



Short Term Disability Insurance Benefit Program Summary

LANS
Effective June 1, 2006

IMPORTANT

This is a summary of highlights of the above-named Benefit Program, a component of the LANS Welfare Benefit Plan for Employees, ERISA Plan 501 (“Plan”). Receipt of this document and/or your participation in a Plan and any benefit programs under a Plan do not guarantee your employment or any rights or benefits under a Plan. LANS reserves the right to amend or terminate each Plan or any benefit program(s) under a Plan at any time. The Plan and the benefit programs referred to in this summary are governed by a Federal law (known as ERISA), which provides rights and protections to Plan participants and beneficiaries.

For more information on LANS benefit programs, see the LANS Welfare Benefit Plan for Employees Summary Plan Description, available from the Los Alamos National Security (LANL) Benefits Office at (877) 667-1806 or (505) 667-1806.

Foreword

The LANS Short-Term Disability Insurance Plan (Benefit Program) is designed to protect you against a Total or Partial Disability which may adversely affect your earnings power.

Injuries and Sickness can prevent you from doing your job and result in loss of current income. A Total Disability can have serious financial consequences for you and your family.

The purpose of the Benefit Program is to provide a partial income replacement benefit if you are unable to work due to a non work-related disability covered by the Benefit Program. This Benefit Program will not provide benefits for a work-related Injury incurred during the normal course of employment at LANS or any other employment. This Benefit Program Summary is for Employees enrolled in the Short-Term Disability Benefit Program only; details of this Short-Term Disability Benefit Program can be found on the following pages.

Additional insurance is available under the Supplemental Disability Insurance Benefit Program. For details of the Supplemental Disability Benefit Program, please refer to the Supplemental Disability Insurance Plan Benefit Program Summary.

The Short-Term Disability Insurance Benefit Program described here is fully governed by the terms and conditions of policy between LANS and Liberty Life Assurance Company of Boston, and by the LANS Welfare Benefit Plan for Employees (Plan).

The benefits of the Short-Term Disability Insurance Benefit Program are subject to change. LANS reserves the right to terminate or amend it at any time.

Contact the LANL Benefits Office for more information:

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LANL Benefits Office

P.O. Box 1663, Mail Stop P280

Los Alamos, NM 87544

(877) 667-1806 or (505) 667-1806

benefits@lanl.gov

LANL Benefits Website for Employees:

<http://int/lanl.gov/worklife/benefits/>

This Benefit Program is a part of the LANS Welfare Benefit Plan for Employees. In addition to the information contained in this Benefit Program Summary, the LANS Welfare Benefit Plan for Employees Summary Plan Description (LANS SPD) contains important information about your LANS welfare benefits. This Benefit Program is a part of the LANS Summary Plan Description ("SPD").

Table of Contents

Section I – Basic Information About This Plan

Eligibility	6
Monthly Cost	6
Enrollment	6
Short-Term Disability Benefits Waiting Period	7
SHORT-TERM DISABILITY COVERAGE	
Amount Of Insurance Benefits	8
Maximum Benefit Period	8
Benefit Charts	9-12

Section 2 – Effective Dates

Effective Date Of Insurance	13
Delayed Effective Date For Insurance	13

Section 3 – Disability Income Benefits

When Is Your Short-Term Disability Benefit Payable?	14
Calculation Of Total Disability Monthly Benefit	14-15
Benefits From Other Income	15
Examples Of Plan Benefits	16-17
Benefit Periods Less Than A Week	17
Termination Of Your Short-Term Disability Benefits	17
Taxes On Benefits	18
Cost Of Living Increases	18
Lump Sum Benefit Payments	19
RETURN TO WORK	
Stay At Work/Return To Work (SAW/RTW)	20-21
Successive Periods Of Total Disability	21-22

Section 4 – Exclusions

GENERAL EXCLUSIONS	
Disabilities That Are Not Covered	23

Section 5 – Termination Provisions

End Of Your Insurance 24

EMPLOYMENT ACTIONS THAT AFFECT COVERAGE

Termination Or Retirement 25

Reduction In Average Regular Paid Time 25

Layoff Or Leave Of Absence 25

Sabbatical..... 26

Section 6 – General Provisions

Effect Of Statements Made In
Your Application For Coverage 27

The Authority For Interpretation
Of This Plan 27

Contesting The Plan 27

Filing A Claim 28

Proof Of Claim 28-29

Payment Of Claim 29

Liberty’s Examination Rights 29-30

Claim Denials 30

How To Appeal 31

Liberty’s Rights Of Recovery 31

Timing Of Legal Proceedings 31

Section 7 – Plan Administration

Name And Address Of Plan Administrator 32

Agent For Service Of Legal Process On The Plan 32

Amendment Of Liberty’s Policy 33

Your Rights In The Event Of Policy Termination 33

Claim Fraud 33

GLOSSARY

Active Employment	34
Benefit Program	34
Eligibility Date	34
Eligible Earnings Or Pre-Disability Earnings	35
Employee	35
Injury	35
LANS	35
LANS Defined Benefit Eligible Disability Plan	35
Objective Medical Evidence	36
Partial Disability Or Partially Disabled	36
Physician	36
Retirement Benefits	36-37
Retirement Plan	37
Short-Term Disability Plan	37
Sickness	37
Total Disability Or Totally Disabled	37
Waiting Period	38
Weekly Benefit Or Monthly Benefit	38

Section I – Basic Information About This Benefit Program

The intent of this Benefit Program Summary is to provide you with a brief, non-technical explanation of your benefits under this Benefit Program.

