

# Disability Plans

Diageo NA offers the Short-term and Long-term Disability Plans through Hartford Life to provide financial protection for you and your family if you are unable to work due to an injury or illness. There is Company-paid coverage and the option to purchase additional coverage based on your needs.



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## Disability Plans

Diageo NA offers two types of Disability coverage:

- Short-term Disability (STD)
- Long-term Disability (LTD)

The Short-term Disability and 50% Long-term Disability coverage are provided by the Company at no cost to you. You may purchase additional LTD coverage if you wish.

### Short-term Disability

The STD Plan is Company-paid coverage that pays you 100% of your annual base salary during your first three months of disability and 60% of your annual base salary during the next three months of disability.

### Long-term Disability

If you are disabled for longer than six months, the LTD Plan, depending on the option you choose, may pay you 50%, 60%, or 70% of your annual base salary up to a maximum monthly benefit, for as long as you are totally disabled, or until you reach age 65.

The Company automatically provides you with 50% LTD coverage. You may purchase 60% or 70% coverage.

## Questions?

If you have questions about STD or LTD insurance after you review the information here, call Hartford Life at 1-800-863-5166 or the Benefits Center at 1-800-523-2309.

If you have questions about Social Security Disability, call the Social Security Administration at 1-800-772-1213 or log on to the Social Security website at [www.ssa.gov](http://www.ssa.gov).

## How the Disability Plans Works

There are several factors that determine what level of coverage you receive while on disability, such as your annual base salary, your ability to produce proof of insurability, and the cost of coverage.

### Annual Base Salary

STD and LTD benefits are based on your annual base salary. As your salary increases, your coverage increases. Annual base salary does not include commissions, bonuses, overtime pay, or any fringe benefits.

The maximum amount of annual base salary allowed under the LTD Plan is \$225,000.

## Proof of Insurability

If you want to change your LTD coverage after your initial enrollment, you may need to provide proof of insurability. This means that you will need to complete a personal health statement, and submit it to the insurance company. The insurance company must approve the coverage. Coverage is not guaranteed.

## Cost of Coverage

The Company pays the full cost of your STD coverage and the 50% LTD option. You and the Company share the cost for the 60% or 70% LTD options. Premiums for 60% and 70% LTD coverage can be found on Diageo One or by contacting your Human Resources Representative.

## Tax Information

Under current law, if an employee receives disability benefits that have been paid for by the Company, they are subject to all income taxes. Therefore, if you become disabled, any STD benefits you receive are taxable, as well as, benefits received through the 50% LTD option. During the first six months, Social Security/Medicare taxes are also deducted.

If you elect the 60% or 70% LTD option, the Company continues to pay for their portion of the 50% option premium, and you pay the additional premium for added coverage with after-tax dollars. Because you have already paid taxes on your portion of the premium, you will not be taxed on the additional 10% or 20% benefit that you receive.

## Maximum LTD Benefits

The maximum LTD benefit you receive depends on the option you choose:

LTD Option*	Maximum Monthly Benefit
50% of annual base salary	\$9,375
60% of annual base salary	\$11,250
70% of annual base salary	\$13,125

\*The maximum amount of annual base salary allowed under the plan is \$225,000.

## LTD Payments

In general, LTD payments continue until the earlier of the date you:

- Reach age 65 (unless you become disabled at age 62 or older)
- Are no longer considered disabled
- Die

Your LTD benefits may end sooner if:

- You do not apply for benefits
- You do not provide information requested by Diageo NA or Hartford Life

If you are no longer considered totally disabled and your LTD payments end, you must notify the Company that you are released from disability.

## Additional LTD Information

Other factors you should consider when determining your level of disability coverage include:

- Pre-existing conditions
- Return to work incentive
- If you are age 62 or older
- Rehabilitation
- Mental, nervous, and substance abuse disabilities

## Pre-existing Conditions

The LTD Plan will not pay benefits for a disability related to a pre-existing condition. A pre-existing condition is a condition for which you received medical care or treatment during the 90 days before your LTD coverage began. If you are a new employee, this means the 90 days before your date of hire; or if you are an existing employee, this means the 90 days before a change in coverage effective date. The condition can be the result of an accidental injury, illness, mental condition, or episode of substance abuse.

The LTD Plan may cover pre-existing conditions if:

- You have been free of medical care for that condition for 90 consecutive days before your LTD coverage began.
- You have been insured under our LTD Plan for 365 consecutive days, whether or not you were treated for the condition during that period.

In some areas you may be eligible for state disability benefits regardless of a pre-existing condition. Contact your Human Resources Representative for more information.

## Return to Work Incentive

If you are able to work in some capacity while on LTD, you may be eligible to earn up to 100% of your pre-disability earnings for up to 12 consecutive months without compromising your disability status. You will receive additional information from Hartford Life if you qualify for this benefit.



## If You Become Disabled Again

If you return to work after having been on STD or LTD and then become disabled again, you may be eligible for additional payments for related or unrelated disabilities as follows:

<b>If You Return to Work for:</b>	<b>If You are on STD:</b>	<b>If You are on LTD:</b>
<b><i>Less than 30 days</i></b>	You may be eligible to resume STD payments for the remainder of the STD six-month period if you become disabled due to the same condition.	You may be eligible to resume LTD payments if you become disabled due to the same condition.
<b><i>More than 30 days</i></b>	You may be eligible to begin a new six-month period of STD benefits.	You must begin a new LTD six-month waiting period. You may be eligible for STD benefits during this time.
<b><i>Any period of time and become disabled due to a different, unrelated condition</i></b>		

## Disability at Age 62 or Older

If you are age 62 or older when you become disabled, your LTD benefit payments may continue after you reach age 65 as follows:

### Normal Retirement Age

The Normal Retirement Age for the purpose of this plan is age 65.

