

**CITY OF LINCOLN**

**LONG TERM DISABILITY PLAN**



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**TO ALL ELIGIBLE EMPLOYEES:**

The City of Lincoln understands that when unexpected accidents or illnesses happen outside of work, it can be a cause for concern. The City also realizes that it is not just about the physical well-being, but also the financial aspect, such as daily living and medical expenses. Moreover, an employee can suffer the loss of their future ability to earn a living if they become totally disabled. Recognizing this need, the City of Lincoln has instituted this Long-Term Disability (LTD) Plan. The purpose of the Long-Term Disability (LTD) Plan is to help protect employee incomes in the event they ever experience an extended disability.

## BENEFITS AT A GLANCE

This LTD plan provides financial protection for employees by paying a portion of their income while they are disabled. The amount the employee receives is based on the amount they earned before their disability began.

**ELIGIBLE EMPLOYEE.** An eligible employee is any person who has completed their new hire probationary period and who customarily works at least 30 hours per week. Employees who are covered by the Police and Fire Pension Plan are not eligible employees.

**MINIMUM HOURS REQUIREMENT.** Employees must be working at least 30 hours per week.

**NEW HIRE PROBATIONARY PERIOD.** Employees become eligible for this LTD Plan the 1<sup>st</sup> day of the next month following the date they complete 180 days of service with the City of Lincoln and have worked at least 30 hours per week.

**ELIMINATION PERIOD.** LTD benefits begin at the end of the first month following a 180-day period, or the exhaustion of accumulated sick leave, whichever is longer.

**MONTHLY BENEFIT.** LTD benefits are 50% of an employee's basic monthly wage with a maximum of \$3,000 per month. However, payment will be reduced by any other income benefits available to employees for any monthly period.

**MAXIMUM PERIOD OF PAYMENT.** Benefits will continue until Total Disability ceases or as limited in the following schedule:

| DISABILITY COMMENCEMENT | BENEFIT DURATION |
|-------------------------|------------------|
| Prior to Age 60         | To Age 65        |
| Age 60 to 69            | 5 Years          |
| Age 70 to 74            | 12 Months        |
| Age 74 and Older        | 6 Months         |

### OTHER FEATURES

Mental or Nervous Limit: 2 Years

Pre-Existing Condition Limit: 6 Months

Survivor Benefit: 3 times last Monthly Benefit

**SECTION I**  
**USING THE LTD PLAN DOCUMENT**

1. **PLAN DOCUMENT.** This is not a summary of an employee's LTD plan, but the actual LTD plan document written so that it may be used by the employee, the City of Lincoln and its appointed representative(s) in administering the LTD plan. In addition to this section which explains how to use the LTD plan document, the document has six other sections. A summary of each section is listed below.
2. **HOW TO FILE A CLAIM.** The City has streamlined the claim filing procedure. The employee's cooperation in filling out the forms completely will help the City administer the LTD plan and will avoid delays in paying benefits.
3. **COVERAGE.** This section explains the coverage and contribution rules of the LTD plan.
4. **BENEFITS.** This section describes the benefits provided by the LTD plan. The "Benefits At A Glance" page provides a summary of LTD plan benefits for quick reference.
5. **EXCLUSIONS.** There are several exclusions which apply to LTD plan benefits that are listed in the exclusions section.
6. **GENERAL PROVISIONS.** This section sets forth general provisions important to the administration of the LTD plan, including information the federal government requires to be included in this document.
7. **DEFINITIONS.** Many of the terms used throughout this LTD plan are defined in the definitions section.

