

Educator Income Security

A disability income insurance policy offered by Horace Mann Life Insurance Company

You probably have insurance for your car, home and life. But have you ever thought about protecting your ability to earn an income? A disability can strike at any time and be financially overwhelming.

Day-to-day expenses and bills continue even if your salary doesn't. You may already have a disability plan, but is it enough?

Horace Mann Life Insurance Company (Horace Mann) has disability income insurance just for educators that can help assure you'll have an income if you become **totally disabled** due to a covered bodily injury, sickness or pregnancy.

Total disability

This means you are unable to perform the essential duties of your occupation, and as a result you are earning less than 20 percent of your covered earnings (unless engaged in an approved rehabilitative employment program). The long-term disability plans also state that after satisfaction of the elimination period plus 24 months, total disability means you are not able to perform the essential duties of any occupation for which you are qualified by education, training or experience.

In Florida, earnings statement does not apply. In Louisiana, current monthly earnings are no more than 20% of your pre-disability earnings. After the elimination period plus 24 months, you must be so prevented from performing the essential duties of any occupation that has an earnings potential greater than 80% of your pre-disability earnings, and for which you are qualified by education, training or experience.

At Horace Mann, our goal is to serve the educational community by providing lifelong financial well-being for educators and their families through personalized service, advice and a full range of tailored insurance and financial products. That's why disability income insurance is so important – it can help provide for your family's financial needs if you become totally disabled.

You need security – Educator Income Security

Educator Income Security (EIS) is a disability income insurance policy just for educators that provides a monthly benefit to help provide you with income if you are totally disabled due to a covered bodily injury, sickness or pregnancy.

With EIS, if you are totally disabled and you have income from other sources (Social Security, your state's disability income coverage, etc.), you can still receive a guaranteed monthly benefit. You can choose a minimum benefit of \$50, \$100 or the greater of \$100 or 10 percent of your gross monthly benefit with any of our EIS plans. *(In Missouri, the minimum benefit is 15 percent of gross monthly benefit. Columbus Education Association One-year Plan, \$50 minimum only.)*

Refer to "Other income benefits (Offsets)" on the following pages for more information.

EIS coverage is available in \$100 increments from \$500 through \$5,000 (not to exceed 60 percent of your salary). Benefits are paid directly to you to be used at your discretion. *(The maximum for the Columbus Education Association for the One-year Plan is \$2,000 and not to exceed 60 percent of your salary.)*

Eligibility

You are eligible to apply for this Educator Income Security insurance if you are actively working 20 hours a week in the field of education and are:

- An employee of a sponsoring employer; or
- A member of a sponsoring state or local education association. *(In Maine, if you are a member of or eligible to join the state association, see special brochure for Maine Education Association.)*

EIS plans available

Educator Income Security allows you to choose from several plans so your coverage can be customized to best suit your individual needs. Within these plans, pregnancy is treated the same as any other disability. With our Two-year, Five-year and To-Age-65 plans, you don't have to pay premiums while you're receiving benefit payments. Choose from among the following plans and features.

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Short-term plans

Under the One-year and Two-year plans, total disability due to **pre-existing conditions** is not covered when the disability starts within the first 24 months after your effective date of coverage. If you need a short-term plan, EIS gives you a choice. *(In Alabama, Florida, Indiana, Louisiana, Massachusetts, Missouri, Pennsylvania, Virginia and West Virginia, total disability due to pre-existing conditions is not covered when the disability starts within the first twelve months after your effective date of coverage.)*

One-year Plan

You can choose a 14-, 30-, 60- or 90-day **elimination period** before you start receiving benefits. No medical underwriting is needed for coverage amounts of \$1,000 per month or less. This coverage has an **indirect offset** provision. *(In Maine, the 14-day elimination period is not available. Columbus Education Association One-year Plan does not contain offset provision. This plan is not available in Rhode Island.)*

Two-year Plan

With our Two-year Plan, you have a choice of a 30-, 60-, or 90-day elimination period. No medical underwriting is needed for coverage amounts of \$1,000 per month or less. This plan provides a choice of **direct offset** and **all-sources offset** provisions. If you are age 70 or older when you become disabled, we will pay a benefit for up to one year, as long as you are eligible for benefits.

Pre-existing condition

Any accidental bodily injury, sickness, mental illness, pregnancy, or episode of substance abuse for which you received medical care during the 24-month period *(in Pennsylvania 90 days; in Alabama, Florida, Indiana, Louisiana, Massachusetts, Missouri, Virginia and West Virginia, twelve months)* that ends the day before your effective date of coverage or the effective date of a change in coverage; or any manifestations, symptoms, findings, or aggravations related to or resulting from such accidental bodily injury, sickness, mental illness, pregnancy, or substance abuse for which you received medical care during the 24-month period *(in Alabama, Florida, Indiana, Louisiana, Massachusetts, Missouri, Pennsylvania, Virginia and West Virginia, twelve months)* that ends the day before your effective date of coverage or the effective date of a change in coverage.