<b>Age When Disabled:</b>	<b>You May Receive LTD Benefits:</b>
<b><i>Prior to 63</i></b>	Until you reach Normal Retirement Age or 42 months, if greater
<b>63</b>	Until you reach Normal Retirement Age or 36 months, if greater
<b>64</b>	For 30 months
<b>65</b>	For 24 months
<b>66</b>	For 21 months
<b>67</b>	For 18 months
<b>68</b>	For 15 months
<b>69 or older</b>	For 12 months

## Rehabilitation

Hartford Life will provide services to help you return to work if you are on disability through a rehabilitation program.

A rehabilitation program may include:

- Vocational testing and training
- Alternative treatment plans such as:
  - Support groups
  - Physical, occupational, and speech therapy

- Reasonable work-place modifications
- Job placement
- Transitional work

### **Dependent Care Credit**

If you are in a rehabilitation program and require dependent care for a child(ren) under age 13 or for a member of your household who is mentally or physically handicapped, the plan may add the cost of your dependent care expenses<sup>1</sup> to your pre-disability earnings, thereby increasing your LTD monthly benefit. You will receive additional information from Hartford Life if you qualify for this benefit.

### **Mental, Nervous, and Substance Abuse Disabilities**

The LTD Plan covers mental, nervous, and substance abuse disabilities if you are confined to a hospital or facility that is licensed to provide medical care for that condition.

If you are not confined to a hospital or other facility, you may receive up to 24 months of benefits during your lifetime for all mental, nervous, and substance abuse disabilities.

### **If You Receive Benefits from Other Sources**

Your STD and LTD benefits will be coordinated with Social Security Disability, Worker's Compensation, Diageo NA's Cash Balance Plan, auto or liability insurance, and other disability replacement income plans so that your total benefit from all sources will equal your current STD or LTD benefit.

If all other sources of disability income equal more than your LTD benefit, you will still receive the minimum \$50 monthly benefit from Diageo's plan.

### **Applying for Social Security Disability Benefits**

Social Security Disability payments generally begin in your fifth month of disability, as long as you apply and are eligible for benefits. The amount of disability payments depends on your earnings history. For more information about Social Security Disability, call the Social Security Administration at 1-800-772-1213 or log on to the Social Security website at [www.ssa.gov](http://www.ssa.gov).

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<sup>1</sup>The plan will pay up to \$350 per month for the first 12 months, \$175 per month for the next 12 months. The maximum benefit is \$2,500.



## Disabilities Not Covered by the Plans

The Disability Plans do not pay benefits for disabilities due to:

- A pre-existing condition (LTD only)
- Any attempt by you to commit assault, battery, or felony
- Service in the armed forces
- War or any act of war (declared or undeclared)
- Insurrection
- Rebellion
- Your taking part in a riot or civil disorder

Intentionally self-inflicted injury benefits will also not be paid if:

- Your disability is not verified by a doctor
- You do not provide medical information as required by the Company or the insurance company
- Your job can be adapted for your condition, and you do not return to work
- You become disabled while on layoff or leave of absence

## How to File a Claim for Benefits

There are two different claims processes for STD and LTD disability. For STD, you must contact your supervisor, your HR Representative and Hartford Life immediately. For LTD, Hartford Life will contact you after three months on STD.

### Short-term Disability

If you become disabled, notify your supervisor, your HR Representative and Hartford Life immediately to initiate your STD benefits. You may notify Hartford Life two weeks in advance for expected disabilities, i.e. maternity and planned surgery. If you do not notify Hartford Life within five days of your disability, benefits will be delayed.

### Long-term Disability

Hartford Life will contact you regarding the LTD application process after three months of STD. They will notify you in writing if your claim is approved or if more information is needed. The insurance company may require you to supply medical information from time to time while you receive LTD benefits.

If your claim is denied, Hartford Life will tell you why it was denied and how you can appeal the denial.



**An Example**

An employee is age 57, her annual base salary is \$40,000, and she has elected the 70% LTD option. If she becomes totally disabled in March 2014, she will receive the following benefits:

Employee's Coverage	Dates of Payments	Monthly Disability Benefit
STD: 100% of annual base salary	Beginning March 1 Ending June 1	\$3,333* ( $\$40,000 \div 12$ )
STD: 60% of annual base salary	Beginning June 2 Ending August 31	2,000* ( $\$40,000 \times 60\% = \$24,000 \div 12$ )
LTD: 70% of annual base salary	Beginning Sept. 1 Ending at age 65	\$2,333* ( $\$40,000 \times 70\% = \$28,000 \div 12$ )

\*STD and LTD benefits may be offset by disability benefits from other sources.

**Converting Your Coverage to an Individual Policy**

If your coverage ends, you may be able to convert your LTD coverage to an individual policy. In order to convert your LTD coverage, you must complete the application and pay the premium within 31 days following the termination of coverage. Conversion forms will be sent to you if coverage ends. You may not convert to an individual policy if you are receiving LTD benefits.

