THE UNIVERSITY OF IOWA

Long Term Disability Insurance
and
Retirement Annuity Protection Insurance

The University of Iowa
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This booklet describes the basic features of The University of Iowa Group Long Term Disability Insurance and Retirement Annuity Protection Insurance.

This booklet outlines what you must do to be insured, and it also explains how to file claims.

The LTD insurance plan described in this booklet is established through a Group Policy issued by Principal Life Insurance Company for The University of Iowa.

Please read this booklet carefully. If you should have any questions, contact the University Benefits Office.
GENERAL INFORMATION

This booklet is your insurance certificate.

The rights and benefits of each person covered by the insurance plan is determined by the provisions of the Master Group Policy which is held by the University Benefits Office. The Master Policy is available for your inspection at that office during regular office hours.

Participation in Insurance Programs

Participation in the University's Group Long Term Disability Insurance programs is a condition of employment by The University of Iowa for all faculty and staff members who hold regular appointments of 50% time or more.

Faculty and Staff Members who participate in TIAA/CREF are covered by the Retirement Annuity Protection Insurance.

Benefits

The specific amount of benefits provided by this insurance plan for each individual are based on several factors described in this booklet.

Medical Examination

Long Term Disability Insurance and the Retirement Annuity Protection Insurance include a limitation for preexisting conditions.

Future of Plan

It is expected that these plans will be continued indefinitely. However, the University and the State Board of Regents do have the right to change or terminate these insurance plans at any time.

Definitions

There are several terms used in this booklet which have a very specific meaning for all of the insurance plans. The following terms are defined in the Appendix A and appear in bold face type when used in this booklet:

- Active Work and Actively at Work
- Benefit Waiting Period
- Completed Years of Continuous Service
- Dependents
- Disability and Disabled
- Group Policy
- Hospital
- Income Loss Percentage
- Indexed Predisability Earnings
- Monthly Budgeted Salary
- Nursing Facility
- Physician
- Predisability Earnings
- Qualified Faculty or Staff Member
- Social Security Normal Retirement Age
- We, Us, and Our
LONG TERM DISABILITY INSURANCE

A faculty and staff member who becomes disabled may be entitled to disability insurance payments. The University provides this coverage to faculty and staff members who hold a regular appointment of at least 50% time. The amount of the insurance benefit is based on the individual's monthly budgeted salary.
Eligibility

Qualified Faculty and Staff Members will be eligible for Long Term Disability Insurance on the first day of the calendar month which follows the date they begin active work and hold a regular appointment of 50% time or more.

Effective Date for Initial Insurance

Your Long Term Disability Insurance will begin on the date you are eligible, unless you are not actively at work on the date insurance would otherwise be effective.

If you are not actively at work, your Long Term Disability Insurance will not be in force until the day you return to active work.

Qualifying for Long Term Disability Benefits

To qualify for benefit payment, all of the following must occur:

- You must become disabled while insured for Long Term Disability.
- Your disability must not be subject to any of the limitations described under Limitation on Disability Insurance in this booklet.
- You must complete a benefit waiting period.
- You must satisfy the requirements described under Qualifying for Long Term Disability benefits.
- You must file a claim in accordance with the Claim Procedures Section.

A benefit waiting period will start on the date you are disabled as established by the Claim Procedures set forth in this booklet. A benefit waiting period will be completed either when your disability has been continuous for 90 working days or when you have exhausted all of your accrued sick leave and vacation time (if elected), whichever is later.

Benefit Payable

The benefit payable for each full month of disability following the benefit waiting period is based on your monthly budgeted salary. To determine your appropriate monthly budgeted salary, please review the Effective Date of Benefit Changes found on page 7 in this booklet.

The monthly budgeted salary for Long Term Disability Insurance for any Member shall not exceed $41,666.66.

The benefit payable for each full month of a disability payment period will be the amount produced by multiplying your benefit payable factor times your primary benefit for the month.

Your benefit payable will be the percentage of your monthly budgeted salary based on the schedule shown below less all income from other sources multiplied by your income loss percentage.

<table>
<thead>
<tr>
<th>Percentage of Monthly Budgeted Salary</th>
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<tbody>
<tr>
<td>All Members ................................</td>
</tr>
</tbody>
</table>
The primary benefits payable will be reduced by any payments from Income from Other Sources as described below.

**Income from Other Sources**

- **Disability** payments that you and your dependents receive from Federal Social Security (or would have received if a complete and timely application had been made).