## SECTION II DEFINITIONS

1. **BASIC MONTHLY WAGE.** Basic monthly wage means the employee's monthly base wage during the month the employee worked immediately prior to the employee's disability, but excluding overtime pay, longevity pay, other bonuses or special compensation.
2. **DOCTOR.** Doctor means an individual who is a licensed physician operating within the scope of their license and is authorized to prescribe and administer drugs or to perform medical services.
3. **ELIGIBLE EMPLOYEE.** Eligible employee means any person who completed their new hire probationary period and who customarily works at least 30 hours per week. Employees who are covered by the Police and Fire Pension Plan are not eligible.
4. **ESSENTIAL FUNCTIONS.** Essential functions are defined as duties that are normally required for the performance of the employee's regular occupation or a gainful occupation and cannot be reasonably omitted or modified.
5. **GAINFUL EMPLOYMENT.** Gainful employment means any occupation in which the Insured Employee:
  - a. Is or could reasonably become qualified, considering their education, training, experience, mental and physical abilities.
  - b. Could reasonably find employment, considering the demand in the national labor force.
  - c. Could earn (or reasonably expect to earn) a before-tax income at least equal to 50% of their basic monthly wage, within 12 months of returning to work.
6. **LTD PLAN.** LTD plan means the City of Lincoln Long Term Disability Plan, as herein set forth and as from time to time amended.
7. **MENTAL OR NERVOUS DISORDER.** Mental or nervous disorder means any neurosis, psychoneurosis, or mental or emotional disease or disorder of any kind, including substance abuse.
8. **PLAN ADMINISTRATOR.** Plan administrator means the City of Lincoln or its representative(s).
9. **REGULAR OCCUPATION.** Regular occupation means the occupation the employee routinely performs when their disability begins.
10. **SICKNESS.** Sickness means illness, disease, or pregnancy causing loss commencing while

an employee is covered under the LTD plan.

11. **INJURY.** Injury means accidental bodily injury occurring while the employee is covered under the LTD plan.

12. **TOTAL DISABILITY** means:

- a. During the six-month qualifying period and during the first 24 months in which benefits are payable, a disability which prevents an employee from performing the essential functions of their regular occupation.
- b. After this 24-month period, a disability which prevents the employee from performing the essential functions of any gainful occupation.

**SECTION III  
HOW TO FILE A CLAIM  
CLAIM INSTRUCTIONS**

1. When an employee is totally disabled due to a non-work-related accident or illness, please contact the City of Lincoln, Personnel Department, Benefits Area for the LTD claim forms. These include the following:
  - Employee's LTD Statement
  - Physician's LTD Report
  - LTD Authorization for Disclosure of Health Information, and
  - Employer's LTD Statement (to be completed by the City of Lincoln, Personnel Department, Benefits Area)
2. Please complete the Employee's LTD Statement in detail, answering all questions including the employee's signature.
3. The written notice of claim (Employee's LTD Statement) must be provided as soon as possible before leaving active employment with the City of Lincoln. It is the employee's responsibility to ensure that the completed Employee's LTD Statement is sent to the City of Lincoln, Human Resources Department.
4. To determine compensability, the City may require additional information as follows:
  - Proof of other income, and/or
  - Proof that the employee has applied for other income, and that the employee has furnished proof of.
5. The Employee is responsible for forwarding the Physician's LTD Report to their doctor for completion. It is the employee's responsibility to ensure this form is returned to the City of Lincoln, Human Resources Department.
6. The City asks that employees furnish all items requested to document the employee's claim. An authorization for the source of medical services to release all requested medical information is required. If the employee does not furnish the required information or authorize its release (LTD Authorization for Disclosure of Health Information), the City may not be able to determine compensability. It is the employee's responsibility to ensure that the LTD Authorization for Disclosure of Health Information is provided to the City of Lincoln, Human Resources Department.
7. Employees will receive written notice from the City and/or their representatives regarding how benefits are calculated.
8. Claims will be approved or denied by the City of Lincoln and/or their representatives by the end of the elimination period or within a reasonable amount of time, thereafter.



