



Sandia National Laboratories

Operated for the U.S. Department of Energy by
Sandia Corporation

P.O. Box 5800
Albuquerque, NM 87185

April 2004

Dear Long Term Disability Plus (LTD+) Plan Participant:

The information provided in this letter is a summary of material modification to the current Sandia Long-Term Disability Plans Summary Plan Description (SPD), dated January 2002, and should be kept as a supplement with your Long-Term Disability Plans SPD.

IMPORTANT CHANGE: Effective April 1, 2004 the LTD+ rates have changed as follows:

Prior to April 1, 2004:

The premiums for LTD+ Plan benefits were based on the following formulas:

- \$.17 per \$100 of monthly salary, for an additional 10% benefit
- \$.37 per \$100 of monthly salary, for an additional 20% benefit

Beginning April 1, 2004:

The premiums for LTD+ Plan benefits are based on the following formulas:

- \$.14 per \$100 of monthly salary, for an additional 10% benefit
- \$.31 per \$100 of monthly salary, for an additional 20% benefit

As your base pay increases, your premiums will increase. There is not a pre-tax premium option.

Calculation Example: You earn \$35,000 annually (\$2,917 monthly) and enroll in the 10% additional LTD+ Plan benefit.

$$\$35,000 / 12 = \$2,917$$

$$\$2,917 / 100 = \$29.17$$

$$\$29.17 \times \$.14 = \mathbf{\$4.08 \text{ monthly premium}}$$

Sincerely,

Benefits Department, 3341



Sandia National Laboratories
A Department of Energy National Laboratory

Sandia Long -Term Disability Plans

LTD

and

LTD+

Summary Plan Description

Effective: January 2002

Long-Term Disability Plan and Long-Term Disability Plus Plan

The **Long-Term Disability (LTD) Plan** is designed to protect you and your family from financial hardship because of illness, accident, or disability.

There is also an optional plan, the **Long-Term Disability Plus (LTD+) Plan**, that provides additional coverage for a monthly premium.

This booklet is the Summary Plan Description (SPD) of these plans. It is provided in accordance with the requirements of the Employee Retirement Income Security Act of 1974. This SPD summarizes operations, benefits, claim filing procedures, and other provisions of interest. These plans are administered by Sandia Corporation, P. O. Box 5800, Albuquerque, New Mexico, 87185 (Employer Identification Number 85-0097942). They are administered in accordance with this SPD, the administrative manual, the contracts between Sandia National Laboratories and the Claim Administrator, and relevant federal laws (which are subject to change). Copies of these documents, with the exception of the federal laws, are available at the Sandia Benefits Department.

The Long-Term Disability Plan and the Long-Term Disability Plus Plan are maintained at the discretion of Sandia. They are not intended to create a contract of employment and do not change the at-will employment relationship between you and Sandia. The Sandia Board of Directors (or designated representative) reserves the right to suspend, change, modify, or amend any or all provisions of the LTD Plan or the LTD+ Plan at any time without prior notice, subject to applicable collective bargaining agreements. If the LTD Plan and/or LTD+ Plan should be terminated or changed, it will not affect your rights to any benefits to which you have already become entitled.

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Long

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LTD Plan Highlights

This section contains a brief description of changes that have been implemented since the previous Sickness, Accident, and Disability Plans booklet of January 1998.

Summary of Plan Changes

- The six-month waiting period for eligibility to participate in the LTD Plan has been eliminated. Eligible employees begin Plan participation immediately upon their date of hire.
- The maximum period of payment schedule was changed to reflect the Age Discrimination in Employment Act of 1967 (ADEA) schedule for insured plans (see the table on page 10).
- The LTD Plan was enhanced by providing a survivor benefit (see page 16).
- The LTD Plan changed its funding type from self-insured to insured, effective April 1, 2000.
- The claims administration address changed to UNUM, 655 North Central Ave., Suite 800, Glendale, CA 91203.
- Effective August 17, 2001, full-time or part-time limited-term, post-doctoral, and full-time year-round faculty sabbatical appointees are eligible for the LTD Plan.
- Effective January 1, 2002, written notice of claim denial and time limits were changed to reflect new regulations issued by the U. S. Department of Labor (see ERISA Information and Appeal of Denial, page 46).

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Basic Provisions

Introduction

If you qualify for benefits as determined by UNUM Life Insurance Company of America (UNUM), the Sandia Long-Term Disability (LTD) Plan replaces part of your pay if you are totally and permanently disabled. Total and permanent disability means that you are unable to perform the duties of your job or any other job suitable to your education, training, and experience because of a nonoccupational or occupational illness or injury incurred while covered under this Plan. The LTD Plan may begin benefit payments when your Sickness Absence Plan (SAP) (for nonoccupational illness/injury) or injury time (I-time) (for occupational illness/injury) benefits are exhausted. (Information pertaining to the enhanced Sandia Long-Term Disability Plus (LTD+) Plan begins on page 30.)

IMPORTANT This SPD applies to all employees classified as full-time or part-time regular, post-doctoral, limited-term, and full-time year-round faculty sabbatical appointees, except as and to the extent that its provisions differ from applicable collective bargaining agreements. Provisions in this SPD that differ from those of collective bargaining agreements do not apply to employees subject to such agreements. (Refer to the applicable collective bargaining agreement for more information.)

Determination of Disability

UNUM determines whether you are totally and permanently disabled. To be eligible to receive the LTD benefit under this Plan, you must meet all of the following requirements as determined by UNUM:

- You must have become disabled while covered under the LTD Plan.
- You must be unable to perform all the duties of your job or any other job suitable to your education, training, and experience because of a nonoccupational or occupational illness or injury.
- You must have exhausted your SAP benefits (for nonoccupational illness/injury), or I-time benefits (for occupational illness/injury).
- You must be terminated or retired as an employee with Sandia.

