

EMPLOYEE DISABILITY PLAN

Summary Plan Description

Effective for all Asset Accumulation Program and Closed Defined Benefit Plan participants disabled on or after 1/1/2014





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The Knox County Employee Disability Benefit Plan, a Plan administered by the Knox County Retirement & Pension Board, is designed to provide a source of income in the event you become disabled. The Plan implements an ordinance adopted by the Knox County Commission in 2013 providing in line of duty disability benefits. In this brochure references to the “Plan” includes the ordinance and written document, the Declaration of the Trust and Trust Agreement.

This brochure describes the principal Plan features, to assist you in understanding the Plan and the benefits available to you.

Note: This summary highlights the provisions of the Knox County Employee Disability Benefit Plan, which is written in a Plan, Trust Agreement and Declaration of Trust Agreement. It is not meant to interpret, extend or change the Plan in any way. Accordingly, the actual and complete provisions of the Plan can only be determined accurately by consulting the Plan, Trust Agreement and Declaration of Trust Agreement. Copies of the Plan, Trust Agreement and Declaration of Trust Agreement are on file at the Knox County Retirement & Pension Board Office and may be viewed at any reasonable time. In the event of any discrepancy between this guide and the actual provisions of the Plan, the Plan shall govern.

This summary is not intended as legal, tax or investment advice. Consult a qualified professional about legal, tax or investment questions.

Amendment and Termination: Although the Retirement Board intends to maintain the Plan indefinitely, it retains the right to Amend and /or terminate the Plan and Trust in accordance with applicable laws and provisions at anytime.

Eligibility and Participation

The Disability Plan covers benefit-eligible Knox County Government and Knox County Schools employees who work at least 18.5 hours per week and are participants in one of the Retirement Plans of the Knox County Retirement System (Closed DB, UOPP, STAR or Asset Accumulation Plan). However, the definition of the disability is different for Knox County Government and School employees and this brochure describes the Plan as it applies to those regularly-employed full-time by Knox County Government or Knox County Schools who participate in one of the Retirement System Plans.

Note: If you have Credited Service in UOPP, STAR or the Closed DB Plan prior to transferring to the Asset Accumulation Program, that Credited Service will be added to your Credited Service as a Knox County Government or Knox County School employee to determine eligibility for, and to compute, your Disability or Death Benefit.

You are not entitled to a Disability Benefit under this Plan and either or both the Closed DB Plan or UOPP.

Eligibility

If you are an eligible employee contributing to one of the Knox County Retirement Systems Plans on or after January 1, 2014, you will be automatically eligible for this Plan. However, if you are disabled prior to January 1, 2014, any disability benefits you may be entitled to will be determined and paid solely under the Closed DB Plan or UOPP as applicable.

You may work at one or more part-time jobs for the general government or schools where each job is for less than 18.5 hours per week. You are not eligible for benefits based on any compensation or service accrued in those part-time positions.

County Contributions

Disability benefits are provided by the Retirement Board at no cost to you. Knox County contributes all amounts necessary to fund the benefits of the Plan and expenses of the Retirement System. The actuary employed by the Retirement Board annually determines the amount of County funding necessary to maintain the Plan on an actuarially sound basis.



Disability Benefits

You are considered disabled under the Plan if the Retirement Board finds that you suffer a physical or mental condition or impairment that renders you permanently incapable of engaging in any substantial gainful employment commensurate with your education, experience, training, previous earnings, and utilization of vocational capacities, regardless of whether a specific job vacancy exists or whether you would be hired if you applied for work.

You may be eligible to receive a Disability Benefit subject to applicable requirements of the Plan provided you:

- Have completed five years of Credited Service, or
- Have five or more years of aggregate Credited Service under the Asset Accumulation, Closed DB, STAR and/or UOPP Plan, or
- Become disabled as a result of an act required to perform your duties (in line of duty).

As provided by Tennessee law, if you are a public safety officer, any disability resulting from hypertension or heart disease is presumed, unless shown to the contrary by competent medical evidence, to have occurred in line of duty.

Disability shall not include any physical or mental condition which results directly from:

- Injury intentionally self-inflicted.
- Injury or disease for which military services or Veteran's Administration have paid retirement benefits.
- Injury or disease suffered or contracted prior to the date the participant was last hired as an employee.
- Injury sustained during the participant's commission of a criminal act resulting in a conviction and punishable by confinement for a term of more than one year or infliction of the death penalty.

Retirement Contribution

If you were a STAR or Asset Accumulation Plan participant at your Disability Date, while you are disabled, Knox County will contribute 2% of Pre-Disability Compensation to your STAR or Asset Plan account for each full calendar year you are entitled to a benefit under this Plan.

Disability Determination

The Retirement Board contracts with UNUM, an independent

outside organization, to process your disability application, review your medical and vocational records and to make a recommendation to the Retirement Board on your disability claim. UNUM also provides assistance with Social Security disability applications and the Retirement Board's return to work program.