- Federal Social Security Retirement payments that you and your dependents receive from or would have received if a complete and timely application had been made.

- Wage replacement payments (other than payments from the Veterans' Administration) that you receive under a Workers' Compensation Act or other similar law.

- all payments for the month that you receive from any sick pay or salary continuance.

The determination of income from other sources will be subject to the requirements set forth in the Claim Procedures Section.

The effect of the Federal Social Security program on your Long Term Disability Insurance monthly benefits will be based on the provisions of the Social Security Act in force on the date that you are entitled to begin receiving such Federal Social Security benefits. Adjustments in the amount of your Long Term Disability Insurance monthly benefits will also be made to reflect changes in Federal Social Security amounts resulting from changes in the status of your dependents. However, Federal Social Security cost of living increases will not reduce the monthly benefits you receive under the Long Term Disability Insurance.

**Indexed Predisability Earnings**

On each March 1, following the date you become disabled, your predisability earnings will be increased by the rate of increase in the Consumer Price Index during the preceding calendar year, subject to an annual maximum of 10%.

If you have been disabled for less than one year as of such date, the amount of the increase will be multiplied by the ratio of:

- the number of complete months of disability as of such date;
- divided by 12 months.

Consumer Price Index means the U.S. city average for urban consumers, all items, as published in the Consumer Price Index by the United States Department of Labor for the preceding calendar year.

**Minimum Monthly Benefit**

In no event will the monthly benefit be less than $50 for each full month of a benefit payment period, except that we will have the right to reduce the minimum benefit payable by any prior benefit overpayment made under this plan. Also, the benefit payable for each day of any part of a benefit payment period that is less than a full month will be the monthly benefit divided by 30.

**Special Death Benefit**

If your disability payment period ends because of your death, a Special Death Benefit will be payable to your spouse or domestic partner, child(ren), or estate. This benefit will equal three
times the disability benefit that would have been payable for the next full month had you not died and the payment period not ended.

Effective Date for Benefit Changes

For Merit Staff Members, Faculty, Professional, Scientific, and Supervisory Exempt Staff members **actively at work**, a change in your Scheduled Benefit amount because of either:

- a change in your **monthly budgeted salary**; or
- a change in benefits provided under this Group Policy;

will normally be effective on January 1 of the next calendar year.

For House Staff, changes will normally be effective on the first of the month following the date of the change.

If you are not **actively at work** on the date the change would otherwise be effective, the change will not be in force until the day you return to **active work**.

A modification in your Scheduled Benefit amount because of a change in the age that you will attain during the 12-month period ending on December 31 will be effective on January 1 of the next calendar year, whether or not you are **actively at work** on that day.

Continuation of Insurance During an Authorized Leave

If you cease **active work** by taking a leave authorized by The University of Iowa, your insurance will be continued. In order to continue insurance, the authorization must specifically state that benefits are to be continued during such leave of absence and you arrange for the payment of the required premium.

Disability Escalator

The Disability Escalator for the Long Term Disability Insurance Plan will be administered in accordance with the provisions set forth in Appendix B.

Termination of Disability Benefits

Except as described in the provision on Recurring Disabilities, **disability** insurance payments will end:

- The date your **disability** ends; or
- The date you fail to provide any required proof of your **disability**; or
- The date you fail to submit to any required physical examination; or
- The date you cease to be under the regular care of a **physician**; or
- The date you fail to report your income from Other Sources described in this booklet, and earnings from all other sources. It is the responsibility of the covered individual to report these other earnings; or
- The date ten days after receipt of notice from **us** if you fail to pursue Social Security benefits as listed in the Claims Procedures section; or
- If your **disability** payments begin before you are age 65, until the later of the date 36 months after the Benefit Payment Period begins, or the date you attain Social Security Normal Retirement Age; or

- If your disability payments begin at or after age 65, until the later or the date of Social Security Normal Retirement Age, or the date of completion of the number of months shown below after the Benefit Payment Period begins.

<table>
<thead>
<tr>
<th>Member's Age on the Date Disability Begins</th>
<th>Months of the Benefit Payment Period (Beginning with the date the Benefit Payment Period begins)</th>
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<tbody>
<tr>
<td>65-67</td>
<td>24</td>
</tr>
<tr>
<td>68-69</td>
<td>18</td>
</tr>
<tr>
<td>70-71</td>
<td>15</td>
</tr>
<tr>
<td>72 and over</td>
<td>12</td>
</tr>
</tbody>
</table>

- The date of your death.