- You must not be working, or if gainfully employed outside of Sandia, you must make less than 60% of your Sandia salary.
- At all times during your disability, you must be under the regular care of a legally qualified physician.
- You must provide proof of continued medical care for your disability to UNUM when requested.

UNUM will determine the extent of your disability based on medical evidence. UNUM reserves the right to have a physician of its choice examine you.

NOTE: You do not have to be hospitalized or confined to your home to receive the LTD Plan benefit.

IMPORTANT

You are not covered under this Plan for disabilities caused by

- **intentionally self-inflicted injury or attempted suicide;**
- **active military service;**
- **commission of a felony;**
- **participation in a riot, insurrection, rebellion, or similar civil disorder; or**
- **an act of war (meaning declared or undeclared war, including resistance to armed aggression).**

Employment Status

If you continue to be disabled and have depleted all vacation/flextime and other approved leaves, your employment with Sandia is terminated after SAP benefits or I-time benefits end. After termination, there is no guarantee of reemployment with Sandia, even though you may receive benefits under this LTD Plan.

Eligibility

Eligibility for Coverage

You are eligible to participate in the LTD Plan if

- you are a regular full-time or part-time employee (as classified by Sandia for payroll purposes), or
- you are a full-time or part-time employee (as classified by Sandia for payroll purposes) in the limited-term, post-doctoral appointee, or the full-time, year-round faculty sabbatical appointee classifications.

IMPORTANT

Employees are not eligible to apply for the LTD Plan benefit if they do not meet the disability requirements as defined on pages 5 and 6.

NOTE: For purposes of coverage under this Plan, an individual is a covered “employee” only if

- the individual satisfies all other tests for coverage under this Plan,
- Sandia Corporation actually withholds required federal, state, or FICA taxes from his/her paycheck,
- Sandia Corporation issues him/her a W-2 for the year for which the LTD benefit under this Plan is claimed, and
- Sandia Corporation issues the W-2 no later than the year following the year for which the LTD benefit was claimed.

Eligibility Appeals Procedure

If you are denied eligibility to participate in the LTD Plan, you may contact the Sandia Benefits Customer Service Center at 845-BENE (845-2363) to request a review of your eligibility status. Upon request, a written notification will be sent to you informing you of the decision. If you are not satisfied with the decision, you may request that your eligibility status be reviewed by the Employee Benefits

Committee (EBC). You must request this in writing within 180 calendar days of the date of the written notification informing you of the denial. You will be informed of the EBC's decision in writing within 60 calendar days of the date the appeal was received; however, the EBC can request an additional 60 days if special circumstances apply. The EBC has the exclusive right to interpret the provisions of the LTD Plan with respect to the eligibility to participate, and their determination is conclusive and binding. You must exhaust the appeals process before you pursue any legal recourse.

Benefit

Applying for the LTD Plan Benefit

NOTE: If illness or injury is job-related, it must be promptly reported to Sandia's Health Services Center for purposes of safety and initiation of the Workers' Compensation benefit process.

It is your responsibility to apply for the LTD Plan benefit. You are encouraged to submit your claim for the LTD Plan benefit as soon as you receive your claim packet from UNUM. However, claims for consideration of the LTD Plan benefit **must** be submitted no later than 12 months after your termination/retirement. Failure to apply for the LTD Plan benefit within 12 months from your termination or retirement will result in ineligibility for claim/application and the benefit under this Plan. You may obtain the application forms from UNUM. It is your responsibility to obtain, complete, and return the forms to UNUM.

After you and your physician have completed and returned the forms to UNUM, UNUM will determine the extent of your disability and whether the benefit is allowed or denied.

NOTE: When requested, you must provide to UNUM proof of continued medical care for your disability. Failure to provide proof of continued medical care will result in termination of your LTD Plan benefit.

Length of the LTD Plan Benefit

If you remain disabled, your LTD Plan benefit continues until the earliest of these events:

- Recovery,
- Death, or
- The end of the maximum period of payment as shown in the following table:

Age at Disability	Maximum Period of Payment
Less than age 60	To age 65, but not less than 5 years
60	60 months
61	48 months
62	42 months
63	36 months
64	30 months
65	24 months
66	21 months
67	18 months
68	15 months
Age 69 and over	12 months

Denial of Benefit

UNUM will provide you with written notification of the denial according to the guidelines provided in Appeal of Denial (see page 46).

Benefit Payable

If the benefit is determined to be payable by UNUM, the amount of the LTD Plan benefit is equal to one-half your monthly base pay, up to a monthly maximum benefit of \$7,500. The LTD Plan benefit is reduced (offset) by the amount you receive from other sources (see Offsets to Your LTD Plan Benefit, below). The benefit is based on the hourly, weekly, or annual rate of pay for your standard full-time or part-time work schedule. Base pay does not include other payments such as performance awards, premiums, allowances, and overtime payments (see Calculating LTD Plan Benefit, page 11, for calculating your LTD Plan benefit).

NOTE: Offsets can reduce your LTD Plan benefit amount to zero.

Offsets to Your LTD Plan Benefit

Sources of income that offset your LTD Plan benefit are as follows:

- Any Social Security benefits payable to you (including Disability and Retirement but excluding Family Social Security),
- Any Sandia pension benefits that you may be eligible to receive at the time your LTD Plan benefit begins,

NOTE: If the amount of your Sandia or Social Security pension increases after the LTD Plan benefit begins, your LTD Plan benefit is **not** further reduced.

- Any Workers' Compensation benefits that you may be eligible to receive for the same disability for which the LTD Plan benefit has been granted,
- Any state or federal disability benefits except veterans' benefits,
- I-time benefits that overlap the LTD Plan period, and
- Accrued vacation pay.