Elimination Period

Benefits are not payable until the 1st day of the calendar month following the Elimination Period. The Elimination Period is the longer of 90 days from your Disability Date, or the time it takes to use your sick leave, vacation time, paid time off, or any salary continuation.

Benefit Amount

If you suffer an injury or disease arising out of and in the course of duty (in line of duty) or if you have at least five years of Credited Service and become disabled not in the line of duty, and the Retirement Board determines you are disabled, the Plan will pay you a monthly Disability Benefit equal to 60% of your Pre-Disability Compensation at the date of your disability subject to the Elimination Period and subject to offset for Social Security and Workers' Compensation and adjustments for Earned Income. This benefit will continue until you are either no longer disabled, reach your Social Security Normal Retirement Age, or begin receiving benefits from a County-funded retirement plan, whichever is earlier.

The impact of disability on your retirement benefit depends on whether you participate in the Closed DB Plan or the Asset Accumulation Plan. Please consult your retirement plan Summary Plan Description for details.

Benefit Payment Commencement Date

Your benefits are payable on the 1st day of the month after the Elimination Period. However, benefits will not be paid until the Retirement Board approves your disability application. Benefits may be paid retroactively.

Return to Work

The Plan is intended to encourage disabled participants to return to work, in appropriate occupations, if possible. UNUM, the independent organization the Retirement Board employs to assist in the administration of the Disability Plan, provides assistance to disabled participants in returning to work, either with the County, Schools or other employers, in the same occupation you held before disability or a different one. You will be required to provide UNUM with information as requested in the Return to Work program.

Offset for Social Security and Workers' Compensation

If you are approved for disability benefits under this Plan, you must apply for Social Security disability benefits; the Retirement Office has an arrangement with UNUM to assist you with your Social Security disability application without cost to you. UNUM will contact you after you have been approved for disability by the Retirement Board to assist you with this process.

Disability Benefit payments are reduced by the amount of benefits you may be receiving through Social Security Disability, Social Security Retirement, and Workers' Compensation benefits or other sources of earned income. Your Disability Benefit is subject to offset or reduction in various situations, but it will not be less than \$150 a month.

For purpose of the reduction, Social Security benefits include the primary benefit amount awarded by the Social Security Administration, whether for disability or retirement, unadjusted for deductions, taxes, Medicare premiums or otherwise. Workers' Compensation benefits include, without limitation, total or partial permanent or temporary disability benefits payable for the same injury or illness. If you receive a lump sum settlement for those Workers' Compensation benefits, the lump sum will be treated as though it were paid over the period the monthly amounts would have been paid.

Social Security and Workers' Compensation disability benefits are often paid retroactively, sometimes for many months. If you receive a retroactive Social Security Disability and/or Workers' Compensation benefit covering a period during which you also received a County disability benefit, you are obligated to repay the offset immediately from the proceeds of the Social Security Disability and/or Workers' Compensation benefit. Please be careful not to spend retroactive Social Security and/or Workers' Compensation Disability amounts prior to re-paying any offset due the Retirement Board.

Disability Benefits will continue until the earlier of:

- You are no longer disabled,
- You reach your Social Security Normal Retirement Age, or
- You begin receiving retirement benefits under any County-funded retirement plan

Adjustment for Earnings While Disabled

After any offset for Social Security and Workers' Compensation benefits, your Disability Benefit may be further adjusted by other sources of earned income while disabled. To encourage your return to work, there will be no adjustment for other sources of income for the first 12 months of earnings in an effort to return to work. There will be no adjustment to your Disability Benefit for any period in which your Adjusted Earnings While Disabled are less than 20% of your Pre-Disability Compensation. Your Disability Benefit will not be adjusted to less than \$150 a month.

Benefit Adjusted For Earnings While Disabled:

Disability Benefits are Reduced for Adjusted Earnings While Disabled, after 12 month trial period as follows:

Adjusted Earnings While Disabled	Adjustment to Gross Disability Benefit
<20% of Pre-Disability Compensation	None
>20% and <80% of Pre-Disability Compensation	Offset Gross Disability Benefit \$.60 for \$1 of Adjusted Earnings While Disabled
>80% of Pre-Disability Compensation	Minimum Benefit \$150/month only

Benefit Appeals

If you disagree with the Retirement Board's initial decision on your eligibility or disability benefit claim, you have the right to request that the Retirement Board review your claim. The Retirement Office will provide details on the appeal procedure, but you must file your appeal within 60 days of notice of the Retirement Board's initial decision.

You will not have the right to seek judicial review of your claim if you fail to follow the Retirement Board's appeal procedures.

Federal Income Tax Treatment of Benefits

Under federal tax law and Knox County ordinance, in line of duty disability benefits paid from the Plan are exempt from federal income tax.