Elimination period

The period of time which the insured must satisfy, at the beginning of the disability, during which time no benefits are payable.

Indirect offset

Your monthly benefit will not be reduced by amounts received from other income sources until the total income from all sources exceeds 60 percent of your covered earnings.

Direct offset

The benefits you enroll for will be reduced (or offset) up front by other income benefits.

All-sources offset

Your monthly benefits will be calculated based on the lowest of: your covered earnings multiplied by 60 percent; your covered earnings multiplied by 70 percent, minus all applicable offsets; or the amount of monthly disability income benefit for which you are enrolled.

For the Two-year Plan, the minimum above is reduced by any earnings received from any work which are in excess of 20 percent of covered earnings.

Long-term plans

Both our Five-year and To-Age-65 EIS plans include a **Family Care Credit Benefit** and a **partial disability benefit** and provide **vocational rehabilitation** and **rehabilitative employment** features. Medical underwriting is required for coverage. These plans provide a choice of **direct offset** and **all-sources offset** provisions.

Family Care Credit Benefit

If you are working as part of a program of rehabilitative employment, we will, for the purpose of calculating your benefit, deduct the cost of family care from earnings received from rehabilitative employment that might otherwise serve as an offset against your monthly benefit. This is subject to the policy's limitations.

Partial disability benefit

This benefit is payable under the long-term plans if you are totally disabled throughout the elimination period and become entitled to receive benefits for total disability and are prevented from performing essential duties of your occupation, but have recovered to the extent that you are able to perform some, but not all, of the essential duties of your or any occupation. You can still receive a benefit if your current monthly earnings are within the 20 to 80 percent range of your covered earnings.

Vocational rehabilitation

Employment or services that prepare you to resume gainful work, such as vocational testing and training, work-place modification, prosthesis and job placement.

Rehabilitative employment

Employment that is part of an approved program of vocational rehabilitation under which your monthly benefit amount calculated for total disability is reduced by only 50 percent of the income received from such rehabilitative employment. The sum of the resulting monthly benefit and the income from such employment may not exceed 100 percent of your covered earnings.

Five-year Plan

You have a choice of a 30-, 60-, 90- or 180-day elimination period. We will pay benefits for up to five years but not beyond the date of attainment of age 65, as long as you are eligible for benefits. However, if you are older than age 61 when you become disabled, we will pay a benefit beyond age 65 for a reduced period of time.

To-Age-65 Plan

You have your choice of a 14-, 30-, 60-, 90- or 180-day elimination period (*in Maine, 14-day elimination period is not available*). We will pay disability benefits up to age 65, as long as you are eligible for benefits. However, if you are older than age 61 when you become disabled, we will pay a benefit beyond age 65 for a reduced period of time.

Other income benefits (Offsets)

Your disability income benefit may be reduced (or offset) by other sources of income. All four plans contain an offset provision. But regardless of the amount of offset, if you are eligible for benefits, you will receive at least the guaranteed minimum benefit.

Our One-year EIS insurance plan has an indirect offset provision, meaning your benefits aren't reduced until the amount you receive from all income sources exceeds 60 percent of your covered earnings.

Our Two-year, Five-year and To-Age-65 plans provide you a choice of offset provisions.

- The direct offset provision reduces the monthly benefit by all other income benefits as listed in the policy. Typically a plan with a direct offset provision is a less expensive option.
- The all-sources offset provision provides a larger monthly benefit amount than the direct offset provision.

Your monthly benefit may be reduced by any benefit amount for loss of income from certain sources. These other income benefits include, but are not limited to the following.

One-year and Two-year plans

Benefits for which you or your family are eligible or that are paid as the result of:

- Temporary or permanent disability benefits under Worker's Compensation or similar law or State Teacher Retirement System program (*in Florida, applies only to benefits paid*);
- Any governmental law or program that provides disability or unemployment benefits as a result of your job with your employer;
- Benefits from Social Security, other governmental programs or the Railroad Retirement Act; or
- Benefits from Veterans Administration or any other governmental agency.