If other benefits that can offset your LTD Plan benefit are paid in a lump sum, these other benefits will be prorated on a weekly or monthly basis over the time period for which the lump sum is given. If no time period is stated, the sum will be prorated on a weekly or monthly basis over the period for which the LTD Plan benefit is payable, as determined by UNUM.

The LTD Plan includes provisions reserving the right to reduce the Plan benefit payable to the participant by amounts paid or payable to the participant by other benefit programs, as identified above. The LTD Plan may pay the regular LTD Plan benefit until any such additional benefits are received (an overpayment may occur on the claim). Any resulting overpayment is payable to UNUM within 30 days. The amount of overpayment will be recovered either by the participant paying UNUM directly or by UNUM reducing future LTD Plan payments until the overpayment is recovered.

NOTE: If overpayment cannot be recovered from the participant's LTD Plan benefit by offsets, the participant is responsible for direct payment to UNUM. If you fail to pay UNUM, UNUM may seek legal recourse.

If returning the overpayment is considered to be a hardship on the family, UNUM will discuss and determine whether a payment arrangement is possible.

Proof of Disability

From time to time, you may be required to submit to UNUM proof of your disability and compensation from all sources. Failure to provide proof of disability and compensation from all sources when requested may result in a reduction or termination of your LTD Plan benefit.

Calculating LTD Plan Benefit

Nonoccupational Illness or Injury. Following exhaustion of the SAP benefits, your regular vacation pay, and any other offsetting income, your net monthly LTD Plan Benefit is calculated as follows:

Example of Calculating LTD Plan Benefit Nonoccupational Illness or Injury		
	Full-Time Employee	Part-Time Employee (25 hours)
Monthly base pay	\$ 2,300	\$ 1,150
× 50%	× 50%	× 50%
Gross LTD Plan Benefit	\$ 1,150	\$ 575
Less Sandia Pension	\$ 500	\$ 125
Less Social Security	\$ 250	\$ 150
Net LTD Plan Benefit	\$ 400	\$ 300
NOTE: See additional provisions concerning Part-Time Employment and LTD/LTD+ Plan Benefit, page 22.		

Occupational Illness or Injury. Following exhaustion of I-time benefits, your regular vacation pay, and any other offsetting income, your net monthly LTD Plan Benefit is calculated as follows:

Example of Calculating LTD Plan Benefit Occupational Illness or Injury		
	Full-Time Employee	Part-Time Employee (25 hours)
Monthly base pay	\$ 2,300	\$ 1,150
× 50%	× 50%	× 50%
Gross LTD Plan Benefit	\$ 1,150	\$ 575
Less Sandia Pension	\$ 500	\$ 125
Less Social Security	\$ 250	\$ 150
Less Workers' Compensation	\$ 150	\$ 150
Net LTD Plan Benefit	\$ 250	\$ 150
NOTE: See additional provisions concerning Part-Time Employment and LTD/LTD+ Plan Benefit, page 22.		

ERISA Information and Appeal of Denial

See the Section, ERISA Information and Appeal of Denial (page 46), for information on the Employee Retirement Income Security Act (ERISA).

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Provisions That

Apply to Both

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LTD+

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Survivor Benefit

The following benefit will be provided to your family if you die.

When UNUM receives proof that you have died, UNUM will pay your eligible survivor a lump sum benefit equal to three months of your gross disability payment if, on the date of your death,

- your disability had continued for 180 or more consecutive days, and
- you were receiving or were entitled to receive payments under the plan.

If you have no eligible survivors, payment will be made to your estate unless there is none. In the event of no eligible survivors and no estate, no payment will be made.

However, UNUM will first apply the survivor benefit to any overpayment that may exist on your claim.

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Your LTD/LTD+ Plan and Social Security Benefits

You may be eligible for Social Security Disability benefits after five months of continuous absence. It is important to be aware of the following facts about the LTD and LTD+ Plans and Social Security Disability benefits:

- You are required to apply for Social Security Disability benefits during the SAP or I-time benefit period if you are totally disabled.
- If you have not applied for or received a response from Social Security at the time your Plan benefit commences, your Social Security benefit may be estimated. The estimated amount will be considered “other source of income” and offset your base pay in determining your Plan benefit payment (see Calculating LTD Benefit, page 11).
- If Social Security denies your benefits, the Plan requires that you file an appeal. If you fail to file an appeal, your monthly Plan benefit will continue to be reduced to reflect the amount of Social Security benefits you could be receiving had your appeal been successful.
- If your Social Security benefit is determined after your Plan benefit has started, you may begin receiving Social Security payments or receive retroactive Social Security payments. In these cases, the unaccounted Social Security benefit portion must be offset when calculating your Plan benefit. Any resulting Plan overpayment is payable to UNUM within 30 days. The amount of overpayment will be recovered either by your paying UNUM directly or by UNUM reducing your future Plan payments until the overpayment is recovered.

NOTE: If overpayment cannot be recovered from your LTD Plan benefit by offsets, you are responsible for direct payment to UNUM. If you fail to pay UNUM, UNUM may seek legal recourse.

If returning the overpayment is considered to be a hardship on the family, UNUM will discuss and determine whether a payment arrangement is possible.

- Social Security Disability (as well as Social Security Retirement) benefits reduce your Plan benefit. Family Social Security payments do not reduce your Plan benefit.
- If your Social Security benefits increase after your Plan payments begin, the amount of your Plan benefit will not be further reduced.

Social Security Claimant Advocacy Program

In order to be eligible for assistance from UNUM's Social Security claimant advocacy program, you must be receiving monthly payments from UNUM. UNUM can provide expert advice regarding your claim and assist you with your application or appeal.

Receiving Social Security benefits may enable

- you to receive Medicare after 24 months of disability payments,
- you to protect your retirement benefits, and
- your family to be eligible for Social Security benefits.