Words that are capitalized have a technical meaning and are described in the Glossary of this Benefit Program Summary. The terms “the Benefit Program” and “this Benefit Program” are used in this Benefit Program Summary to describe the Short-Term Disability Insurance Benefit Program.

Please refer to LANS SPD for additional information.

Eligibility

You are eligible to be covered under this Plan if you meet the following criteria:

- are appointed to work one year or more; and
- are appointed to work 50% time or more; and
- hold one of the following appointment types:
 - regular full time (100%),
 - regular part time (20 or more hours per week),
 - limited-term full time (100% time),
 - limited-term part time (20 or more hours per week),
 - post doc full time (100%),
 - post doc part time (20 or more hours per week),
 - graduate research assistant (GRA) full time (100%),
 - graduate research assistant (GRA) part time (20 or more hours per week),
 - undergraduate student (UGS) full time (100%), or
 - undergraduate student (UGS) part time (20 or more hours per week); and
- maintain regular paid time equal to 17.5 hours or more per week.

Certain employment actions may affect your continuing eligibility for this Benefit Program. See EMPLOYMENT ACTIONS THAT AFFECT COVERAGE described in Section 5 of this booklet for details.

Monthly Cost

The Short-Term Disability Insurance premium is currently fully paid by LANS. There is no cost to you, the Employee.

Enrollment

Enrollment is automatic when you become eligible. No enrollment form is needed to begin coverage.

If you are on a paid leave for health reasons or any unpaid leave of absence on the normal effective date, new or increased coverage begins the day following the first full day you are in Active Employment, based on your normally scheduled workday.

For additional details on your effective date of coverage under this Benefit Program, refer to Effective Date Of Insurance and Delayed Effective Date For Insurance in Section 2 of this Benefit Program Summary.

Short-Term Disability Benefit Program, Benefit Waiting Period

The period for which a benefit is payable will begin on the later of the following:

- a. the 8th day of continuous Total Disability resulting from Injury or Sickness;
- b. exhaustion of accumulated sick leave up to 22 working days/176 hours (prorated for part-time Employees). This includes any sick leave accrued before or after your last day at work while still on pay status and before benefits begin;
- c. the day your earnings cease.

Note: If you wish, you may choose a longer Waiting Period of 30, 90 or 180 days. If you do so, it will not change your benefits except to delay the date that they begin.

If you choose to use additional sick leave days or salary continuance for which you are eligible, your benefits will begin when your earnings cease.

If you elect not to use sick leave beyond the required 22 days or 176 hours, and then decide at a later date to use your remaining sick leave or accrued vacation leave, you must contact Liberty so they can temporarily suspend your benefits to avoid an overpayment on your claim. Also, departmental approval is required for any use of accrued sick or vacation leave.

After you begin your Waiting Period, if you return to work for a consecutive number of days equal to 20% or less of your Waiting Period, you will retain credit for the earlier period if you are Totally Disabled again for the same condition.

Example: You have a 7-day Waiting Period. You satisfy 5 days of the Waiting Period and then return to your normal pre-disability schedule for 1 day. (1 day = 14% of your 7-day Waiting Period). You become Totally Disabled again due to the same condition. In this situation, you will only need to satisfy 2 more days of your Waiting Period because you are given credit for the earlier 5 days satisfied.

If you return for more than 20% of your Waiting Period, and again become Totally Disabled due to the same condition, you will be required to restart the entire Waiting Period.

SHORT-TERM DISABILITY COVERAGE

The **Amount of Insurance Benefits** will be the lesser of:

- (a) 55% of your Eligible Earnings; or
- (b) 70% of your Eligible Earnings less benefits from other income listed in Section 3 of this Benefit Program Summary; or
- (c) the maximum Monthly Benefit of \$800.

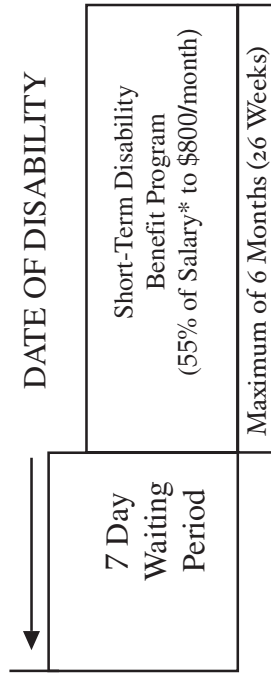
The Short-Term Disability Insurance Benefit Program pays benefits on a bi-weekly basis for Total or Partial Disabilities which are not work-related.

The **Maximum Benefit Period** for Short-Term Disability Insurance benefits for any one Total Disability will end on the earliest of:

- (a) the end of your Total or Partial Disability; or
- (b) the end of your 26th week of Total Disability for which a benefit is payable.

Please refer to benefit charts on the following pages.