Benefits which are paid to you, your family, or to a third party on your behalf:

- Benefits from a retirement plan, including a State Teacher Retirement System program;
- Mandatory "no-fault" automobile insurance (*does not apply in Virginia; in Missouri, only applies to medical benefits; in Pennsylvania, includes the Pennsylvania Motor Vehicle Financial Responsibility Law*);
- Portion of a settlement or judgment, minus associated costs, of a lawsuit that represents or compensates for your loss of earnings (*does not apply in Virginia*); or
- Employer's sick leave or formal salary continuation plan. (*in Louisiana, employer's sick leave, approved leave of absence or formal salary continuation plan including, but not limited to Sabbatical Leave or Gayle Pay*).

Five-year and To-Age-65 plans

Benefits for which you or your family are eligible or that are paid as the result of:

- Temporary disability benefits under a Worker's Compensation or similar law;
- Social Security disability benefits or other governmental programs;
- Mandatory "no fault" automobile insurance; (*does not apply in Virginia; in Missouri, only applies to medical benefits; in Pennsylvania, includes the Pennsylvania Motor Vehicle Financial Responsibility Law*);
- Any individual insurance policy where the premium is wholly or partially paid by your employer;
- Veterans Administration or any other governmental agency program; or
- Any governmental law or program that provides disability or unemployment benefits as a result of your job with the employer.

This also includes benefits you are paid as the result of:

- Disability and retirement benefits under a retirement plan, including a State Teacher Retirement System program;
- The employer's sick leave or formal salary continuation plan (*in Louisiana, the employer's sick leave, approved leave of absence or formal salary continuation plan including, but not limited to Sabbatical Leave or Gayle Pay*);
- The portion of a settlement or judgment, minus associated costs, of a lawsuit that represents or compensates for loss of earnings (*does not apply in Virginia*); or
- Permanent disability benefits under a Worker's Compensation or similar law.

After a period of disability has been established, any increases from these sources will not cause your EIS benefit to be recalculated and will not further reduce any benefits you are receiving from your EIS policy.

Optional benefits

In addition to the standard protection, you can choose these optional benefits with the Five-year or To-Age-65 plans:

- **Survivor Income Benefit**

If you die while receiving benefits under this program, a Survivor Income Benefit equal to three times the lesser of 60 percent of your current earnings or the disability benefit for which you are enrolled will be payable to your beneficiary.

- **Cost-of-Living Adjustment Benefit**

Your monthly benefit may increase by the lesser of: 1) three percent or six percent, whichever percentage you choose; or 2) one-half the percentage change in the Consumer Price Index. You may also choose to receive a maximum of either five or ten annual adjustments for the To-Age-65 plan.

Your monthly benefit for total disability may increase in accordance with a cost-of-living formula. This adjustment is made each year on January 1 provided you have been totally disabled for 12 consecutive months and are receiving benefits when the cost-of-living adjustment is made.

Disabilities not covered

To be covered for disability you must be under the regular care of a physician. You are not covered if your disability is caused or contributed to by (*in Illinois and Pennsylvania, "or contributed to" not applicable*):

- War or act of war (declared or not);
- Your commission of or attempt to commit a felony or your being engaged in an illegal occupation (*in Connecticut, "illegal occupation" not applicable*);
- An intentionally self-inflicted injury (*in Missouri, insured must be sane*); or
- Mental illness or substance abuse, unless you are confined in a hospital or other place licensed to provide medical care for the disabling condition.

Effective date of coverage

Your coverage will take effect on the next premium due date on or after the date your application is approved. However, if you are absent from work due to accidental bodily injury, sickness, pregnancy, mental illness or

substance abuse on the date your insurance or increase in coverage would otherwise have become effective, your effective date will be deferred until you are actively at work at least one full day.

Termination of coverage

Your coverage under this policy terminates on the earliest of the following dates (*In Massachusetts, coverage may be extended for 31 days. See policy for details.*):

- The date the policy terminates;
- The last day of the period for which you make any required premium contribution, subject to the grace period; or
- The premium due date on or next following the date you cease to be an active employee of the sponsoring employer or a member of the sponsoring association.

If you are entitled to benefits while disabled and the policy terminates, benefits will continue as long as you remain disabled by the same disability up to the date we would have ceased to pay benefits had the insurance remained in force.

Additional information

For more detailed information concerning the policy, its provisions and the premium rates applicable to the plan and method of payment you are interested in, please consult your Horace Mann representative. Rates are based on your age and will automatically be adjusted on the policy anniversary date on or after you attain ages 30, 35, 40, 45, 50, 55, 60 and 65.

In Florida, rates will automatically be adjusted on each policy anniversary date on or after you attain age 31 through 67.

Policy form numbers: 2004 MPVOL, 2004 CTSTD, 2004 CTLTD alternate page series and 4000 STD, 4000 LTD alternate page series.

This disability income product has certain restrictions, limitations and exclusions that may apply and is underwritten by Horace Mann Life Insurance Company.

