

DISABILITY INCOME PROGRAM

OVERVIEW

This summary describes how the Disability Income Plan works and how the group and individual policies work together to provide you income protection in the event you are unable to work due to a disability.

Carolinas HealthCare System offers administrators and physicians a special package of financial protection to help you meet your unique needs. The Disability Income Plan provides you with group long-term disability (LTD) coverage available through Hartford Life and Accident Insurance Company. Additional coverage is provided through an individual LTD policy issued by Unum. Together, both plans work to ensure income protection in case you become disabled.

WHO IS ELIGIBLE

You are eligible for this plan if you are an active, full-time corporate officer, administrator, physician who works:

- 30 hours a week if a corporate officer or administrator; or
- 20 hours a week if a physician.

WHO PAYS THE COST

Carolinas HealthCare System pays the full cost of your Disability Income Plan coverage. You do not pay income tax on premiums paid on your behalf. However, any benefit you receive in the event of disability is taxable to you.

If you are a production paid physician, the premiums paid by Carolinas HealthCare System may be allocated to your production earnings account in accordance with your professional services agreement.

WHEN COVERAGE BEGINS

Your group disability coverage goes into effect on your first day of work. Your individual disability policy goes into effect on the 15th day of the month following your employment date, provided you were

actively at work for 180 days prior to starting work for Carolinas HealthCare System, you complete and return your application form within two weeks of your employment date, and you are approved for coverage. The Disability Income Plan provides you with disability income protection up to a maximum of 70% of your salary and bonuses. The combined monthly benefit maximum is \$20,000.

Your individual LTD policy application will not be declined or rated based on your health status once you have met the actively at work requirement.

GROUP DISABILITY BENEFIT

Your group disability coverage pays a monthly benefit equal to 50% of your current monthly salary and bonus, up to a maximum monthly benefit of \$10,000. Your group disability benefits are coordinated with other disability coverage available to you, such as Social Security and Workers' Compensation. In general, group disability payments are payable up to social security retirement age.

INDIVIDUAL DISABILITY BENEFIT

Your individual coverage pays a monthly benefit as stated in your policy. Combined with your group disability coverage, your monthly maximum Disability Income Plan benefit is \$20,000. In general, disability payments from your individual policy are payable to age 65.

LIMITATIONS AND EXCLUSIONS

Disability benefits are paid according to terms of the group policy and your individual policy. Please refer to your group certificate and individual policy for additional information about limitations and exclusions that might apply to your disability benefits.

Your individual policy provides the following features:

- Portability of the policy if you leave Carolinas HealthCare System;
- Partial disability benefits;
- Liberal definition of own occupation; and
- Catastrophic Disability Benefit pays additional monthly benefits for qualified disabilities that are likely to increase living expenses.
- Option to convert to Long Term Care policy between the ages of 60 and 70 with no medical underwriting.

WHEN THE DISABILITY INCOME PLAN PAYS BENEFITS

The Disability Income Plan pays benefits if you are absent from work for more than 90 days due to an illness or injury and you are unable to:

- Perform each of the material duties of your usual occupation; and
- You are under the regular care of a licensed physician.

You may be eligible for partial disability benefits if you are able to work but you experience a 20% or greater loss of earnings. Partial disability benefits are paid in proportion to your income loss.

To qualify for partial benefits, you must be:

- Unable to work on a full-time basis at your usual occupation; or
- Working at your occupation part-time or at another occupation; and
- Under the regular care of a licensed physician.

Your individual disability policy is portable and, if you leave Carolinas HealthCare System, you may take the policy with you as long as you continue to make the required premium payments.

The Group and Individual Policy Benefit Determination sections illustrate how the Disability Income Program benefits are determined for a participant who earns \$200,000 (\$150,000 salary and \$50,000 bonus).

GROUP POLICY BENEFIT DETERMINATION

$(\$150,000 + \$50,000) / 12 = \$16,667$ income per month x 50% benefit = \$8,333 per month.

The maximum monthly benefit under the group policy is \$10,000. Also, because your group disability benefit is based on a percentage of your pay, your benefit automatically adjusts to changes with your pay.

INDIVIDUAL POLICY BENEFIT DETERMINATION

$(\$150,000 + \$50,000) / 12 = \$16,667$ income per month x 70% target benefit = \$11,667 - \$8,333 (Group benefit) = \$3,334 per month.

The maximum monthly benefit under the individual policy is \$10,000.

Your individual policy is issued with a fixed benefit amount, based on the target benefit. Your individual disability benefit does not adjust automatically with changes in your pay; however, benefit amounts are adjusted annually.

TOTAL DISABILITY INCOME PLAN BENEFIT

$\$8,333$ per month + $\$3,334 = \$11,667$ per month in total disability benefits.

YOUR DISABILITY INCOME PLAN DOCUMENTS

As evidence of your participation in the Disability Income Plan, you will receive a group certificate and an individual policy. If your individual policy benefit is increased, you will receive an amendment to your policy from Unum.

HOW YOUR DISABILITY INCOME PLAN COVERAGES CHANGE

When you become eligible for benefits through the group, your benefit will be based on your earnings during the 12 months immediately preceding your disability date.

Each year, your individual policy will be adjusted to reflect any compensation increase during the previous year, up to the maximum \$10,000 a month. More importantly, your benefit cannot be reduced if your pay decreases.

If your employment status changes and you are no longer eligible to participate in the Disability Income Plan, your change in employment status will have the same effect on your individual policy as if you had terminated your employment with Carolinas HealthCare System.

The Todd Organization administers the individual policy portion of the Disability Income Plan. If you have any questions about your individual policy, please contact The Todd Organization at 1-800-262-7701.

IF YOU LEAVE CAROLINAS HEALTHCARE SYSTEM

If you leave Carolinas HealthCare System, Carolinas HealthCare System will notify Unum and Hartford Life and Accident Insurance Company of your change in employment status. You will then receive information about your rights to convert or continue your Disability Income Plan coverage. Keep in mind that when you begin paying premiums for your Disability Income Plan coverage, any benefits you receive will not be taxable to you.

You have the option of converting your group coverage to an individual policy. The policy you receive will be the conversion plan made available by Hartford Life and Accident Insurance Company at the applicable premium rate for that individual policy. You will be expected to pay the premiums directly to Hartford in order to keep the conversion policy in force.

If you wish to continue your individual policy, Unum will make arrangements to bill you directly for your individual policy premiums. In this case, your individual policy will remain in force as long as you pay premiums. The benefits will be identical to those provided under the individual policy, including the same premium rates.

FUTURE OF THE PROGRAM

Although Carolinas HealthCare System intends to continue the Disability Income Plan, it has the right to amend, modify, terminate or discontinue the program, or any part of the program, at any time

with or without any prior notice. The Disability Income Plan can be amended or terminated even if other plans maintained by Carolinas HealthCare System are not amended or terminated.

PROGRAM NOT AN EMPLOYMENT CONTRACT

Your participation in this program does not establish a contract of employment between you and Carolinas HealthCare System, any subsidiary, or control group member. Neither does your participation guarantee your continued or future employment.

This summary is intended only to highlight briefly the most significant terms of this plan. It does not change or in any way affect the terms of the plan. If there is a conflict in the terms of the plan and this summary, the terms of the plan will control in all cases.

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