

Group Long-term Disability Summary Plan Description

This Summary Plan Description describes the Franklin & Marshall Group Long-term Disability Insurance Plan (the "Plan"), as in effect on February 1, 2009. This is not part of your Certificate of Insurance. It is required by The Employee Retirement Income Security Act (ERISA) of 1974, as amended. The purpose of this Summary Plan Description is to acquaint employees with the provisions of the Plan, the way in which it is administered, and participants' rights under the federal law which applies to employee benefit plans. The Plan is established for the benefit of employees and their beneficiaries, and is administered impartially for the benefit of all eligible participants.

The insurer's Certificate of Insurance, which is provided at no cost to any participant or beneficiary, should be carefully read for specific policy provisions, eligibility requirements, and exclusions. Please contact the Plan Administrator, via the Franklin & Marshall Human Resources Office, for a copy of the Certificate of Insurance.

Facts About the Plan

Plan Name: Franklin & Marshall College Group Long-term Disability Insurance Plan

Plan Number: 503 - Plan 503 also includes the Franklin & Marshall College Employee Assistance Program and the Group Business Travel Accident Insurance Plan, which are each described in separate Summary Plan Descriptions.

Name, Address, and Telephone Number of Employer/Sponsor: Franklin & Marshall College, Lancaster, PA 17604-3003, (717) 291-3995. Employer shall also include the James Street Improvement District (effective February 25, 2003).

Plan Sponsor's Employer Identification Number: 23-1352635

Plan Year: July 1 through June 30

Type of Plan: Welfare Plan (Long-term Disability Insurance)

Plan Administrator: Franklin & Marshall College, P.O. Box 3003, Lancaster, PA, 17604

Long-term Disability Insurance Plan Benefits Provided By: The Standard Insurance Company, P.O. Box 711, Portland, Oregon 97207, (503) 321-7000.

Plan Costs: Paid by Franklin & Marshall College

Agent for Service of Legal Process: Same as Plan Administrator

Funding: Premiums for group long-term disability insurance coverage are paid by Franklin & Marshall College, through general employer assets.

Benefits

Benefits are provided as listed in the Certificate of Insurance. A copy of the Certificate of Insurance, including the Schedule of Benefits, is provided to each participating College employee upon enrollment in the Plan. Additional copies are available to any participant or beneficiary, at no charge, from Franklin & Marshall College, Human Resources, P.O. Box 3003, Lancaster, PA 17604-3003, (717) 291-3995. **The Certificate of Insurance includes important details about benefits, including coverage levels, exclusions, and claims procedures. Plan participants are strongly encouraged to read their Certificate of Insurance.**

Long-term Disability Insurance Coverage

The Plan provides long-term disability insurance coverage. In the event of a Plan participant's disability, as defined in the Certificate of Insurance, which lasts more than 180 consecutive days, a monthly income benefit will be paid by the insurance carrier to the participant. A Plan participant who has been disabled and unable to work, as defined in the Certificate of Insurance, for six consecutive months (180 calendar days) is eligible for long-term disability income benefits upon approval of his/her application for benefits by the life insurance carrier. Income benefits are payable at the end of the 6th month of total disability. When the application for disability income benefits has been approved by the insurance carrier, the insurer will provide a monthly income benefit to the disabled participant equal to sixty percent (60.0%) of the participant's actual base monthly salary in effect on the day before disability began, up to a maximum monthly benefit of \$10,000. For Officers in class 2 as defined below, the insurer will provide a monthly income benefit to the disabled participant equal to sixty six and 66/100 percent (66.66%) of the participant's actual base monthly salary in effect on the day before disability began, up to a maximum monthly benefit of \$12,500.

Base annual salary on which long-term disability benefits are calculated **excludes** the following types of pay:

- (a) employer contributions under the Retirement Plan or any other qualified plan of the College,
- (b) the amount or value of any other employee benefits (whether or not taxable) provided by the College,
- (c) bonuses; shift differential payments; compensation paid for hours worked beyond regularly scheduled hours irrespective of whether it is paid as overtime; overtime pay; and other forms of additional remuneration,
- (d) faculty summer pay; pay for teaching additional or night classes; faculty stipends and grants; and additional pay for acting as chair of a department,
- (e) stipends/ wages provided for serving as a part-time athletic coach; pay for conducting a summer sports, recreation, and/or educational camp,
- (f) the value of any housing and/or meals provided by the College, regardless of whether it is treated as taxable income,

- (g) reimbursements, payment or stipends for the usage of automobiles, including mileage allowances, and
- (h) the value of any accrued vacation benefit that, under the College's standard vacation policies, is paid to an eligible employee.