9. We may ask an employee to be examined by a physician, physical therapist or vocational counselor of the City's choice as deemed necessary by the City. The City will pay for any exam which the City requires.
10. No action at law or in equity may be brought against the plan until at least 180-days after the employee files proof of loss. No action may be brought after the statute of limitations has expired, but, in any case, not after four years.
11. In the event an employee's claim is denied, the employee will receive a written explanation of denial and will refer to the LTD plan provisions upon which the decision was based. The notice will also tell the employee about any additional information that may be necessary for the claim to be approved.
12. An employee may appeal the denial of a claim in writing to the Director of Human Resources. In order to be considered, the appeal must be received within 90 days after the employee is notified of the denial. The employee should include any comments, and documents they believe supports their claim. The employee may also designate a representative to interact with the Director of Human Resources on their behalf. If an employee decided to make a personal appearance or have another person represent them, it will be done at the employee's own expense. The employee or their representative may review any documents which relate to the appeal. The documents may be reviewed at the City of Lincoln, Human Resources Department during regular business hours.
13. If an employee files an appeal, the Director of Human Resources will review the claim and any additional information provided. A decision will be rendered within 60 days after it is received.

#### SECTION IV COVERAGE

1. **Commencement of Coverage for Eligible Employees.** Coverage under this LTD plan will begin at 12:01 a.m. on the 1<sup>st</sup> day of the month following the date an employee completes 180 days of service with the City of Lincoln.
  - a. Coverage cannot begin while an employee is away from work due to a disability. In that event employees will not be covered until the 1<sup>st</sup> day after they have been back to work on a full-time basis which completes their new hire probationary period. For this purpose, employees will be deemed to be actively at work if they are working at the Employer's usual place of business on a regularly scheduled basis performing every duty pertaining to their job, not taking into account periods of absence from work due solely to vacation, holidays or days off. Coverage for benefit changes will also not apply until employees have returned to active work on a full-time basis.
  
2. **Termination of Coverage for Eligible Employees.** Coverage under the LTD plan will terminate at 12:01 a.m. on whichever of the following days occurs first:
  - a. The day an employee ceases to be an eligible employee.
  - b. The date the LTD plan is terminated.
  - c. The date an employee enters into active duty with armed forces.

## **SECTION V BENEFITS**

*(Refer to applicable LTD plan provisions for eligibility and other requirements regarding these benefits.)*

### **SCHEDULE OF BENEFITS**

1. **BENEFITS.** If an employee becomes totally disabled by a non-work-related accident or illness and remain under the care of a doctor, they will receive 50% of their basic monthly wage (see Section VII-Definitions), reduced by the amount of any other income benefits available to them for any monthly period. This benefit will be paid to employees only if they have been totally disabled for 180 consecutive days. Employees receiving long-term disability benefits will not be eligible for any improvement in disability benefits until they have returned to active work on a full-time basis.
  
2. **OTHER INCOME BENEFITS.** Other income benefits are defined as follows:
  - A. Any temporary or permanent benefits or awards for which the Insured Employee is eligible under:
    - 1) Worker's Compensation Law for which an employee is eligible for from another employer.
    - 2) Occupational disease law.
    - 3) Any other act or law of like intent.
    - 4) Lump Sum Benefit. If an employee receives a lump sum payment for any other income benefits, the City will prorate the lump sum on a monthly basis over the time period specified for the lump sum payment. If no time period is stated, the lump sum payment will be prorated on a monthly basis over the employees expected lifetime as determined by the City.
  
3. Any disability income benefits for which the Insured Employee is eligible under a compulsory benefit act or law.
  
4. Any disability income benefits for which the Insured Employee is eligible under:
  - 1) Any other group plan, sick leave or salary continuance plan of the City.
  - 2) Any governmental retirement system as a result of the Insured Employee's job with a prior Employer.
  - 3) Any automobile liability insurance policy.
  