After you begin receiving benefits, if you return to **active work**, you will be entitled to a final payment. The final payment will be equal to one-thirtieth (1/30) of your benefit for each completed day of **disability** following the last monthly benefit payment.

**Recurring Disability**

If you become **disabled** as the result of a recurring **disability**, you will not be required to complete a new **benefit waiting period**. A recurring **disability** exists when you become **disabled** from the same or related cause within six months of having returned to **active work** at The University of Iowa. In this situation, you will be treated as if you had not returned to work, except that **disability** benefits will not be paid for the period during which you returned to work at The University of Iowa.

(*Note: If you become **disabled** more than six months after you have returned to **active work**, it will be treated as a new **disability**.*)

**Limitations on Disability Insurance**

Benefits will not be paid for any **disability** that:

- results from willful self-injury; or

- results from war or act of war; or

- results from voluntary participation in an assault or felony; or

- is subject to the Preexisting Conditions Exclusion described below.

**Preexisting Conditions Exclusion for Initial Insurance**

A Preexisting Condition is any sickness, injury, mental health condition, or drug or alcohol condition for which you:

- received medical treatment, consultation, care, or services; or
- were prescribed or took prescription medications;

in the three month period before you became covered under the Group Policy.

No benefits will be paid for a disability that results from a Preexisting Condition unless, on the date you became disabled, you had been actively at work for one full day after completing 12 consecutive months during which you were insured under the Group Policy.

**Excess Payment**

If excess benefits are paid because of your income from the sources specified in this booklet, we will reduce future benefits payable by the full amount of the excess payment. If disability payments have ceased, we reserve the right to recover the amount of the excess payment from you.

**Termination of Insurance**

Your insurance terminates on the earliest of:

- the end of the calendar month in which you cease active work; or

- the date the Group Policy terminates.
RETIREMENT ANNUITY PROTECTION INSURANCE

A faculty or staff member who becomes disabled may be entitled to the continuation of payments into the individual's Retirement Annuity Program. The University provides this insurance to faculty and staff members who (1) hold a regular appointment of 50% time or more, and (2) have completed at least 12 months of employment, within the preceding 24 month period, and (3) select TIAA/CREF as their Retirement Annuity Plan. The amount of the payments are based on an individual's salary and length of service.

The cost of the Retirement Annuity Protection Insurance is paid by the University.
Eligibility

Qualified Faculty and Staff Members will be eligible for the Retirement Annuity Protection Insurance on the first day of the calendar month which follows the date they have completed at least 1 month of active work.

Effective Date for Initial Insurance

Your insurance will begin on the date you are eligible, unless you are not actively at work on the date insurance would otherwise be effective. If you are not actively at work, your Retirement Annuity Protection Insurance will not be in force until the day you return to active work.

Qualifying for Retirement Annuity Protection Benefits

To qualify for benefits, all of the following must occur:

- You must become disabled while covered by Retirement Annuity Protection Insurance.
- Your disability must not be subject to any of the limitations described under Limitations on Disability Insurance in this booklet.
- You must complete a benefit waiting period.
- You must file a claim in accordance with the Claim Procedures Section of this booklet.

A benefit waiting period will start on the date you are disabled, as established by the Claim Procedures set forth in this booklet. A benefit waiting period will be completed either when your disability has been continuous for 90 working days or when you have exhausted all of your accrued sick leave and vacation time (if elected), whichever is later.

Benefit Payable

Qualified Faculty and Staff Members participating in TIAA/CREF who become disabled, will have monthly payments made by us for the explicit purpose of paying both your contribution and the University's contribution to the TIAA/CREF retirement program.

The amount paid to TIAA/CREF for a Qualified Faculty or Staff Member who has been employed by the University less than five years will be 15% of a person's monthly budgeted salary minus $20 multiplied by the factor obtained from the following table:

<table>
<thead>
<tr>
<th>Completed Years of Continuous Service</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>One year but less than two years</td>
<td>20%</td>
</tr>
<tr>
<td>Two years but less than three years</td>
<td>40%</td>
</tr>
<tr>
<td>Three years but less than four years</td>
<td>60%</td>
</tr>
<tr>
<td>Four years but less than five years</td>
<td>80%</td>
</tr>
</tbody>
</table>

The amount paid to TIAA/CREF for a Qualified Faculty or Staff Member who has been employed by the University five years or more will be 15% of the person's monthly budgeted salary.