The value of a participant's long-term disability insurance coverage will fluctuate (reduce or increase) as the employee's actual salary reduces or increases. **A participant whose base salary reduces due to a reduction in work hours, sabbatical or leave of absence, change in job, or other circumstance will experience a reduction in his/her insurance coverage under this Plan.**

In the event a participant receives monthly income benefits under this Plan due to disability, such income will be considered taxable to the recipient.

The long-term disability income benefit will be reduced by income from other sources payable due to the Plan participant's disability, as outlined in the Certificate of Insurance, including, but not limited to, salary continuation, unemployment compensation, Workers' Compensation, Social Security disability benefits, motor vehicle disability benefits, and United States or foreign government programs which pay a benefit to the participant or the participant's dependents.

If a Plan participant is under age 60 when long-term disability income benefits commence, payment of benefits will continue until age 65, if the participant is otherwise eligible for such benefits. If a Plan participant is between ages 60 and 64 when benefits commence, benefits will be paid for a maximum of 5 years. If a Plan participant is age 65 to 68 when disability benefits commence, benefits will be paid until age 70 if the participant is otherwise eligible for benefits. If a participant is age 69 or older when disability begins, benefits will be payable for up to 1 year.

Retirement Contribution Benefit

In addition to a monthly disability income benefit, the insurance carrier currently provides a retirement contribution to disability benefits recipients who were eligible for an Employer/College Contribution to the TIAA-CREF Retirement Plan for Employees of Franklin & Marshall College and the Franklin & Marshall Custodial Account Retirement Plan immediately prior to commencement of disability, as described in the Certificate of Insurance. This retirement contribution equals twelve percent (12%) of pre-disability actual base monthly salary, up to \$2,500 per month. This retirement contribution will be equal to fifteen percent (15%) of pre-disability actual base monthly salary, up to \$2,500 per month, for a disability benefits recipient who had been appointed to a full-time position with the College on or before July 1, 2006, and who was receiving a 15% Employer Contribution to the Franklin & Marshall Retirement Plan immediately prior to the commencement of disability. Additionally, a former College employee who is rehired in a full-time position within five (5) calendar years of his/her prior termination date and who was receiving a 15% Employer Contribution to the Franklin & Marshall Retirement Plan immediately prior to the commencement of disability will receive a retirement contribution in an amount equal to fifteen percent (15%) of pre-disability base salary, up to \$2,500 per month. Base monthly salary excludes the types of pay described above in the section titled "Long-term Disability Monthly Income Benefit". This retirement premium is paid to the Plan Administrator and credited to the TIAA-CREF Retirement

Plan for Employees of Franklin & Marshall College and/or the Franklin & Marshall Custodial Account Retirement Plan, as elected by the disability benefits recipient.

Partial Disability Income Benefit

A partial income benefit may be payable, by the insurer, to a Plan participant who is able to perform some, but not all, of his/her job duties due to disability, as outlined in the Certificate of Insurance.

The Certificate of Insurance includes important additional details about benefits, limits, and exclusions, and should be carefully read by each participant.

Eligibility for Coverage

The following classes of employees are eligible for coverage through this Plan:

Class 1

- full-time faculty and professional staff employees: Franklin & Marshall College employees who are scheduled to work at least 30 hours per week for wages on a regular basis, including visiting, tenured, non-tenured, and tenure-track faculty; full-time employees of the James Street Improvement District; the current, actively employed Spectrometer Technician; and full-time employees of the Centennial Conference and Higher Education Data Sharing Consortium who: (1) are regularly scheduled to work on the Franklin & Marshall College campus and (2) are paid through the College's payroll system, as long as otherwise eligible
- full-time faculty and professional staff employees who are scheduled to work at least 30 hours per week for wages on an approved 9, 10, or 11 month per year appointment
- faculty on an approved joint appointment: one full-time position shared by two College faculty members each working at least 1040 hours annually
- full-time faculty working a reduced schedule under an approved Phased Retirement Agreement
- full-time faculty on an approved paid sabbatical or paid Junior Faculty Leave
- full-time faculty and professional staff employees on an approved paid or unpaid Family & Medical Leave as provided for in the Family & Medical Leave Act, or other approved paid leave of absence which provides for continued coverage, per policies of the insurer as outlined in the Certificate of Insurance