5. Any disability benefits or retirement benefits the Insured Employee receives under a prior Employer Retirement Plan.

6. Benefits under the United States Social Security Act or any similar plan or act as follows:
  - 1) Disability or unreduced retirement benefits for which the Insured Employee is eligible because of the Insured Employee's disability or eligibility for unreduced retirement benefits.
  - 2) Reduced retirement benefits received by the Insured Employee.
7. Earnings the Insured Employee earns or receives from any form of employment.
8. Veterans' disability benefits related to the employee's total disability covered by the LTD plan while employed at the City.
9. These other income benefits, except retirement benefits, are benefits resulting from the same disability for which a monthly benefit is payable under this LTD plan.
10. An eligible employee who may be entitled to some other income benefit is required to actively pursue it. If they do not, LTD plan benefits may be denied or suspended.
11. **ESTIMATE OF BENEFITS.** The City encourages employees to apply for all other income benefits they may qualify for in a timely manner. If at the time of claim the employee has not applied for other income benefits, the City may estimate the amount of such benefits. The City may reduce the employee's monthly benefits by such estimated amounts, as follows:
  - 1) Have not yet been awarded or denied.
  - 2) Have been denied if the denial is being appealed.
12. If the employee's monthly benefit has been reduced by an estimated amount, then such payments will be adjusted when the City receives proof of the following:
  - 1) Of the amount actually awarded.
  - 2) That benefits have been denied, and that any appeal the City deems necessary has been completed.
13. The City requires proof of other income:
  - A. If the employee is required to apply for other income benefits that they may be eligible to receive because of their disability, and have appealed any denial of benefits through the highest administrative level.
  - B. That the employee applying for other income benefits has furnished the necessary proof needed to obtain other income benefits, which include, but are not limited to, workers' compensation benefits.
  - C. That the employee has not waived (given up his or her right to) any other income benefits without the City's written consent.
  - D. That the employee has sent the City copies of documents showing the effective dates and amounts of other income benefits.
  - E. Of income the employee receives from any work for pay or profit.

Should the employee apply for Social Security benefits, and they are denied, the employee must request reconsideration within 60 days after the denial. If the reconsideration is denied, the employee must apply for a hearing before an administrative law judge within 60 days of the denial, unless the City waives this requirement.

14. **OTHER INCOME BENEFITS WHICH DO NOT REDUCE MONTHLY BENEFITS.** The employee's benefits under the LTD plan will not be reduced by the amount of benefits the employee was receiving if they were receiving the income before they became disabled from the following sources:
  - A. Military and other government service pensions.
  - B. Retirement benefits from a former employer.
  - C. Veteran's benefits for service-related disabilities.
  - D. Individual disability income policies.
  - E. Retirement under the Federal Social Security Act.
  - F. City of Lincoln Employee, or Directors, Retirement Plan.
  
15. The amount of income or other benefits from the following sources will not reduce the employee's disability benefits:
  - A. Profit sharing plans.
  - B. Thrift or savings plans.
  - C. 401(k) plans.
  - D. Keogh plans.
  - E. Employee stock option plans.
  - F. 403(b) Tax-sheltered annuity plans.
  - G. 457 deferred compensation plans.
  - H. Severance pay.
  - I. Individual disability income policies.
  - J. Individual retirement accounts (IRAs).
  
16. **ADJUSTMENT OF BENEFITS.** Should the City find that the amount of benefits from any source should be different from the amount that was used to figure the employee's monthly benefit, it will be adjusted. If the City paid the employee less than it should have, the City will pay the employee the difference. If the City paid the employee more than it should have, then the employee must pay the City the difference. The City may reduce the employee's benefits or stop paying benefits until the overpayment is recovered.
  