Short-Term Disability Benefit Program Only



Note: Your disability benefits may not begin at the end of your Benefit Program waiting period if you have more than one week's accrued sick leave or salary continuance. Please see example number two below.

* Salary means Eligible Earnings – See your plan booklet under GLOSSARY.


USE OF SICK LEAVE

Example 1: You have 24 hours of sick leave at time of disability and the Benefit Program waiting period is 7 days

S/L – Sick Leave
 LWOP – Approved Leave
 without Pay

M	T	W	TH	F	SA	SU
1 S/L 1	2 S/L 2	3 S/L 3	4 LWOP	5 LWOP	6	7

Date of Disability ---->


 Your Benefit Program Waiting
 Period Satisfied & Disability
 Benefits Begin

Waiting period satisfied by 7 calendar days.

Example 2: You have 200 hours of sick leave at time of disability and the Benefit Program waiting period is 7 days.

Date of Disability	1	2	3	4	5	6	7
WEEK 1	s/L 1	s/L 2	s/L 3	s/L 4	s/L 5		
WEEK 2	8	9	10	11	12	13	14
WEEK 3	s/L 6	s/L 7	s/L 8	s/L 9	s/L 10		
WEEK 4	15	16	17	18	19	20	21
WEEK 5	s/L 11	s/L 12	s/L 13	s/L 14	s/L 15		
	22	23	24	25	26	27	28
	s/L 16	s/L 17	s/L 18	s/L 19	s/L 20		
	29	30	← Disability Benefits Begin				
	s/L 21	s/L 22					

← Your Benefit Program
Waiting Period Satisfied

S/L – Sick Leave
LWOP – Approved Leave
without Pay

Waiting period satisfied by 22 sick leave days.

Disability benefits begin on Wednesday of Week 5 because you must use at least 30 calendar days of sick leave (22 working days not including paid holidays). In this example, you would have 24 hours of sick leave remaining.

NOTE: This example assumes a full-time, Monday through Friday, 40 hour work week. It also assumes no regularly scheduled, paid holidays.

Example 3: You have 200 hours of sick leave at time of disability and the Benefit Program waiting period is 7 days. Also, there is a 2-day regularly scheduled paid holiday (ex. Thanksgiving).

Date of Disability	1	2	3	4	5	6	7
WEEK 1	S/L 1	S/L 2	S/L 3	S/L 4	S/L 5		
WEEK 2	8	9	10	11	12	13	14
	S/L 6	S/L 7	S/L 8	S/L 9	S/L 10		
WEEK 3	15	16	17	18	19	20	21
	S/L 11	S/L 12	S/L 13	S/L 14	S/L 15		
WEEK 4	22	23	24	25	26	27	28
	S/L 16	S/L 17	S/L 18	HOL	HOL		
WEEK 5	29	30	1	2			
	S/L 19	S/L 20	S/L 21	S/L 22			

← Your Benefit Program Waiting Period Satisfied

S/L – Sick Leave
 LWOP – Approved Leave without Pay

Waiting period satisfied by 22 sick leave days.

Disability benefits begin on Friday of Week 5 because you must use at least 30 calendar days of sick leave (22 working days not including 2 paid holidays). In this example, you would have 24 hours of sick leave remaining.

NOTE: This example assumes a full-time, Monday through Friday, 40 hour work week.

Section 2 – Effective Dates

Effective Date Of Insurance

Your insurance will be effective at 12:01 A.M. Standard Time in the governing jurisdiction of this plan on your Eligibility Date – coverage is automatic under the Short-Term Disability Insurance Benefit Program.

Delayed Effective Date For Insurance

The effective date of any initial insurance for you will be delayed if you are not in Active Employment because of Injury or Sickness. The initial insurance will start on the day following the date you complete one full day of Active Employment, based on your normally scheduled work day.

Section 3 – Disability Income Benefits

When Is Your Short-Term Disability Benefit Payable?

When Liberty receives proof that you are Totally or Partially Disabled due to Injury or Sickness and require the regular attendance of a Physician, Liberty will pay you a Monthly Benefit after the end of your Waiting Period. The benefit will be paid for the period of your Total or Partial Disability if you give to Liberty proof of continued (1) Total or Partial Disability; and (2) regular attendance of a Physician. The proof must be given upon Liberty's request and at your expense.

Liberty requires that you be under the direct and continuous care of a Physician who will provide medical documentation proving your continuous Total or Partial Disability. This Physician care should begin no later than 7 days following the date you are first unable to work on an Active Employment basis. Telephone contact with your Physician is not considered direct care or regular attendance of your Physician. See the Glossary of this booklet for more information on the definition of Total Disability or Partial Disability.

For the purpose of determining Total or Partial Disability: (1) the Injury must occur and your disability must begin while you are insured for this coverage; and (2) disability which is the result of your Sickness must begin while you are insured for this coverage. In addition, a loss of a license for any reason does not, in itself, constitute Total Disability.

Your Monthly Benefit will not exceed the amount of insurance benefits nor be paid for longer than the maximum benefit period. The amount of insurance benefits and the maximum benefit period are shown in Section 1 – Basic Information About This Benefit Program.