UNUM can assist you in obtaining Social Security disability benefits by

- helping you find appropriate legal representation,
- obtaining medical and vocational evidence, and
- reimbursing preapproved case management expenses.

Rehabilitation and Subsequent Disability

Vocational Rehabilitation and Rehabilitative Employment

After consultation with your physician, UNUM may determine that you are a candidate for either vocational rehabilitation and/or rehabilitative employment.

Vocational Rehabilitation. The expenses associated with a vocational rehabilitation program may not exceed \$10,000. This program is administered and supervised by UNUM. If you are a candidate as determined by UNUM, you will receive written notification of the

- conditions under which rehabilitation expenses will be paid,
- type of expenses that will be covered, and
- time period during which these expenses may be incurred.

Vocational rehabilitation will not be covered under this Plan if

- the program is available and you are covered for the expenses under any law or government program that provides vocational rehabilitation, or
- the program is available and you are covered under any other plan or arrangement in which Sandia contributes to the cost.

Rehabilitative Employment. While you are disabled and receiving the Plan benefit, you may request rehabilitative status through UNUM. Rehabilitative status means that you may return to work on a part-time basis for up to three months, with extensions of three months—up to a maximum of 12 months. If you return to work in the rehabilitative status, your Plan benefit will be reduced by 80% of your earnings. If you return to work and UNUM does not approve it as rehabilitative status, your Plan benefit may be terminated.

IMPORTANT

Sandia is not required to reemploy you under the Vocational Rehabilitation and Rehabilitation Employment provisions. If you petition Sandia for reemployment, your application will be reviewed through Sandia Staffing just as they review applications of any other employment candidate.

Recovery and Subsequent Disability

If you recover from your disability and then become disabled again, one of the following will apply:

- If you are rehired by Sandia and you return to work for Sandia for less than 90 days and become disabled again for any reason, your Plan benefit will begin immediately.
- If you are rehired and you return to work for 90 days or more and become disabled again for any reason, your Plan benefit will not begin again until the exhaustion of another SAP or I-time benefit period, and another application has been submitted by you and approved by UNUM.
- If you return to work for an employer other than Sandia and make more than 60% of your previous Sandia salary, you are no longer covered by this Plan.

Part-Time Employment

Part-Time Employment and the LTD/LTD+ Plan Benefit

If you are working a part-time schedule and become disabled during part-time employment, the Plan benefit would be based on your part-time base pay. If you are working a full-time schedule and become disabled during full-time employment, then the Plan benefit would be based on your full-time base pay.

Part-Time Employment and Medical Restrictions

In some cases, you may be able to work a partial day and also qualify for the SAP. If you are authorized to work a part-time schedule to accommodate ill health and have not exhausted the 180-day partial SAP usage maximum (refer to Working Partial Days in the *Sickness Absence Plan and Nonoccupational Illness and Injury While on Travel Status Plan* Summary Plan Description), then your Plan benefit will be based on your payroll classification prior to entering the SAP. If you require a part-time work schedule beyond 180 days, you will be reclassified to part-time status. (For part-time information, refer to CPR 300.6.19.)

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Other Benefit Plans and Your Disability

Health Benefits under LTD/LTD+ Plan

If you retire with a disability pension, you are eligible to continue your medical coverage and you will be allowed to change your medical plan choice every year during Open Enrollment. In addition, you are eligible for coverage under any other benefit programs for which pension-eligible retirees are eligible. See your retirement benefits representative for details.

If you terminate employment because of a disability and you are approved for the Plan benefit, you are eligible to continue your medical coverage and will be allowed to change your medical plan choice every year during Open Enrollment. Health benefits will be continued until the end of the month in which you recover and the Plan benefit ceases, the Plan benefit ceases for any other reason, or you die. The length of time during which you receive health benefits counts toward your temporary continued coverage under COBRA.

If you terminate or retire with or without a disability pension, you will share in the cost of providing coverage for yourself and your enrolled eligible dependents. Premiums will be deducted from pension payments for recipients who are pension eligible or from the Plan benefit payment for recipients who are not pension eligible.

Rules Concerning Medicare Coverage

Plan recipients under age 65 who have been receiving Social Security Disability benefits for 24 months or longer and individuals who are age 65 or older are eligible for Medicare. Specific rules apply to those eligible for Medicare-primary coverage under the Sandia Medical Plans. In order to fully understand the implications that these rules may have on your medical coverage, please refer to the individual Summary Plan Descriptions or Member Handbooks.

Life Insurance Coverage

Based on a determination of total disability by the Prudential Life Insurance Company, your Basic Group Term Life Insurance may be extended for up to one year if you become disabled before age 60. For employees who are eligible for disability retirement (more than 15 years of service), the provisions of the Basic Group Term Life Insurance program may apply. See your retirement benefits representative for details.

Based on a determination of total disability by The Prudential Life Insurance Company, your Basic Supplemental Life Insurance and Voluntary Term Life Insurance continue at no cost, based on years of employment as shown in the table below.

If . . .	Then . . .
Total length of service at start of sickness absence is	Insurance continues for
less than 5 years,	1 year.
5 but less than 10 years,	2 years.
10 but less than 15 years,	3 years.
Note: Coverage for Voluntary Term Life insurance does not continue past age 65.	

If you are eligible for disability retirement (more than 15 years of service), the provisions of the Basic Supplemental Life Insurance and Voluntary Term Life Insurance programs apply. See your retirement benefits representative for details.

For detailed information about the above-mentioned insurance plans, refer to the Summary Plan Descriptions in your *Sandia Employee Benefits Binder*.

Accidental Death and Dismemberment coverage stops upon termination/retirement.