Class 2

- College Officers as follows: College President; Provost and Dean of the Faculty; vice presidents; and Dean of the College

Independent contractors, contracted employees, adjunct faculty, individuals who volunteer their services without compensation, students, student employees, retired

College employees, and those not in a covered class are not eligible for coverage through the Plan.

Enrollment

An employee who is a member of an eligible class as described above must complete an enrollment form when first eligible for coverage through the Plan. Eligible employees must obtain an enrollment form from the Plan Administrator (Human Resources). Coverage begins the first day of the calendar month coinciding with or following 365 days of full-time employment as a member of an eligible class.

The 365 day waiting period will be waived for any new full-time employee who is a member of an eligible class, and who, within three months of attaining full-time employment with the College, was insured through his/her previous employer under a group long-term disability policy providing income benefits for a minimum of five years of total disability. In this case, coverage will be effective the first day of the calendar month coinciding with or following appointment to a full-time position as a member of an eligible class. New employees who meet this waiver requirement must provide the Plan Administrator (Human Resources) with acceptable written verification, from the previous employer, of prior group long-term disability coverage.

Applying for Benefits

An eligible College employee must apply for disability income benefits. To apply for long-term disability income benefits from the insurer, an eligible, full-time College employee who has been disabled for approximately four months, and is expected to be disabled for at least six months, must contact the Plan Administrator (Human Resources, 717-291-3995) for a long-term disability insurance application. Portions of the application must be completed by the Plan participant and the participant's treating physician, and then submitted to the Plan Administrator for completion. The application will then be submitted by the Plan Administrator to the insurance carrier who will determine eligibility for long-term disability income benefits.

Termination of Long-term Disability Insurance Coverage

Group disability insurance coverage under this Plan will be discontinued as of the last actual working day prior to:

- 1) termination of employment, including retirement,
- 2) commencement of an unpaid leave of absence, including an unpaid research leave, except an approved Family & Medical Leave,
- 3) commencement of participation in the Pre-retirement Leave of Absence program for faculty,
- 4) a change from full-time employment status to part-time status, or

- 5) any other change in status that leads to loss of eligibility under the group policy.

Coverage will also end if Franklin & Marshall College fails to pay the required premium or terminates the Plan.

If a College employee is receiving long-term disability income benefits from the insurer through this Plan prior to employment termination, such benefits will continue, according to the provisions of the group policy in effect as outlined in the Certificate of Insurance, if the employee continues to be otherwise eligible for such benefits.

Benefit Denials and Claims Procedures

Benefit Denials-- The Plan's procedures for filing claims, making benefit determinations, and reviewing appeals of denied claims are available to Plan participants and beneficiaries, at no cost. Such information is provided with the Certificate of Insurance, which is furnished automatically to all Participants, and is also available upon request from the Plan Administrator or the insurance carrier. Plan participants must follow the procedures described in the Certificate of Insurance to appeal denial of a claim for benefits.

Adverse Eligibility / Coverage Determinations-- The Plan Administrator shall have the responsibility and authority, in its sole discretion, to decide eligibility for coverage through this Plan. If the Administrator denies a claim for coverage through this Plan, the Administrator promptly and in writing shall notify the individual of such denial. The notification of denial will be made not later than within thirty (30) days of receipt of the individual's claim. This 30 day period may be extended for an additional 15 days due to circumstances beyond the control of the Plan Administrator, including cases in which a claim is incomplete. The individual will receive written notice of any such extension, including the reason for the extension and the date by which a decision by the Administrator can be expected. The Plan Administrator may secure independent information or other advice and require such other evidence as deemed necessary to decide a claim. A written notice of adverse benefit determination will be provided to the individual, and will include: (1) the specific reason(s) for the denial of benefits, (2) the specific Plan provision on which the denial is based, (3) a description of any additional material or information necessary for the individual to complete a claim and an explanation of why such information is necessary, and (4) an explanation of the right of appeal and the process to appeal the adverse benefit determination, including an explanation of the individual's right to review relevant documents and information, and his/her right to file suit under the Employee Retirement Income Security Act (ERISA) with respect to any adverse determination after appeal of a claim.