Note: For all active Qualified Faculty and Staff Members or those who become insured under the Early Retirement Program, benefits will be reduced by any contribution made by the University.
Effective Date for Benefit Changes

For Merit Staff Members, Faculty, Professional, Scientific and Supervisory Exempt Staff members **actively at work**, a change in your Scheduled Benefit amount because of either:

- a change in your **monthly budgeted salary**; or
- a change in your **completed years of continuous service**; or
- a change in benefits provided under this plan;

will normally be effective on January 1 of the next calendar year.

For House Staff Members, changes will normally be effective on the first of the month following the date of the change.

If you are not **actively at work** on the date the change would otherwise be effective, the change will not be in force until the day you return to **active work**.

Continuation of Insurance During an Authorized Leave

If you cease **active work** by taking a leave authorized by The University of Iowa, your insurance may be continued. In order to continue insurance, the authorization must specifically state that benefits are to be continued during such leave of absence and you arrange for the payment of the required premium.

Disability Escalator

The Disability Escalator for the Retirement Annuity Protection Insurance will be administered in accordance with the provisions set forth in Appendix B.

Termination of Benefits

Except as described in the provisions on Recurring Disabilities, Retirement Annuity Protection Insurance payments will end:

- The date your **disability** ends; or
- The date you fail to provide any required proof of your **disability**; or
- The date you fail to submit to any required physical examination; or
- The date you cease to be under the regular care of a **physician**; or
- The date you fail to report your income from other sources described in this booklet and earnings from all other sources. It is the responsibility of the covered individual to report these other earnings; or
- The date ten days after receipt of notice from **us** if you fail to pursue Social Security benefits as listed in the Claims Procedures section; or
- If your **disability** payments begin before you are age 65, until the later of the date 36 months after the Benefit Payment Period begins, or the date you attain Social Security Normal Retirement Age; or
- If your disability payments begin at or after age 65, until the later or the date of Social Security Normal Retirement Age, or the date of completion of the number of months shown below after the Benefit Payment Period begins.

<table>
<thead>
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<th>Member's Age on the Date Disability Begins</th>
<th>Months of the Benefit Payment Period (Beginning with the date the Benefit Payment Period begins)</th>
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<tr>
<td>72 and over</td>
<td>12</td>
</tr>
</tbody>
</table>

- The date of your death.

After you begin receiving benefits, if you return to active work, you will be entitled to a final payment. The final payment will be equal to one-thirtieth (1/30) of your benefit for each completed day of disability following the last monthly benefit payment.

**Recurring Disability**

If you become disabled as the result of a recurring disability, you will not be required to complete a new benefit waiting period. A recurring disability exists when you become disabled from the same or related cause within six months of having returned to active work. In this situation, you will be treated as if you had not returned to work, except that benefits provided by this plan will not be paid for the period during which you returned to work.

(Note: If you become disabled more than six months after you have returned to active work, it will be treated as a new disability.)

**Limitations - See Page 8.**

**Pre-existing Conditions – See Page 8.**

**Termination of Insurance**

Your insurance terminates on the earliest of:

- the end of the calendar month in which you cease active work; or

- the end of the calendar month in which you cease to be a participant under the TIAA/CREF retirement plan; or

- the date the Group Policy terminates.
CLAIM PROCEDURES

Notice of Claim

Written notice of claim must be given to us within three months after the date of loss for which claim is being made. Failure to give notice within the time specified will not invalidate or reduce any claim if notice is given as soon as reasonably possible.

Claim Forms

Claim forms and other information needed to provide proof of loss must be filed with us in order to obtain payment of benefits. The University Benefits Office will provide appropriate claim forms to assist you in filing claims. If the forms are not provided within 15 days after we receive notice of claim, you will be considered to have complied with the requirements of the Group Policy regarding proof of loss upon submitting, within the time specified below for filing proof of loss, written proof covering the occurrence, character and extent of the loss.

Proof of Loss

Claim forms and other information needed to prove loss should be filed promptly. Written proof that Disability exists and has been continuous must be sent to us within six months after you complete your benefit waiting period. Proof required includes the date, nature, and extent of the loss. We may request additional information to substantiate your loss or require a signed unaltered authorization to obtain that information from the provider. Your failure to comply with such request could result in declination of the claim. Receipt of claim will be considered to be met when the benefit waiting period has been completed and the appropriate claim form is received by us.

Payment, Denial and Review

We are allowed up to 45 days from receipt of claim for processing the claim. If a claim cannot be processed due to incomplete information, we will send a written explanation prior to the expiration of the 45 days. A claimant is then allowed up to 45 days to provide all additional information requested. We are permitted two 30-day extensions for processing an incomplete claim. Written notification will be sent to a claimant regarding the extension.

