

# **NRECA GROUP BENEFITS PROGRAM SUMMARY OF MATERIAL MODIFICATIONS**

**For**

## **NRECA Long-term Disability Plan**

**EFFECTIVE: January 1, 2019**

**System name: OZARK BORDER ELECTRIC COOPERATIVE**

**RUS/Subgroup Number: 01-26033-003**

**Employer Tax Identification Number: 43-0445644**

This Summary of Material Modifications (SMM) describes changes to the National Rural Electric Cooperative Association (NRECA) Long Term Disability Plan (the Plan) and supplements the Plan's Summary Plan Description (SPD) – also known as the Benefits Booklet. The effective date of this change is noted above. You should read this SMM very carefully and retain this SMM with your SPD for future reference. If you have any questions regarding this change, please see your benefits administrator.

### **Summary of Changes for your Long-term Disability Plan SPD:**

#### **Plan Information:**

**The “Plan Name” section has been updated, as follows:**

##### **Plan Name**

The NRECA Long-term Disability Plan, which is a component Plan of the NRECA Group Benefits Program.

**The “Plan Administration” section has been updated, as follows:**

##### **Plan Administration**

Except where pre-empted by ERISA or other U.S. laws, the validity of the Plan and any other provisions will be determined under the laws of the Commonwealth of Virginia. The type of administration of the Plan is sponsor administration. The records of the Plan are kept on a calendar-year basis.

**The “Named Fiduciary” section has been added, as follows:**

##### **Named Fiduciary**

The named fiduciary of the NRECA Group Benefits Program (Program) is the Insurance and Financial Services Committee (I&FS Committee) of the NRECA board of Directors (Board), whose members are appointed by the president of the Board from members of the Board. This I&FS Committee has the central fiduciary responsibility for the Program, and is vested with the discretion to select providers for the Program, including the Plan Administrator, investment managers and trustee, and is charged with management of the Program and the NRECA Group benefits Trust. The I&FS Committee delegates authority to various entities and individuals to carry out required plan operations and then actively monitors its delegates in order to help

ensure compliance with complex federal laws and regulations governing Employee benefit plans.

**The “Plan Administrator and Named Fiduciary” section was renamed, as follows:**

**Plan Administrator**

**The “Plan Administrator Employer Identification Number” has been removed.**

**The “Plan Administrator” section has been updated, as follows:**

In addition to the Senior Vice-President of Insurance and Financial Services, the person listed below has certain administration responsibilities for your Employer:

**The “Plan Administrator, Your Employer’s Identification Number (EIN)” number has been removed.**

**The “Plan Trustee, NRECA Group Benefits Trust” address has been updated, as follows:**

**Plan Trustee**  
State Street Bank and Trust Company  
1200 Crown Colony Drive, 5<sup>th</sup> Floor  
Quincy, MA 02169

### **Chapter 3: Eligibility and Participation Information**

**The “Special Enrollment Opportunity” section has been updated, as follows:**

If you decline coverage during your initial enrollment period, you may qualify for an additional opportunity to enroll as a late enrollee (subject to an evidence of insurability requirement, described below) if you experience one of the following events:

- Marriage, birth, adoption, placement for adoption, or court-appointed legal guardianship of your dependent child, if you enroll prior to and within **31 days** after the event date;
- Divorce, annulment or death of spouse or dependent child, if you enroll within 31 days after the event date; or
- Changes in your employment status (i.e., part-time to full-time, completion of an Employer trial work period or waiting period, going on or returning from an Employer-approved leave of absence, going on or returning from long-term Disability leave, termination of employment or retirement) that would make you eligible to participate in the Plan or to make a change to your Plan elections.

Contact your benefits administrator if you have questions on qualified events.

Late enrollees must satisfy the Evidence of Insurability requirement. Your benefits administrator will provide you with instructions for satisfying this requirement. You can provide evidence of insurability by completing a Statement of Health (SOH) application **within 60 days** of the effective date of election. Coverage will be approved or denied based on the evidence of insurability that you provide.

## **Chapter 5: Long-Term Disability Benefits**

**The “Maximum Benefit” section has been updated, as follows:**

### **Maximum Benefit**

Due to the compensation limit imposed by the IRC, effective January 1, 1994, no more than \$280,000 (in 2019 and adjusted periodically for inflation) of annual Earnings may be considered when the Plan calculates your benefit. However, a supplemental insurance policy outside the NRECA Group Benefits Trust has been established to provide benefits to the extent an Employee’s salary exceeds the compensation limit. This supplemental insurance policy is provided under the NRECA Excess Long-Term Disability Plan.

The combined monthly benefit maximum from this Plan and the supplemental insurance policy (under the NRECA Excess Long-Term Disability Plan) is \$15,000.