Nonassignment of Benefits

Assignment or alienation of any benefits provided by the Plan will not be permitted or recognized except as otherwise required by applicable laws. This means that, except as required by applicable law, benefits provided under the Plan are not subject to sale, assignment, anticipation, alienation, or attachment; state and local laws will not be recognized unless permitted by or under applicable federal law, such as the Employee Retirement Income Security Act (ERISA) of 1974.

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LTD+ Plan Highlights

This section contains a brief description of changes that have been implemented since the previous Sickness, Accident, and Disability Plans booklet of January 1998.

Summary of Plan Changes

- Employees no longer have a six-month waiting period for eligibility to participate in the LTD+ Plan. Eligible employees may enroll within 30 days of their date of hire or, if beyond 30 days, provide proof of insurability.
- The LTD+ Plan proof of insurability process has changed; participants now need to request an application for enrollment directly from UNUM (see the note on page 35).
- The maximum period of payment schedule was changed to reflect the Age Discrimination in Employment Act (ADEA) schedule for insured plans (see the table on page 40).
- The LTD+ Plan was enhanced by providing a survivor benefit (see page 16).
- The LTD+ Plan changed its funding type from self-insured to insured, effective April 1, 2000.
- The claims administration address changed to UNUM, 655 North Central Ave., Suite 800, Glendale, CA 91203.
- Effective August 17, 2001, full-time or part-time limited-term, post-doctoral, and full-time year-round faculty sabbatical appointees are eligible for the LTD+ Plan.
- Effective January 1, 2002, written notice of claim denial and time limits were changed to reflect new regulations issued by the U. S. Department of Labor (see ERISA Information and Appeal of Denial, page 46).

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Basic Provisions

Introduction

The Long-Term Disability Plus (LTD+) Plan is an enhancement to the LTD Plan benefit that is provided by Sandia. It offers an additional benefit that replaces part of your pay should you become totally and permanently disabled. This Plan gives you the opportunity to purchase an additional 10% or 20% of your monthly base pay (up to the monthly maximum discussed on page 41). The LTD+ Plan may begin benefit payments when the SAP or I-time benefits are exhausted and the employee has been determined disabled by UNUM and has been approved for the LTD Plan benefit. You must comply with all requirements for the LTD Plan to be eligible for LTD+ Plan.

IMPORTANT This SPD applies to all employees classified as full-time or part-time regular, post-doctoral, limited-term, and full-time year-round faculty sabbatical appointees, except as and to the extent that its provisions differ from applicable collective bargaining agreements. Provisions in this SPD that differ from those of collective bargaining agreements do not apply to employees subject to such agreements. (Refer to the applicable collective bargaining agreement for more information.)

Determination of Disability

As with the LTD Plan, UNUM is the Claim Administrator for the LTD+ Plan and determines whether you are totally and permanently disabled. To receive the benefit under the LTD+ Plan, you must meet all of the following requirements as determined by UNUM:

- You must have become disabled while covered under the LTD+ Plan.
- You must have paid twelve months of premiums into the LTD+ Plan.
- You are approved for the LTD Plan benefit by UNUM.

- You must be unable to perform all the duties of your job or any other job suitable to your education, training, and experience because of a nonoccupational or occupational illness or injury.
- You must have exhausted your Sickness Absence Plan benefits (for nonoccupational illness/injury), or I-time benefits (for occupational illness/injury).
- You must be terminated or retired as an employee with Sandia.
- You must not be working or, if gainfully employed outside of Sandia, you must make less than 60% of your Sandia salary.
- At all times during your disability, you must be under the regular care of a legally qualified physician.
- You must provide proof of continued medical care for your disability to UNUM when requested.

UNUM will determine the extent of your disability based on medical evidence. UNUM reserves the right to have a physician of its choice examine you.

NOTE: You do not have to be hospitalized or confined to your home to receive the LTD+ Plan benefit.

Employment Status

If you continue to be disabled and have depleted all vacation/flextime and other approved leaves, your employment with Sandia is terminated after SAP benefits or I-time benefits end. After termination, there is no guarantee of reemployment with Sandia, even though you may receive benefits under this LTD+ Plan.

Eligibility

Eligibility for Coverage

You are eligible to participate in the LTD+ Plan if

- you are a regular full-time or part-time employee (as classified by Sandia for payroll purposes);
- you are a full-time or part-time employee (as classified by Sandia for payroll purposes) in the limited-term, post-doctoral appointee, or the full-time, year-round faculty sabbatical appointee classifications.

Note: Proof of insurability is not required if you enroll in the LTD+ Plan within 30 days of your date of hire. After the 30 days, you may enroll in the LTD+ Plan, but proof of insurability will be required. A “Proof/Evidence of Insurability” form may be obtained by contacting UNUM at toll free 1-888-844-8686, identifying yourself as a Sandia National Laboratories employee, and providing Plan Number 028157.

Eligibility Appeals Procedure

If you are denied eligibility to participate in the LTD+ Plan coverage because you did not enroll within 30 days of your date of hire, you may contact the Sandia Benefits Customer Service Center at 845-BENE (845-2363) to request a review of your eligibility status. Upon request, a written notification will be sent to you informing you of the decision. If you are not satisfied with the decision, you may request that your eligibility status be reviewed by the Employee Benefits Committee (EBC). You must request this in writing within 180 calendar days of the date of the written notification informing you of the denial. You will be informed of the EBC’s decision in writing within 60 calendar days of the date the appeal was received; however, the EBC can request an additional 60 days if special circumstances apply. The EBC has the exclusive right to interpret the provisions of the LTD+ Plan with respect to the eligibility to participate, and their determination is conclusive and binding. You must exhaust the appeals process before you pursue any legal recourse.

If you are denied eligibility for LTD+ Plan coverage after completing and submitting the LTD+ Plan “Proof/Evidence of Insurability” form, you may appeal the denial (see page 46).