Calculation of Total Disability Monthly Benefit

To figure your Monthly Benefit:

1. Multiply your Eligible Earnings by 55%;

2. Take the lesser of:
 - a. the amount figured in step (1) above; or
 - b. 70% of your Eligible Earnings less the benefits from other income shown below; or
 - c. the maximum Monthly Benefit of \$800

Benefits From Other Income

Benefits from other income are those benefits shown below and under “Lump Sum Benefit Payments” (Section 3):

1. any disability or Retirement Benefits for which you are eligible under Social Security;
2. any other governmental program or coverage required or provided by statute;
3. the amount of earnings you earn or receive from any form of rehabilitative employment or any other salary, wages, or payments to you; or
4. Retirement Benefits under any Defined Benefit Retirement Plan for which a LANS employee receives credit for LANS service; or
5. disability benefit from LANS Defined Benefit Eligible Disability Plan.

Note: Liberty will not offset LANS sponsored group disability benefits available to certain Employees with respect to compensation that is not covered by LANS disability programs.

Liberty will not offset your benefit with (a) any disability benefits from privately purchased individual disability insurance policies; or (b) Defined Contribution Plan benefits (DCP) such as 401k plans and 403b plans through LANS and other employers.

Examples Of Benefit Program Benefits

A. You become disabled at age 25. You have no other benefits from other income.

1. Monthly Eligible Earnings	\$ 2,100
2. Monthly Short-Term Disability Income (55% of \$2,100 = \$1,155 but \$800 is maximum Monthly Benefit under the Benefit Program)	\$ 800
3. Maximum Benefit Period	6 months
TOTAL BENEFIT (\$800 x 6 mos.)	\$ 4,800

B. You become disabled at age 40. In addition to Short-Term Disability benefits, you have benefits from other income that you are receiving which start in the 3rd month of disability.

First 2 Months

1. Monthly Eligible Earnings	\$ 3,000
2. Monthly Short-Term Disability Income (55% of \$3,000 = \$1,650 but \$800 is maximum Monthly Benefit under the Benefit Program)	\$ 800

Last 4 Months

*Adjustment calculation (maximum benefit equals 70% from all sources)

70% of \$3,000 =	\$ 2,100
Benefits From Other Income	\$ 750
\$2,100 minus \$750 =	\$ 1,350
Short-Term Disability Benefit is the lesser of \$800 or	\$ 1,350
Adjusted Short-Term Disability benefit payable	\$ 800
3. Maximum Benefit Period	6 months
TOTAL BENEFIT (\$800 x 6 mos.)	\$ 4,800

C. You become disabled at age 55. In addition to Short-Term Disability benefits, you have benefits from other income (\$3000/month) that you are receiving which start in the 4th month of disability.

First 3 Months

- | | |
|---|----------|
| 1. Monthly Eligible Earnings | \$ 5,000 |
| 2. Monthly Short-Term Disability Income | \$ 800 |
| (55% of \$5,000=\$2,750 but \$800 is maximum Monthly Benefit under the Benefit Program) | |

Last 3 Months

*Adjustment calculation (maximum benefit equals 70% from all sources)

- | | | |
|---|---|----------|
| 70% of \$5,000 | = | \$ 3,500 |
| Benefits From Other Income | | \$ 3,000 |
| \$ 3,500 minus \$3,000 | = | \$ 500 |
| Short-Term Disability Benefit is the lesser of \$800 or | | \$ 500 |
| Adjusted Short-Term Disability benefit payable | | \$ 500 |
| 3. Maximum Benefit Period | | 6 months |
| TOTAL BENEFIT | | \$ 3,900 |
| (\$800 x 3 mos. + \$500 x 3 mos.) | | |

Benefit Periods Less Than A Week

For any period for which a Short-Term Disability benefit is payable that does not extend through a full week, the benefit will be paid on a prorated basis. The rate will be 1/7th per day for such period of Total Disability.

Termination Of Your Short-Term Disability Benefits

Your Monthly Benefit will cease on the earliest of (1) the date you are no longer Totally or Partially Disabled; or (2) the date you die; or (3) the end of your maximum benefit period; or (4) the date you begin work for another employer for wage or profit unless you are on approved Stay At Work/Return To Work (SAW/RTW) status; or (5) for those on SAW/RTW Status, the date your current earnings while on SAW/RTW exceed 80% of your Pre-Disability Earnings; or (6) for those on SAW/RTW Status, the date your current earnings and benefits from other income exceed 100% of your Pre-Disability Earnings.

INFORMATION AFFECTING SHORT-TERM DISABILITY BENEFITS

Taxes On Benefits

The Short-Term Disability portion of your disability benefit is fully taxable. You may voluntarily elect to have Federal taxes deducted from your benefit checks by requesting and completing a Liberty tax withholding authorization form. If OASDI/Medicare has been deducted from your regular pay, it will be deducted from the Short-Term Disability benefit check you receive every two weeks during the first six months following your date of disability. If OASDI/Medicare is not deducted from your regular pay, it will not be deducted from your Short-Term Disability benefits.

Cost Of Living Increases

After the first deduction for each of your benefits from other income, your Monthly Benefit will not be further reduced due to any cost of living increases payable under the benefits from other income provision of this coverage. This provision does not apply to increases received from any form of employment.