**The “Income and FICA Tax Withholding” section has been updated, as follows:**

If you pay 100% of the LTD premium on an after-tax basis, income tax and FICA tax withholding does not apply to you. If you pay any portion of the LTD premium on a before tax basis, or if your co-op pays a portion of the premium, income tax and FICA tax withholding applies to you.

**The “Maximum Benefit Period for Disability Benefits due to Mental/Nervous conditions or Substance Abuse” section has been updated, as follows:**

When a Disability is contributed by (i.e., the claimant's physical conditions alone do not result in Disability), caused by or due to a Mental/Nervous Condition or Substance Abuse, an employee’s Maximum Benefit Period for all such periods of Disability is limited to 24 months. This is not a separate maximum for each such condition or for each period of Disability due to a Mental/Nervous Condition or Substance Abuse, but rather a combined lifetime maximum for all periods of Disability due to all these conditions, either separate or combined. If at the end of the 24 months the employee is confined in a Hospital or other facility qualified to provide necessary care and treatment for Mental/Nervous Conditions or Substance Abuse, CBA may, in its discretion, extend the Maximum Benefit Period to include the time during which the employee remains confined.

**The “Workers’ Compensation Benefits” section has been updated, as follows:**

CBA may, in its sole discretion, advance the full monthly Disability benefit to you without reduction while you are waiting for payment or appealing a workers’ compensation (or similar) claim denial or are seeking additional benefits due to the cessation of benefits under an accepted liability workers’ compensation claim benefits. However, if CBA advances such benefits, you will be required to promise in Writing that you will repay the advance as soon as you receive the other expected benefits.

If you do not repay the advance within **30 days** after you receive the other benefits, CBA reserves the right to suspend your Disability benefit, take legal action to pursue repayment plus interest or both.

Interest on the principal amount of the advance that is not repaid within 30 days of your receipt of the other benefits will accrue at a rate equal to the prime rate plus 3%, compounded annually from the date that is **30 days** after your receipt of the other benefits. CBA may also recover from you reimbursement of CBA’s costs and attorney’s fees incurred to enforce this repayment provision.

Participants who are approved for Social Security Disability benefits often become entitled to Medicare Part A and Part B 24-months from their Disability approval. It is important that you notify your benefits administrator should this occur since it may have an impact to your medical and/or your prescription drug benefit.

**The “Continuing Proof of Disability” section has been updated, as follows:**

Proof of continuing Disability indicating that you are under the regular care of a Physician, that you remain Disabled and that you are meeting all other Plan provisions, may be required and must be provided, at your expense, upon request. In some cases, you may be required to give CBA authorization to obtain additional medical information and to provide non-medical information as part of the continuing Proof of Disability. CBA may also require you to be examined by CBA’s Physician or personally interviewed by CBA or its agents at such times and such frequency as CBA, in its sole discretion, deems necessary to establish Proof of Loss. The claim may be denied or benefits may end if the requested information is not submitted.

**Chapter 6: Claims and Appeals**

**The “Claim Filing Time Limits” section has been updated to add additional language, as follows:**

- No claim for Disability shall in any event be approved by CBA if notification of Disability and application are not provided to CBA within 12 months of the onset of the Disability.

**Chapter 7: Important Notifications and Disclosures**

**The “Non-assignment of Benefits” section has been updated, as follows:**

You cannot assign, pledge, borrow against or otherwise promise any benefit payable under the Plan to a third party before you receive it. An authorized representative designation made by you in accordance with the Plan’s procedures is not a prohibited assignment of benefits with respect to the Plan. An attorney-in-fact designation made by you pursuant to a power of attorney document is not a prohibited assignment of benefits with respect to the Plan.

**The “Statement of ERISA Rights” section has been updated as follows:**

**Enforce Your Rights**

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge and to appeal any denial, all within certain time schedules. Under ERISA, there are steps that you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report (Form 5500), if any, from the Plan and do not receive them within 30 days, you may file suit in federal court. In such case, the court may require NRECA, as Plan Administrator, to provide the materials and pay you up to \$149 a day, not to exceed \$1,496 (2018 limit, indexed annually) until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored in whole or in part, and if you have exhausted the claims procedures available to you under the Plan, you may file suit in a state or federal court.

**Appendix A: Key Terms**

**The “Appendix A: Key Terms” section has been updated to add the following:**

**ERISA**

The Employee Retirement Income Security Act of 1974, as amended.

**No further changes have been made to your Plan’s SPD.**

All other rules, provisions, definitions and benefit amounts of the SPD and Plan remain the same. If the terms of this SMM and the SPD conflict with any terms of the governing Plan document, then the terms of the governing Plan document will control in all cases.

**Plan Sponsor:** National Rural Electric Cooperative Association  
4301 Wilson Boulevard, Arlington, VA 22203-1860  
**Plan Sponsor’s Employer Identification Number:** 53-0116145  
**Plan Number:** 501