17. **WHEN PAYABLE.** Benefits will be paid starting at the end of the 1<sup>st</sup> month following the qualifying six-month period provided the employee has furnished the City with the required proof of loss as described in the claim provisions. Benefits will continue until Total Disability ceases or as limited in the following schedule:

|                                |                             |
|--------------------------------|-----------------------------|
| 18. DISABILITY<br>COMMENCEMENT | 19. BENEFIT<br>DURATI<br>ON |
| 20. Prior to Age 60            | 21. To Age<br>65            |
| 22. Age 60 to 69               | 23. 5 Years                 |
| 24. Age 70 to 74               | 25. 12<br>Months            |
| 26. Age 74 and Older           | 27. 6<br>Months             |

28. **MENTAL OR NERVOUS DISORDERS.** If Total Disability is due to mental or nervous disorders (see Section VII-Definitions) or substance abuse, the benefit is payable during the first two years of disability. At the end of two years of such disability, payment will continue only if the employee is confined in a hospital or other institution qualified to provide care and treatment for the disability.
29. **PRE-EXISTING CONDITIONS.** A pre-existing condition is any sickness or injury for which an employee has received medical care, treatment or services or taken drugs or medicines prescribed by a doctor during the 90-day period prior to the date the employee becomes covered. In the event of a pre-existing condition, coverage will be postponed for that condition until the employee has been actively at work for 180 consecutive days.
30. **SUCCESSIVE DISABILITIES.** Successive periods of disability from the same cause separated by less than six months of active full-time work are considered as one period of disability.
31. **MAXIMUM INTERRUPTION PERIOD DURING QUALIFYING PERIOD.** If Total Disability is interrupted for less than fifteen (15) days, then it will be considered one qualifying period.
32. **SURVIVOR BENEFIT.** Should an employee die while receiving a monthly benefit from the LTD plan, the City will pay to the employee's estate, in a lump sum, an amount equal to three times the last monthly benefit. "Last Monthly Benefit" means the amount to which the employee was last entitled to after reduction of other income benefits.

## **SECTION VII EXCLUSIONS**

Despite other provisions of the LTD plan to the contrary, no payment shall be made under the LTD plan with respect to any disability caused by:

- War or any act of war.
- Committing or attempting to commit a felony.
- An intentionally self-inflicted injury.
- A pre-existing condition.
- Participation in a riot.
- A disability beyond 24 months after the Elimination Period if it is due to a mental or nervous disorder of any type. Confinement in a hospital or institution licensed to provide care and treatment for mental or nervous disorders will not be counted as part of the 24-month limit.

## SECTION VIII GENERAL PROVISIONS

1. **GOVERNING LAW.** The LTD plan is established in the State of Nebraska. To the extent federal law does not apply, any questions arising under the LTD plan shall be determined under the laws of the State of Nebraska.
2. **INTERPRETATION.** The City has the authority to construe the LTD plan and to determine all questions that arise under it. Such power includes, for example, the administrative discretion necessary to determine whether an employee meets the LTD plan's written eligibility requirements, or to interpret any other term contained in this LTD plan document. To the extent that any LTD plan benefit is subject to a determination of medical necessity, reasonableness or the like, the City will make that factual determination. The city's interpretations and determinations are binding on all employees, retired employees, dependents, and their beneficiaries.
3. **ASSIGNMENT.** The rights and benefits under the LTD plan may not be assigned.
4. **TERMINATION AND AMENDMENT.** Although the City intends to continue the LTD plan indefinitely, the City reserves the right to amend or even terminate the LTD plan. Any amendment or modification will be in writing.
5. **GENERAL INFORMATION.** The Plan is funded through the City of Lincoln contributions. Funds are held internally until they are disbursed.
6. **AGENT FOR SERVICE OF PROCESS.** The City is the agent for service of process for the LTD plan.
7. **NUMBER.** In the construction of this LTD plan the singular shall include the plural in all cases where those meanings would be appropriate.
8. **PLAN NOT IN PLACE OF WORKERS' COMPENSATION.** The LTD plan is not in lieu of and does not affect any requirements for coverage by Workers' Compensation Insurance.
9. **EFFECTIVE DATE.** The effective date of this LTD plan is May 1, 1985. No benefits will be paid under this LTD plan for disabilities beginning before the effective date. The LTD plan was amended effective September 1, 1990. Plan revisions were effective November 1, 1992, January 1, 2000, and March 31, 2011.