Lump Sum Benefit Payments

If you receive benefits from other income which are paid in a lump sum, such as a retroactive Social Security award, the benefits will be prorated on a monthly basis over the maximum benefit period. This monthly amount will then offset your benefit from Liberty.

Benefits from other income treated as lump sum benefits include, but are not limited to, the following, with offsets to your Liberty benefit as noted:

1. Payout of Terminal Vacation Leave – if terminal vacation leave is paid out in a lump sum, it is not an offset for disability benefit purposes. If terminal vacation leave is paid out in periodic payments as regular pay, it is offset as any full or partial wage or salary payments or other payments by LANS would be.
2. Severance Pay (for Staff, Executive, etc.) – offset in the month in which the severance payment is received.
3. Defined Contribution Retirement Plan benefits from a LANS-sponsored plan or from a plan sponsored by any other employer are not offset whether paid by lump sum or by periodic payments.
4. Settlements are offset if they are paid as wage replacement or in lieu of wages.

In the event of a one-time payment under a special LANS program, such as any early retirement program or any other special program, LANS directions announced at the time of the special payment will apply.

RETURN TO WORK

You are eligible for a number of Benefit Program features that will assist you in returning to work as soon as you are able. Liberty provides assistance with return to work through its own and LANS vocational rehabilitation staff. You may also work directly with your vocational rehabilitation and human resources staff to help you return to your previous job, a transitional work assignment, or a completely different position.

Stay At Work/Return To Work (SAW/RTW)

If you are Partially Disabled, SAW/RTW allows you to receive a Partial Disability benefit for up to 6 months. This means that you may be able to stay at work part-time during an illness, return to work on a part-time basis following Total Disability or perform an alternate job at lesser earnings and still be eligible to receive a modified benefit. An alternate job at lesser earnings means a job where you might work as much as full time but your earnings are equal to 80% or less than 80% of your Pre-Disability Earnings.

When Liberty receives proof that you are Partially Disabled from Injury or Sickness, they will pay you a SAW/RTW benefit after you have satisfied your Waiting Period. Your Waiting Period may be satisfied with any combination of Total or Partial Disability days. To receive SAW/RTW benefits, you must provide proof of continued Partial Disability and regular attendance of a Physician. In addition, your department or LANS location will need to determine whether they can offer you a temporary alternative work schedule.

Your SAW/RTW benefit will be calculated by taking your Pre-Disability Earnings, subtracting your earnings from Partial Disability employment and any benefits from other income, and then multiplying the result by 55%. In no case will the total benefits and other income exceed 100% of your Pre-Disability Earnings. Your SAW/RTW benefit will never exceed the Short-Term Disability maximum Monthly Benefit of \$800. The Short-Term Disability SAW/RTW benefit is available for a maximum duration of 6 months.

Contact your Liberty Mutual Case Manager for a SAW/RTW Status Application. This application must be submitted to Liberty and approved before you begin your modified/part-time assignment.

Successive Periods Of Disability

If you return to work and become Totally or Partially Disabled again, you may qualify for a Successive Period of Disability. A “Successive Period of Disability” is a Total or Partial Disability which is related or due to the same cause(s) as a prior Total or Partial Disability for which a Monthly Benefit was payable.

A Successive Period of Disability will be treated as part of your prior Disability if, after receiving Disability Benefits under this coverage, you (1) return to work for LANS on an Active Employment basis, based on your normally scheduled workday; and (2) in less than four consecutive weeks (20 consecutive workdays) after you return to work for LANS and while covered under this plan, you again become Totally or Partially Disabled due to the same or related cause as the prior Total or Partial Disability. Benefit payments will be subject to the terms of this coverage for your prior Total or Partial Disability.

If you return to a job with LANS on an Active Employment basis for four consecutive weeks or more, the Successive Period of Disability will be treated as a new period of Total or Partial Disability. You must complete another Waiting Period. For example, if you normally work 8 hours a day, Monday through Friday each week, then you must be in Active Employment twenty consecutive 8-hour days to satisfy this requirement.

You may take up to one-half day off per week, based on your normal work schedule, for routine follow-up appointments with your attending Physician without being required to restart the four-week period. However, if you take additional vacation, compensated time, and/or sick leave before the completion of the four-week period, you will be required to restart this period.

If regular LANS holidays are scheduled during this period, they will not be counted as workdays nor will they be considered a reason to restart the four-week period. The balance of the period should be completed beginning with the first workday after the holiday. Changes to your work schedule made after the date of disability will not be considered a normal work schedule for this purpose.

If the later disability is due to an unrelated cause and you had returned to full-time Active Employment based on your normally scheduled workday, it will be considered a new disability and a new Waiting Period will apply.

If you become eligible for coverage under any other employer's group Short Term Disability coverage, this Successive Period of Disability provision will cease to apply to you.

Section 4 – Exclusions

GENERAL EXCLUSIONS

Disabilities That Are Not Covered

This plan will not cover any Total or Partial Disability due to:

1. war, declared or undeclared or any act of war;
2. intentionally self-inflicted injuries;
3. active Participation in a Riot;
4. your committing of or attempting to commit an indictable offense;
5. Injury that arises out of or in the course of employment;
6. Sickness when a benefit is payable under a Workers' Compensation law, or any other act or law of like intent.