Plan Premiums

If you are enrolling in the LTD+ Plan, you are required to pay a monthly premium that will be taken via automatic payroll deductions. The premiums for the additional benefits are based on the following formulas:

- 17¢ per \$100 of monthly salary, for an additional 10% benefit
- 37¢ per \$100 of monthly salary, for an additional 20% benefit

As your base pay increases, your premiums will increase. There is not a pre-tax premium option.

Calculation Example: You earn \$35,000 annually (\$2,917 monthly) and enroll in the 10% additional LTD+ Plan benefit.

$$\$35,000 \div 12 = \$2,917$$

$$\$2,917 \div 100 = \$29.17$$

$$\$29.17 \times .17 = \$4.96 \text{ monthly premium}$$

For current premium rates, call the Sandia Benefits Customer Service Center at 505-845-BENE (2363).

NOTE: The LTD+ Plan is an employee-paid plan and is funded by premiums collected by Plan participants. Rates are based on the utilization of the plan; therefore, rates may change depending on utilization. Rates and claim use are reviewed periodically, and rates may change as a result of actuarial review and determination.

Waiver of Premium

UNUM does not require premium payments for an insured while he or she is receiving LTD+ Plan payments under this plan.

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Enrollment and Coverage

If you are within 30 days of your date of hire, you may enroll in the LTD+ Plan by contacting the Sandia Benefits Customer Service Center at 505-845-BENE (2363). You will need to choose either the 10% or 20% option and authorize premium deductions from your bi-weekly check on an after-tax basis. Premium deductions will begin the first paycheck of the month following enrollment and will be applied to the following month. The benefit for all LTD+ Plan participants is in effect after 12 months of premiums have been collected.

Example: Eligibility is verified and you enroll on January 10, 2002. Premium deductions will begin on February 1, 2002, and are applied to March 2002. Eligibility for the LTD+ Plan benefit will go into effect on March 1, 2003.

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Benefit

Applying for the LTD+ Plan Benefit

The requirements are the same as applying for the benefit under the LTD Plan (see Applying for the LTD Plan Benefit, page 9).

Length of the LTD+ Plan Benefit

If you remain disabled, LTD+ Plan benefits continue until the earliest of these events:

- Recovery,
- Death, or
- The end of the maximum period of payment as shown below.

Age at Disability	Maximum Period of Payment
Less than age 60	To age 65, but not less than 5 years
60	60 months
61	48 months
62	42 months
63	36 months
64	30 months
65	24 months
66	21 months
67	18 months
68	15 months
Age 69 and over	12 months

Denial of Benefit

UNUM will provide you with written notification of the denial according to the guidelines provided in Appeal of Denial (see page 46).

Benefit Payable

If UNUM determines that the benefit is payable, the amount of the LTD+ Plan benefit is equal to 10% or 20% (depending on which option you chose) of your monthly base pay. The following monthly maximums apply for the LTD+ Plan benefit:

- \$1,500 monthly maximum total benefit for the 10% option
- \$3,000 monthly maximum total benefit for the 20% option

Following are the total monthly maximums for the LTD Plan Benefit (\$7,500/month) and the LTD+ Plan Benefit:

- \$9,000 monthly maximum total benefit for LTD Plan and 10% LTD+ Plan option
- \$10,500 monthly maximum total benefit for LTD Plan and 20% LTD+ Plan option

NOTE: The LTD+ Plan portion of your disability benefit is based on the hourly, weekly, or annual rate of pay for your standard full-time or part-time work schedule. Base pay does not include payments such as performance awards, premiums, allowances, and overtime payments. Unlike the LTD Plan benefit, LTD+ Plan benefit payments are not offset by any income you receive, including Social Security benefits, Sandia pension benefits, vacation, Workers' Compensation, or any state or federal disability benefits.

Proof of Disability

From time to time, you may be required to submit to UNUM proof of your disability and compensation from all sources. Failure to provide proof of disability and compensation from all sources when requested may result in a reduction or termination of your LTD+ Plan benefit.

Calculating LTD+ Plan Benefit

Nonoccupational Illness or Injury. Following exhaustion of the SAP benefits, your regular vacation pay, and any other offsetting income, your net monthly LTD+ Plan Benefit is calculated as follows:

Example of Calculating LTD+ Plan Benefit (at 10%) Nonoccupational Illness or Injury		
	Full-Time Employee	Part-Time Employee (25 hours)
Monthly base pay	\$ 2,300	\$ 1,150
× 50%	× 50%	× 50%
Gross LTD Plan Benefit	\$ 1,150	\$ 575
Less Sandia Pension	\$ 500	\$ 125
Less Social Security	\$ 250	\$ 150
Net LTD Plan Benefit	\$ 400	\$ 300
LTD+ (10%)	\$ 230	\$ 115
Total LTD/LTD+ Benefit	\$ 630	\$ 415
NOTE: See additional provisions concerning Part-Time Employment and LTD/LTD+ Plan Benefit, page 22.		

Occupational Illness or Injury. Following exhaustion of I-time benefits, your regular vacation pay, and any other offsetting income, your net monthly LTD+ Plan Benefit is calculated as follows:

Example of Calculating LTD+ Plan Benefit (at 10%) Occupational Illness or Injury		
	Full-Time Employee	Part-Time Employee (25 hours)
Monthly base pay	\$ 2,300	\$ 1,150
× 50%	× 50%	× 50%
Gross LTD Plan Benefit	\$ 1,150	\$ 575
Less Sandia Pension	\$ 500	\$ 125
Less Social Security	\$ 250	\$ 150
Less Workers' Compensation	\$ 150	\$ 150
Net LTD Plan Benefit	\$ 250	\$ 150
LTD+ (10%)	\$ 230	\$ 115
Total LTD/LTD+ Benefit	\$ 480	\$ 265
NOTE: See additional provisions concerning Part-Time Employment and LTD/LTD+ Plan Benefit, page 22.		

