plan does not cover any Disability which results from or is caused or contributed to by:

- War, whether declared or undeclared, or act of war, insurrection, rebellion or terrorist act;
- Active participation in a riot;
- Intentionally self-inflicted injury or attempted suicide;
- Commission of or attempt to commit a felony.

Additionally, no payment will be made for a Disability caused or contributed to by any injury or sickness for which you are entitled to benefits under Workers' Compensation or a similar law.

Q. Are there any limitations to my coverage?

A. For Long Term Disability, limited benefits apply for specific conditions:

If you are disabled due to *mental or nervous disorders or diseases, neuromuscular, musculoskeletal or soft tissue disorder, Fibromyalgia, chronic fatigue syndrome and related conditions, self-reported conditions*; we will limit your Disability benefits to a per occurrence period limit equal to the lesser of:

- 24 months; or
- The Maximum Benefit Period.

Your Disability benefits will be limited as stated above for mental or nervous disorder or disease except for:

- neurocognitive disorders

Other limitations or exclusions to your coverage may apply. Please review your Certificate of Insurance provided by your Employer for specific details or contact your benefits administrator with any questions.

The "Plan Benefits" provides only a brief overview of the LTD and STD plans. A more complete description of the benefits provisions, conditions, limitations, and exclusions will be included in the Certificate of Insurance/Summary Plan Description. If any discrepancies exist between this information and the legal plan documents, the legal plan documents will govern.

Long Term Disability ("LTD") and Short Term Disability ("STD") coverages are provided under a group insurance policy (Form GPNP99) issued to your employer by MetLife. This LTD and STD coverages terminates when your employment ceases, when you cease to be an eligible employee, when your LTD and STD contributions cease (if applicable) or upon termination of the group contract by your employer. Like most group insurance policies, MetLife's group policies contain certain exclusions, elimination periods, reductions, limitations and terms for keeping them in force. State variations may apply.

1 Under certain circumstances, MetLife may estimate the amount of income you may receive from other sources.

Watco Companies, LLC
Railroad Employees
Disability Plan Contribution Worksheet

This worksheet allows you to approximate your monthly and annual contributions Short Term Disability (STD) and Long Term Disability (LTD) coverage effective January 1, 2018. Contribution amounts are based gross weekly income for STD and gross monthly income for LTD. Actual contributions will be calculated by the payroll system.

Short Term Disability (STD)	Rate per \$10 Of Covered Weekly Benefit
Railroad Employees	
0-49	\$1.12
50-59	\$1.37
60+	\$1.49

STD Example Short Term Disability Contribution:

A. Annual Earnings =	\$ 30,000	A. Annual Earnings =	\$
B. Weekly Earnings = <i>(A divided by 52)</i>	\$ 576.92	B. Weekly Earnings = <i>(A divided by 52)</i>	\$
C. Value Per \$10 = <i>(B divided by 10)</i>	57.69	C. Value Per \$10 = <i>(B divided by 10)</i>	
D. Estimated Monthly Contribution Age of 49: <i>(C multiplied by 1.12)</i>	\$ 64.61	D. Estimated Monthly Contribution = <i>(C multiplied by the applicable age-banded rate)</i>	\$

Long Term Disability (LTD) (per \$100 Covered Monthly Payroll)	Rates
Voluntary Long Term Disability Railroad Employees	See Below

40% Plan Long Term Disability Per \$100 of covered payroll	50% Plan Long Term Disability Per \$100 of covered payroll	60% Plan Long Term Disability Per \$100 of covered payroll
00-24 \$0.040	00-24 \$0.080	00-24 \$0.100
25-29 \$0.080	25-29 \$0.130	25-29 \$0.190
30-34 \$0.080	30-34 \$0.170	30-34 \$0.240
35-39 \$0.180	35-39 \$0.230	35-39 \$0.370
40-44 \$0.330	40-44 \$0.420	40-44 \$0.650
45-49 \$0.340	45-49 \$0.530	45-49 \$0.810
50-54 \$0.320	50-54 \$0.520	50-54 \$0.980
55-59 \$0.390	55-59 \$0.610	55-59 \$1.230
60-64 \$0.530	60-64 \$0.760	60-64 \$1.310
65-69 \$0.800	65-69 \$1.210	65-69 \$1.570
70-99 \$0.690	70-99 \$0.980	70-99 \$1.220

LTD Example

Long Term Disability Contribution:

A. Annual Earnings =	\$ 30,000	A. Annual Earnings =	\$
B. Monthly Earnings = <i>(A divided by 12)</i>	\$ 2,500	B. Monthly Earnings = <i>(A divided by 12)</i>	\$
C. Value Per \$100 = <i>(B divided by 100)</i>	25.00	C. Value Per \$100 = <i>(B divided by 100)</i>	
D. Estimated Monthly Contribution Age of 49: @ 50% <i>(C multiplied by 0.530)</i>	\$ 13.25	D. Estimated Monthly Contribution = (C multiplied by the applicable age-banded	\$