“Participation” in a riot shall include promoting, inciting, conspiring to promote or incite, aiding, abetting, and all forms of taking part in, but shall not include actions taken in defense of public or private property, or actions taken in defense of yourself, as long as such actions of defense are not taken against persons seeking to maintain or restore law and order including, but not limited to, police officers and firefighters.

“Riot” shall include all forms of public violence, disorder or disturbance of the public peace, by three or more persons assembled together, whether or not acting with a common intent and whether or not damage to persons or property or unlawful act or acts is the intent or the consequence of such disorder.

Section 5 – Termination Provisions

End Of Your Insurance

You will cease to be insured on the earliest of the following dates:

1. the date this Benefit Program terminates, but without prejudice to any claim originating prior to the time of termination;
2. the date you are no longer in an eligible class;
3. the date your class is no longer included for insurance;
4. the last day for which your required contribution has been made, or for which LANS has made a contribution on your behalf;
5. the date your employment terminates. Cessation of Active Employment will be deemed termination of employment, except insurance will be continued for you if you were absent due to disability during your Waiting Period and the period during which premium is being waived. Refer to Employment Actions That Affect Coverage, which follows, for additional information.

Liberty reserves the right to review and terminate all classes insured under this Benefit Program if any class(es) cease(s) to be covered.

EMPLOYMENT ACTIONS THAT AFFECT COVERAGE

Termination Or Retirement

If you leave or retire from LANS employment, your disability insurance coverage ends on your last day in Active Employment before your termination or retirement.

If you become Totally Disabled before you are laid off, terminate, or retire from employment, your eligibility to receive benefits will continue until your disability ends or until the maximum benefit period is reached, whichever occurs first, provided you were disabled while still in Active Employment and benefits have been approved.

Benefits are not payable for any period of time in which you are not normally scheduled to work. Benefits are not payable beyond the date of death.

Reduction In Average Regular Paid Time

After two consecutive months of insufficient average regular paid time (17.5 hours per week), coverage under this Benefit Program ends the first of the following month.

Layoff Or Leave Of Absence

If you are placed on temporary layoff or take an approved leave of absence without pay, coverage ends on the last day of Active Employment. If you take a leave of absence with pay for non-health reasons, coverage may continue, subject to the required premium payments, for up to two years from the date the leave begins, as long as you meet the Eligibility requirements as stated in Section 1 of this booklet.

Coverage ends at the end of the 24th month or on the last day before a pay period in which any of these conditions is unmet.

Sabbatical

If you are on a sabbatical leave (regardless of the percent time), LANS contribution for Short-Term Disability will continue. You will be covered for disabilities beginning during this leave.

Benefits are based on your full pay before your sabbatical leave begins. (Salary or pay used to determine benefits is defined under “Eligible Earnings” in the Glossary.) If your sabbatical is preceded or followed by an approved leave of absence without pay, see the LANL Benefits Office for more information.

Note: Contact the LANL Benefits Office about other employment actions which may cause coverage to end and about reestablishing eligibility.

Section 6 – General Provisions

This Benefit Program Summary is intended to outline the principal features of the Benefit Program. The statements made in this Benefit Program Summary are subject to the terms of the policy (between LANS and Liberty Life Assurance Company of Boston) and to the LANS Welfare Benefit Plan for Employees.

Effect Of Statements Made In Your Application For Coverage

In the absence of fraud, all statements made in any signed Application are considered representations and not warranties (absolute guarantees).

No representation by LANS in applying for this Benefit Program will make it void, unless the representation is contained in the signed Application.

The Authority For Interpretation Of This Plan

Liberty shall possess the authority, in its sole discretion, to construe the terms of this Benefit Program and to determine benefit eligibility hereunder. Liberty's decisions regarding construction of the terms of this Benefit Program and benefit eligibility shall be conclusive and binding.

Contesting The Plan

The validity of this Benefit Program shall not be contested, except for non-payment of premiums, after it has been in force for two years from the date of issue. The validity of this Benefit Program shall not be contested on the basis of a statement made relating to insurability by you after such insurance has been in force for two years during your lifetime, and shall not be contested unless the statement is contained in a written instrument signed by you.

Filing A Claim

Written notice of your claim must be given to Liberty within 30 days of the date of the loss on which your claim is based, if possible. If that is not possible, Liberty must be notified as soon as it is reasonably possible to do so. You may obtain claim forms from the LANL Benefits Office. You should protect your rights by filing your claim with Liberty promptly at the address shown on the claim form.

Proof Of Claim

Proof of your claim must be given to Liberty. This must be done no later than 30 days after the end of your Waiting Period unless it is not reasonably possible to furnish such proof within such time.

Such proof must be furnished as soon as reasonably possible, and in no event, except in the absence of legal capacity of the claimant, later than one year from the time proof is otherwise required.

It is your responsibility to give Liberty the required Objective Medical Evidence (proof) to verify your continuous Total Disability. You must also provide vocational and other information necessary for the evaluation of your claim for benefits. You cannot receive benefits without providing this information. In cases where medical evidence is not conclusive, Liberty may require additional records, tests, or examinations in order to pay benefits.