In actual practice, benefits will be payable sooner, provided we receive complete and proper proof of loss. Furthermore, if a claim is not payable or cannot be processed, we will submit a detailed explanation of the basis for our denial.

A claimant may request an appeal of a claim denial by written request to us within 180 days of receipt of notice of the denial. We will make a full and fair review of the claim. We may require additional information to make the review. We will notify a claimant in writing of the appeal decision within 45 days after receipt of the appeal request. If the appeal cannot be processed within the 45-day period because we did not receive the requested additional information, we are permitted a 45-day extension for the review. Written notification will be sent to a claimant regarding the extension. After exhaustion of the formal appeal process, the claimant may request an additional appeal. However, this appeal is voluntary and does not need to be filed before asserting rights to legal action.

For purposes of this section, “claimant” means you.
Medical Examinations

We may require that a person whose disability is the basis for a claim be examined by a physician. We will pay for these examinations and will select the physician to perform them.

Determination of Income from Other Sources

If you file a claim for disability benefits, you must report to us all income from the other sources described in this booklet. Your report must show that you have applied for all income for which you are eligible. If your benefits under the disability plan have been reduced to take into account the projected income which you did not receive, you must submit proof of a rejection of the claim in order to receive an adjusted amount of your disability payments.

If income from any of the other sources described in this booklet are received in a lump sum, we will compute what would be the monthly equivalent of that lump sum and will adjust the disability insurance payment accordingly.

Until exact amounts of income from other sources are known, we will estimate the Social Security benefits for which you and your dependents are eligible and will use that estimate in computing your income from other sources described in this booklet.

If we believe that it is reasonable that you would be entitled to disability benefits under the Federal Social Security Act, you may be required to:

- apply for these benefits within ten days after receipt of written notice from us requesting you to apply for such benefits; and

- give satisfactory proof within 30 days after receipt of our notice that you have applied for these benefits within the ten-day period; and

- request reconsideration of the application for Social Security benefits if the original application is denied, and appeal any denial or reconsideration if an appeal appears reasonable.

Legal Action - Time Limits

Legal action with respect to a claim may not be started earlier than 60 days after proof of loss is filed and before the appeal procedures have been exhausted. Further, no legal action may be started later than three years after proof is required to be filed. The limits set forth in this section will be adjusted to comply with the applicable laws.
APPENDIX A

The following definitions will help you to understand the coverage these plans provide.

Active Work and Actively at Work means you are able and available for active performance of all of a faculty or staff member's normal job duties at The University of Iowa. (Note: For the purposes of these coverages, faculty or staff members who are on an academic year appointment will be considered to be actively at work throughout the calendar year.)

Benefit Waiting Period for the purpose of qualifying for disability payments means the later of any period of 90 consecutive working days or when you have exhausted all of your accrued sick leave and vacation time (if elected) during which you have been continuously disabled.

Completed Years of Continuous Service means the total number of years of uninterrupted employment with The University of Iowa, including any time spent on an authorized leave of absence. Individuals who had interrupted terms of employment may have their employment periods accumulated for purposes of determining the number of completed years of continuous service, provided the University approves an interrupted service plan in writing.

Dependents means your spouse if you are legally married, and children if they qualify for benefits under the Federal Social Security Act as a result of your disability.

Disability and Disabled mean your inability, solely and directly because of sickness or injury:

a. during the period immediately following the date of disability:
   (1) if not working, to perform the majority of the material duties of your normal job; or
   (2) if working, to earn more than 80% of your indexed predisability earnings; and

b. after completion of the two-year period immediately following the date of disability:
   (1) if not working, to perform the majority of the material duties of any job that reasonably fits your background and training; or
   (2) if working, to earn more than 60% of your indexed predisability earnings.

Group Policy means the policy of group insurance issued to the Policyholder by Us which describes benefits and provisions for insured Members.

Hospital means an institution that is:

a. licensed as a hospital by the proper authority of the state in which it is located; and

b. recognized as a hospital by the Joint Commission on Accreditation of Healthcare Organizations;

but not including any institution, or part thereof, that is used primarily as a clinic, nursing facility, convalescent home, rest home, home for the aged, nursing home custodial care facility, or training center.

Income Loss Percentage is equal to:

a. your indexed predisability earnings less any earnings from your regular job or other occupation; divided by

b. your indexed predisability earnings.
Indexed Predisability Earnings means your predisability earnings adjusted for increases in the Consumer Price Index.