ERISA Information and Appeal of Denial

See the Section, ERISA Information and Appeal of Denial (page 46), for information on the Employee Retirement Income Security Act (ERISA).

ERISA

and

Appeal

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Denial

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ERISA Information

The Employee Retirement Income Security Act (ERISA) of 1974 provides certain rights to participants in the Disability Plans. This information, as well as certain general information concerning these Plans, is included in the *Sandia Employee Benefits Binder* as a separate booklet called “ERISA Information.”

Sandia Long-Term Disability Plans

The **Sandia Long-Term Disability (LTD) Plan** is an insured, employer-paid Plan, and the **Sandia Long-Term Disability Plus (LTD+) Plan** is an insured, employee-paid Plan. Both Plans are for eligible participants (as defined in this booklet) of Sandia National Laboratories, P. O. Box 5800, Albuquerque, NM 87185 (Employer Identification Number 85-0097942).

Both the LTD Plan (PN 519) and the LTD+ Plan (PN 519) are administered on a calendar-year basis from January 1 through December 31 for filing reports to the Pension and Welfare Benefits Administration, U. S. Department of Labor. The Claim Administrator of both Plans is UNUM (Policy Number 28157 001).

For information concerning service of legal process, contact the Sandia Legal Division, Sandia National Laboratories, P. O. Box 5800, MS 0141, Albuquerque, NM 87185.

Appeal of Denial

Policy

You or another authorized person may appeal the denial of benefits or other action under the LTD Plan or LTD+ Plan if

- LTD+ coverage is denied,
- a claim for benefits is denied, or
- you feel that you have been treated unfairly with respect to the LTD Plan or the LTD+ Plan.

Written Notice of Claim Denial

If a claim for some or all of the benefits is denied, UNUM must provide the covered person with

- specific reason(s) for determination;
- reference(s) to specific Plan provision(s) on which the determination is based;
- a description of additional material or information necessary to complete the claim and why such information is necessary;
- a description of Plan procedures and time limits for appealing the determination, your right to obtain information about those procedures, and the right to sue in federal court; and
- disclosure of any internal rule, guidelines, protocol or similar criterion relied on in making the adverse determination (or a statement that such information will be provided free of charge upon request).

Whom to Contact

The Claim Administrators for the Plans are as follows:

For the LTD Plan and LTD+ Plan, contact:

UNUM Life Insurance Company of America
655 North Central Avenue, Suite 800
Glendale, CA 91203

Time Limits

You or another duly authorized person may appeal denial of benefits or other action in writing within 180 calendar days after your receipt of notification of the Claim Administrator's decision of denial. For any denied claim or other disputed matter, send a written request, including any additional information that was requested or that would support your appeal, directly to the Claim Administrator for review. The Claim Administrator has the exclusive right to interpret the provisions of the Plans, and that decision is conclusive and binding.

IMPORTANT

The provisions of LTD Plan and the LTD+ Plan require you to pursue all of your claim and appeal rights described above before you seek any other legal recourse.

The following table describes the process for appealing a claim denial or LTD+ coverage denial:

Appeal Process for Denial of Claim or LTD+ Coverage		
Step	Who	Action
1	Covered person or authorized representative	<p>Submit to the Claim Administrator within 180 calendar days after receipt of the denial</p> <ul style="list-style-type: none"> ▪ a request for reconsideration (appeal), and ▪ documents or records in support of appeal.
2	Claim Administrator	Notify the covered person of the decision on the appeal within 45 calendar days.
When a Time Extension is Needed		
<p>If a decision on the appeal cannot be made within 45 calendar days and special circumstances require an extension of time to make a decision on the appeal,</p>		<p>then, the Claim Administrator notifies the covered employee in writing</p> <ul style="list-style-type: none"> ▪ that an additional 45 calendar days are required for the review, and ▪ of the decision on the appeal within 90 calendar days.

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Appendix A

Acronyms and Definitions

Acronyms

ADEA	Age Discrimination in Employment Act
EBC	Employee Benefits Committee
ERISA	Employee Retirement Income Security Act of 1974
FICA	Federal Insurance Contributions Act
I-time	injury time (see Definitions)
LTD	Long-Term Disability (Plan)
LTD+	Long-Term Disability Plus (Plan)
SAP	Sickness Absence Plan

Definitions

It is important to know about these terms as they are used in this booklet and interpreted under the Disability Plans.

base rate	Hourly, weekly, or annual rate of pay for your standard full-time or part-time work schedule. Base pay does not include payments such as performance awards, premiums, allowances, and overtime payments.
eligible survivor	Your spouse, if living; otherwise, your children under age 25.
full-time, year-round faculty sabbatical appointee	Outstanding professors from colleges and universities throughout the country who will make significant, value-added contributions to Sandia's technical work for one academic year, to promote university

	relations, and to build a constituency at targeted universities, working a full-time or part-time schedule.
injury time (I-time) payments	Payments provided by Sandia for job-incurred injury. I-time payments supplement state required benefits to net employees their pre-absence take home pay.
limited-term employee	Temporary employee hired for a specific period of time, initially a one-year term, which may be extended at management's discretion for no more than five additional one-year assignments working a full-time or part-time schedule.
monthly benefit maximum	The maximum benefit amount payable per month.
nonoccupational illness/injury	An illness or injury that is not work-related or incurred during the normal course of employment.
occupational illness/injury	An occupational injury is a wound or other condition of the body caused by external force including stress or strain. The injury is identifiable as to time and place of occurrence and member or function of the body affected, and is caused by a specific event or incident, or a series of events or incidents within a single day or work shift. An occupational illness is a physiological harm or loss of capacity produced by systematic infection; continued or repeated stress or strain; exposure to toxins, poisons, fumes, etc.; or other continued and repeated exposures to conditions of the work environment over a period of time.
offset	The amount from other sources of income that reduce the LTD Plan benefit.
post-doctoral appointee	Inexperienced Ph.D. employee (zero to three years of experience from completion of doctoral degree) hired for a specified period of time, initially a one-year term, which may be extended at management's discretion for no more than five additional one-year assignments working a full-time or part-time schedule.
regular employee	An individual employed for an unspecified time period working a full-time or part-time schedule.

total and permanent disability

An individual is unable to perform the duties of his/her job or any other job suitable to his/her education, training, and experience because of a nonoccupational or occupational illness or injury.