Objective Medical Evidence substantiating your continued Total Disability and regular attendance of a Physician must be given to Liberty within 30 days of the request for the proof. The proof must cover, when applicable (a) the date your Total Disability started; (b) the cause of your Total Disability; and (c) the degree of your Total Disability.

You will receive notification from Liberty within 5 calendar days of their receipt of a **complete claim** indicating whether you will receive benefits under the Benefit Program

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A complete claim consists of a completed Employee Statement, Attending Physician's Statement, and LANS Statement. If Liberty needs more time to make a determination, you will be notified of the reasons within 45 days.

Payment Of Claim

When Liberty receives proof of your claim that it determines is satisfactory, the benefit payable under this Benefit Program may be paid at least monthly, depending on the coverage for which your claim is made, during any period for which Liberty is liable. Any balance remaining unpaid upon the termination of the period of liability will be paid immediately upon receipt of due written proof.

The benefit is payable to you. But, if a benefit is payable to your estate, or if you are a minor, or you are not competent, Liberty has the right to pay up to \$2,000 to any of your relatives or any other person whom they consider entitled thereto by reason of having incurred expense for your maintenance, medical attendance or burial. If Liberty, in good faith, pays the benefit in such a manner, Liberty will not have to pay such benefit again.

Liberty's Examination Rights

Liberty, at its own expense, will have the right and opportunity to have you, whose Injury or Sickness is the basis of a claim, examined by a Physician or vocational expert of its choice. This right may be used as often as is reasonably required.

To obtain factual information regarding your claim, Liberty may arrange to interview you personally.

Liberty cannot approve a claim without the Objective Medical Evidence and vocational information necessary to evaluate your continuous Total or Partial Disability.

Claim Denials

In the event that your claim is denied, either in full or in part, Liberty will notify you in writing within 45 days after the date your claim is first filed with Liberty. If more time is required by Liberty to make a decision, you will be notified of the reasons for the delay before the end of the 45-day period. Liberty may extend the decision-making period for up to 30 days. If additional time is needed, Liberty may extend the decision-making period for an additional 30 days. You will be notified of the second extension before the end of the first extension period. The notice of extension may include a request for additional information from you. You must provide the requested information to Liberty within 45 days. Liberty's 30-day extension period will begin when you respond to the request for additional information.

Liberty's notice of denial shall include:

1. the specific reason or reasons for denial with reference to those policy provisions on which the denial is based;
2. a description of any additional material or information necessary to complete the claim and an explanation of why that material or information is necessary; and
3. the steps to be taken if you or your beneficiary wish to have the decision reviewed.

Please note that if Liberty does not respond to your claim within the time limits set forth above, you should automatically assume that your claim has been denied and you should begin the appeal process at that time. However, failure to do so will not waive your right to appeal.

How To Appeal

You, the claimant, or your authorized representative, may appeal a denied claim within 180 days after you receive Liberty's notice of denial. You have the right to:

1. submit a request for review, in writing, to Liberty;
2. review pertinent documents; and
3. submit issues and comments in writing to Liberty.

Liberty will provide notice of its decision within 45 days after the date you file the appeal with Liberty. Liberty may extend the decision-making period for up to 45 days if special circumstances require extra time. You will be notified of the extension prior to the end of the first 45-day period. Please refer to your LANS SPD for additional information.

Liberty's Rights Of Recovery

If a benefit overpayment on any claim occurs, you will be required to reimburse Liberty within 60 days of such overpayment, or Liberty has the right to reduce future benefit payments until such reimbursement is received. Liberty has the right to recover such overpayments from you or your estate.

Timing Of Legal Proceedings

You or your authorized representative cannot start any legal action until 60 days after proof of claim has been given nor more than three years after the time proof of claim is required.

Section 7 – Plan Administration

Please refer to your LANS SPD for Plan Administration information.

Benefit Program benefits are provided under the terms of the Group Disability Insurance Policy No. GD/GF3-860-064939, hereinafter referred to as “the policy”, issued by Liberty Life Assurance Company of Boston, hereinafter referred to as “Liberty”, to the Employer as “Policyholder”.

Name and Address of Plan Administrator:

Benefits and Investment Committee
TA-3 Building 261
2nd Floor
Los Alamos, NM 87545

Mailing Address:

Benefits and Investment Committee
P.O. Box 1663, Mail Stop P280
Los Alamos, NM 87544

Agent for Service of Legal Process on the Plan:

Liberty Life Assurance Company of Boston
Western Regional Claims Office
2510 W. Dunlap
Suite 300
Phoenix, AZ 85021-2732

Also, see your LANS SPD for additional information on Agent for Service of Legal Process.

Amendment of Liberty's Policy:

The policy may be changed in whole or in part by mutual agreement of LANS and Liberty. Only an Officer of Liberty can approve a change. The approval must be in writing and endorsed on or attached to the policy. No consent of any participant or any other person referred to in the policy(ies) shall be required to modify, amend, or change the policy(ies).

Your Rights In The Event Of Policy Termination

Termination of the policy under any conditions will not prejudice any payable claim which occurs while the policy is in force.

Claim Fraud

When filing a claim, it is fraudulent to knowingly provide false information or omit relevant facts. Criminal and/or civil penalties can result from such acts.

Glossary

This section defines some basic terms needed to understand this plan.