Monthly Budgeted Salary means the amount which is one-twelfth of your annual budgeted salary in effect on the date disability begins.

Nursing Facility means an institution, including one providing subacute care, or distinct part thereof, that is licensed by the proper authority of the state in which it is located, to provide skilled nursing care and that:

a. is supervised on a full-time basis by a physician or a licensed registered nurse; and

b. has transfer arrangements with one or more hospitals, a utilization review plan, and operating policies developed and monitored by a professional group that includes at least one physician; and

c. has an existing contract for the services of a physician, maintains daily records on each patient and is equipped to dispense and administer drugs; and

d. provides 24-hour nursing care and other medical treatment.

Not included are rest homes, homes for the aged, or places for treatment of mental disease, drug addiction, or alcoholism.

Physician means a licensed Doctor of Medicine or Osteopathy.

Predisability Earnings mean your monthly budgeted salary in effect on the date disability begins.

Qualified Faculty or Staff Member means:

a. a Faculty, Professional, Scientific or Supervisory Exempt Staff Member; or

b. a Merit Staff Member; or

c. a House Staff Member;

who holds a regular appointment of 50% time or more.

Social Security Normal Retirement Age (SSNRA)

Social Security Normal Retirement Age as defined by the Social Security Administration on the date Disabled.

<table>
<thead>
<tr>
<th>Year of Birth</th>
<th>Normal Retirement Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1938</td>
<td>65</td>
</tr>
<tr>
<td>1938</td>
<td>65 and 2 months</td>
</tr>
<tr>
<td>1939</td>
<td>65 and 4 months</td>
</tr>
<tr>
<td>1940</td>
<td>65 and 6 months</td>
</tr>
<tr>
<td>1941</td>
<td>65 and 8 months</td>
</tr>
<tr>
<td>1942</td>
<td>65 and 10 months</td>
</tr>
<tr>
<td>1943-1954</td>
<td>66</td>
</tr>
<tr>
<td>1955</td>
<td>66 and 2 months</td>
</tr>
<tr>
<td>Year</td>
<td>Age</td>
</tr>
<tr>
<td>--------</td>
<td>------------</td>
</tr>
<tr>
<td>1956</td>
<td>66 and 4 months</td>
</tr>
<tr>
<td>1957</td>
<td>66 and 6 months</td>
</tr>
<tr>
<td>1958</td>
<td>66 and 8 months</td>
</tr>
<tr>
<td>1959</td>
<td>66 and 10 months</td>
</tr>
<tr>
<td>After 1959</td>
<td>67</td>
</tr>
</tbody>
</table>

*We, Us, and Our* mean Principal Life Insurance Company, Des Moines, Iowa.
APPENDIX B

Disability Escalator

- **Eligibility.** The Disability Escalator will only apply to persons who have been **disabled** for at least one year and approved for **disability** benefits, as defined, on or prior to July 1 of each year.

- **Determination of amount of the Disability Escalator.** The amount of the Disability Escalator is determined by increases in the Consumer Price Index for Wage Earners and Clerical Workers (called CPI), prepared by the United States Department of Labor. The amount of any increase in the CPI will be determined by dividing the arithmetic mean of the CPI for January, February and March of the current year from the arithmetic mean of the CPI for January, February and March of the prior year. The amount so determined is the Disability Escalator for that year, subject to the maximum Disability Escalator per year and the application of the Accumulation Reserve.

- **Maximum Disability Escalator Per Year.** The increase in the **disability** benefit produced under the Disability Escalator may be no more than 5% per year.

- **Accumulation Reserve.** In those years when the rate of increase indicated by the Disability Escalator computation is more than 5%, the excess percentage will be added to an accumulation reserve for each person then eligible for the Escalator provision. In any subsequent year when the Disability Escalator is less than 5%, an amount will be withdrawn from the individual's accumulation reserve to allow up to a 5% Disability Escalator to be applied for any insured who is then receiving disability benefits. Remaining amounts in the accumulation reserve for each individual will continue to be carried forward, and used in the same fashion in subsequent years until the individual's reserve is exhausted.

- **Increase in Disability Benefits.** The increase, if any, in the disability benefits produced under the Escalator will be effective on July 1 of each year.

- **Termination of Disability Escalator.** The Disability Escalator will not be applied to increase benefit payments after the termination of the plan, even though disability benefit payments continue to be made to persons following the time of such a termination.