Workers' Compensation

Medical care provided by the employer under the auspices of the states' workers' compensation laws at no cost to the injured or ill employee for injuries or illnesses that have been accepted as "work-related."

Workers' Compensation Administration

The agency that provides wage replacement, medical, and rehabilitation benefits to employees who sustain occupational illness or injury consistent with the provision of applicable state law.

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Appendix B

UNUM Provident's Benefits at a Glance

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Sandia National Laboratories

Your Group Long Term Disability Plan

Policy No. 28157 011

Underwritten by Unum Life Insurance Company of America

8/16/2002

This Benefits at a Glance handout highlights the main provisions of your group employee benefit plan. It does not contain complete details, and does not contain certain notices that may be required by individual states. The complete details and notices are contained in your Summary Plan Description, Certificate of Coverage from the insurance company and the Plan Document, which are the official plan documents that legally govern the operation of the plan. If there is any discrepancy between this handout and the official plan documents, the terms of the plan documents will prevail. If you would like to review the official plan documents, you may do so by contacting the plan administrator.

BENEFITS AT A GLANCE

LONG TERM DISABILITY PLAN

This long term disability plan provides financial protection for you by paying a portion of your income while you are disabled. The amount you receive is based on the amount you earned before your disability began and the monthly benefit option that you chose. In some cases, you can receive disability payments even if you work while you are disabled.

EMPLOYER'S ORIGINAL PLAN

EFFECTIVE DATE: April 1, 2000

PLAN YEAR:

April 1, 2000 through December 31, 2000 and each following January 1 through December 31

POLICY NUMBER: 28157 011

ELIGIBLE GROUP(S):

All full-time or part-time Regular, Limited Term, Post Doctoral Appointee and full-time year-round Faculty Sabbatical Employees (as classified by Sandia for payroll purposes).

A Limited Term Employee - (LTE) - is a temporary (non-regular) employee hired for a specific period of time, initially a one-year term, that may be extended at management's discretion for no more than five additional one-year assignments. Limited-term exempt staff classifications include temporary employees in the Limited Term Technical Staff and Administrative Staff positions. Limited-term non-exempt staff classifications include temporary employees in the Administrative Staff Associates, Technologists, OPEIU and MTC positions.

Post Doctoral Appointee - (Post Doc) - are inexperienced Ph.D. employees (0-3 years of experience from completion of doctoral degree) hired for a specific period of time, initially a one-year term, that may be extended at management's discretion for no more than five additional one-year assignments.

Faculty Sabbatical - are outstanding professors from colleges and universities throughout the country who will make significant and value-added contributions to Sandia's technical work for one academic year, to promote university relations, and to build a constituency at targeted universities.

Regular Employees - are individuals employed for an unspecified time period working a full-time or part-time schedule.

MINIMUM HOURS REQUIREMENT:

Employees must be working at least 20 hours per week.

WAITING PERIOD:

Option A:

For employees in an eligible group on or before April 1, 2000: None

For employees entering an eligible group after April 1, 2000: None

Options B & C:

For employees in an eligible group on or before April 1, 2000: The day following the completion of 12 months of premium payment for coverage under Options B or C

For employees entering an eligible group after April 1, 2000: The day following the completion of 12 months of premium payment for coverage under Options B or C

You must be in continuous active employment in an eligible group during the specified waiting period.

WHO PAYS FOR THE COVERAGE:

Option A

Your Employer pays the cost of your coverage.

Option B

You and your Employer share the cost of your coverage.

Option C

You and your Employer share the cost of your coverage.

ELIMINATION PERIOD:

The earlier of:

- the date of termination; or
- the date that you have completed 2,080 hours of SA (Sickness Absence) or I-Time (Injury Time).

Benefits begin the day after the elimination period is completed.

MONTHLY BENEFIT:

Option A

50% of monthly earnings **to a maximum benefit of \$7,500 per month.**

Your payment may be reduced by deductible sources of income and disability earnings. Some disabilities may not be covered or may have limited coverage under this plan.

*Option B**

60% of monthly earnings **to a maximum benefit of \$9,000 per month.**

Your payment may be reduced by deductible sources of income and disability earnings. Some disabilities may not be covered or may have limited coverage under this plan.

*Option C**

70% of monthly earnings **to a maximum benefit of \$10,500 per month.**

Your payment may be reduced by deductible sources of income and disability earnings. Some disabilities may not be covered or may have limited coverage under this plan.

* Unum will not take offsets against LTD benefits in excess of 50% of the gross disability payment.

Maximum – the greatest monthly amount payable per the plan provisions.

MAXIMUM PERIOD OF PAYMENT:

<u>Age at Disability</u>	<u>Maximum Period of Payment</u>
Less than age 60	To age 65, but not less than 5 years
Age 60	60 months
Age 61	48 months
Age 62	42 months
Age 63	36 months
Age 64	30 months
Age 65	24 months
Age 66	21 months
Age 67	18 months
Age 68	15 months
Age 69 and over	12 months

No premium payments are required for your coverage while you are receiving payments under this plan.