“Active Employment” means you must be actively at work for LANS:

1. on a full-time or part-time basis and paid regular earnings;
2. for at least the minimum number of hours shown in Section 1 – Basic Information About This Plan; and either perform such work;
 - a. at LANS usual place of business; or
 - b. at a location to which LANS business requires you to travel.

You will be considered in Active Employment if you are actually at work on the day immediately preceding:

1. a weekend (except where one or both of these days are scheduled days of work);
2. holidays (except when such holiday is a scheduled work day);
3. paid vacations;
4. any non-scheduled work day;
5. a paid leave of absence, approved by LANS for which premium payments are made;
6. a paid sick leave.

“Benefit Program” means the Short Term Disability Program.

“Eligibility Date” means the date you become eligible for insurance under this plan. Eligible Employees are described in Section 1 – Basic Information About This Plan.

“Eligible Earnings” or **“Pre-Disability Earnings”** means the employee’s

(a) base salary; or

(b) in the case of any hourly-paid Employee, the amount of any base wages;

paid by LANS to the employees during the course of a Plan Year, excluding any supplements or differentials for overtime, bonuses or other special circumstances.

If you are a salaried Employee with a fixed appointment, your benefits will be based on your actual salary rate for the full calendar month just before the month disability starts.

For Employees with variable-time appointments, and those with hourly or positive time reporting, salary for benefits purposes is an average of the actual Eligible Earnings for the three (3) calendared months or six (6) full pay periods before the period in which the disability began, excluding furlough or approved leave without pay.

“Employee” means any person in Active Employment with LANS.

“Injury” means bodily impairment resulting directly from an accident and independently of all other causes. Any Total or Partial Disability which begins more than 60 days after an Injury will be considered a Sickness for the purpose of determining benefits under this plan.

“LANS” is Los Alamos National Security, LLC.

“LANS SPD” is the LANS Welfare Benefit Plan for Employees Summary Plan Description.

“LANS Defined Benefit Eligible Disability Plan” is the pre-retirement disability plan for eligible participants. You are eligible to participate in the plan only if:

- On May 31, 2006, you were employed by University of California (UC), and were an active member in the University of California Retirement Plan (URCP); and
- You have not retired from or elected inactive vested status in the UCRP; and
- On June 1, 2006, you joined LANS; and
- Prior to joining LANS, you elected Total Compensation Package 1 (TCP1).

“Objective Medical Evidence” means Proof of Disability documented by a Physician. The proof must cover, when applicable:

- 1) The date disability started;
- 2) The cause of disability; and
- 3) The degree of disability.

The documentation should include, but is not limited to, objective medical tests, films/x-rays, Physician notes, and any medical information regarding the claimant’s situation.

“Partial Disability” or **“Partially Disabled”** means as a result of Injury or Sickness, you are:

1. able to perform one or more, but not all, of the material and substantial duties of your own or any other occupation on an Active Employment or part-time basis; or
2. able to perform all of the material and substantial duties of your own or any other occupation on a part-time basis.

“Physician” means a person who:

1. is licensed to practice medicine and prescribe and administer drugs or to perform surgery; or
2. is a licensed practitioner of the healing arts in a category specifically favored under the health insurance laws of the State where the policy is delivered and practicing within the terms of his or her license.

This does not include you or your spouse, daughter, son, father, mother, sister or brother.

“Retirement Benefits” when used with the term Retirement Plan, means money which:

1. is payable under a Retirement Plan either in a lump sum or in the form of periodic payments; and

2. is payable upon:
 - a. early or normal retirement; or
 - b. disability, if the payment reduces the amount of money which would have been paid under the plan at the normal retirement age.

“Retirement Plan” means a plan which provides Retirement Benefits to you and which is not funded wholly by your contributions. The term shall not include: a profit-sharing plan, informal salary continuation plan, registered retirement savings plan, 401(k) savings, 401(k) retirement plan, stock ownership plan, or a non-qualified plan of deferred compensation.

“Short-Term Disability Plan” is the LANS-funded plan.

“Sickness” means illness, disease, pregnancy, or complications of pregnancy.

“Total Disability” or **“Totally Disabled”** means you will be considered Totally Disabled when Liberty determines that all of these conditions are met:

1. due to a medically determinable physical or mental impairment resulting from bodily Injury or disease that is not connected with employment, you are completely unable to perform any and every duty pertaining to your own occupation;
2. you are not working at any occupation for wage or profit; and
3. you are under the direct and continuous care of a Physician.

Note: To obtain factual information regarding your claim, Liberty may arrange to interview you personally, and/or may arrange for you to be examined by a consulting Physician at Liberty’s expense. Liberty cannot approve a claim without the Objective Medical Evidence and vocational information necessary to evaluate your continuous Total or Partial Disability.

“Waiting Period” means a period of consecutive days of Total or Partial Disability for which no benefit is payable. The Waiting Period is described in Section 1 – Basic Information About This Benefit Program. It begins on the first day of your Total or Partial Disability.

“Weekly Benefit” or **“Monthly Benefit”** means the amount payable to you if you are Totally Disabled. Benefits for Short-Term Disability coverage are determined and paid on a bi-weekly basis.

STD 8/1/2006