If a claim is denied in whole or in part, the individual may appeal to the Plan Administrator for review of the claim. The appeal must be made within one hundred, eighty (180) days of the Plan Administrator's initial notice of adverse benefit determination. If the appeal is not made within 180 days, the individual will lose his/her right to appeal and to file suit in court. The individual's written appeal should state the reasons that he/she believes the claim should not have been denied. It should include any relevant facts and/or documents to support the claim. The individual may ask additional questions of the Plan Administrator, make written comments, and may review

(on request and at no charge) documents and other information relevant to the appeal. The Plan Administrator will review and decide the individual's appeal within a reasonable time and, within sixty (60) days after receiving the written appeal, shall render, in writing, a decision. The individual who reviews and decides the appeal will not be the same individual who originally denied the claim for benefits, or that individual's subordinate. The Plan Administrator may require additional relevant information to decide the claim. If the decision on appeal affirms the initial denial of the individual's claim for benefits under the Plan, he/she will be furnished with a notice of adverse benefit determination on review, which includes the following: (1) the specific reason(s) for the denial, (2) the specific Plan provision(s) on which the denial is based, (3) a statement of the individual's right to review (on request and at no charge) relevant documents and other information, (4) a description of any internal rule, guideline, or protocol, if applicable, used to make the benefit determination and a statement that such rule, guideline, or protocol will be provided to the claimant upon request at no charge, and (5) a statement of the individual's right to bring suit under ERISA.

Claims and appeals of adverse benefit determinations are to be addressed to the Plan Administrator, Human Resources, Franklin & Marshall College, P.O. Box 3003, Lancaster, PA 17604-3003.

Plan Amendment, Modification, and Termination

This Plan may be amended or terminated by Franklin & Marshall College at any time. The Group Policy which provides benefits for this Plan may be amended or terminated by the Policyholder (Franklin & Marshall College) at any time with prior written notice to the insurer. Termination will also occur if the Policyholder fails to pay the required premiums. The insurer may terminate the Group Policy on any premium due date if the number of persons insured is less than the required minimum, or if the insurer believes the Policyholder has failed to carry out its obligations relating to the Group Policy. No consent of any participant or beneficiary is required to terminate, modify, amend, or change the Plan.

Statement of ERISA Rights

Participants in the Plan are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974, as amended (ERISA). ERISA provides that all Plan participants are entitled to the following rights:

Receive information about the Plan and benefits-- Examine, without charge, at the Plan Administrator's office and at other specified locations, all documents governing the Plan (including, if applicable, insurance contracts and collective bargaining agreements), and a copy of the latest annual report (Form 5500 Series) filed by the Plan, if the Plan is required to do so, with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration. Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, (including, if applicable, insurance contracts and collective bargaining agreements), and copies of the latest annual report (Form 5500 Series), if the Plan is required to file such form, and updated Summary Plan Description. The Plan Administrator may make a reasonable charge for the copies.

Receive a summary of the Plan's annual financial report, if the Plan is required to prepare such a report-- The Plan Administrator is required by law to furnish each participant with a copy of any summary annual report.

Prudent action by Plan Fiduciaries-- In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of an employee benefit plan. The people who operate this Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer or any other person, may terminate your employment or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforce your rights-- If a claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps participants can take to enforce the above rights. For instance, if you request a copy of the Plan documents or the latest annual report (if applicable) from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Questions

If you have any questions about the Plan, you should contact the Plan Administrator, via Franklin & Marshall College's Human Resources department. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

In no case will a Plan participant, or anyone acting on a participant's behalf, be entitled to challenge a decision of the Plan Administrator in court or in any other administrative proceeding unless and until the claim and appeal procedures described in this Summary

Plan Description and the Certificate of Insurance have been complied with and exhausted.