Benefits paid as a result of not in line of duty disability, however, are subject to federal income tax when paid. Not in line of duty benefits paid each month within the first 6 months following the month you last actually worked, are subject to FICA tax withholding.

BENEFITS IN THE EVENT OF DEATH

Benefits In The Event of Death

Survivor Benefits on Death of a Disabled Participant or Death In Line of Duty

If you are receiving Disability Benefits and die, your spouse will continue to receive Disability Benefits until the earlier of the death of your spouse or when you would have reached Social Security Normal Retirement Age. If you do not have a surviving spouse at the time of your death as a disabled Knox County employee, the Survivor Benefit will be paid to the natural or legal guardian of your surviving dependent children during dependency. If there is more than one surviving dependent child, Survivor Benefits will be distributed equally among them as long as each remains a dependent child. If you are not survived by a spouse or dependent child, no further benefits will be paid under this Plan.

The same benefit is paid to your surviving spouse or dependent children if you die as a result of an in line of duty injury.

Survivor Benefit Amount

The amount of the Survivor Benefit equals 50% of the amount of your Gross Disability Benefit, less 50% of Social Security benefits payable to the surviving spouse and dependent children on account of your disability or death, less 50% of the amount of any Workers' Compensation benefits paid to you in a lump sum settlement, for any period following your death.

The minimum Survivor Benefit is \$150 per month.

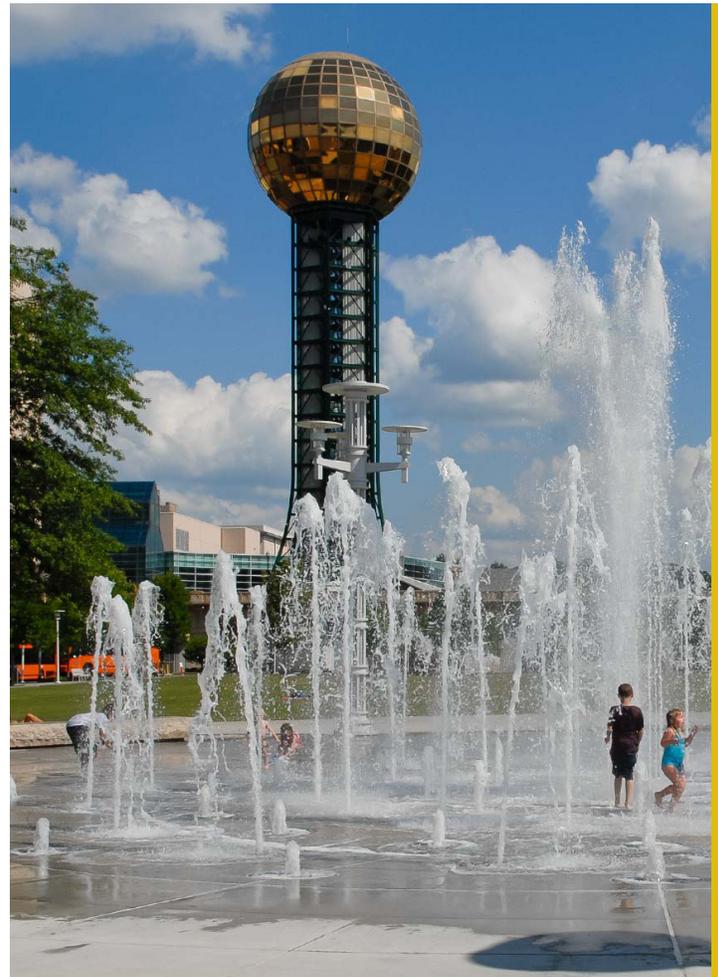


Disability Application Process

1. Furnish the Retirement Board a completed Disability application. This includes your agreement to repay the Plan for any Social Security or Workers' Compensation offset, if you are subsequently awarded Social Security Disability Benefits and/or Workers' Compensation retroactively for any period you are paid a disability benefit under this Plan.
2. Provide medical information required for the purpose of establishing Disability.
3. UNUM may require additional information and/or request another medical exam at the expense of the Retirement Board.
4. After review of the required documents, UNUM will make a recommendation to the Retirement Board and the Retirement Board will approve or deny your request for disability.
5. If you are denied Disability Benefits, you have the right to request that the Retirement Board review your claim. You must file your appeal within 60 days of notice of the Retirement Board's initial decision. You will not have the right to judicial review of your claim if you fail to follow the Retirement Board's appeal process.
6. If you are approved for disability, your benefits are payable beginning on the 1st day of the month after the later of the Elimination Period or you have exhausted all your sick leave, vacation time, paid time off, or any salary continuation. Benefits may be paid retroactively.
7. Once approved for disability, UNUM will contact you to assist with your Social Security filing and to pursue the Board's Return to Work program. If you are subsequently awarded a Social Security Disability benefit or a Workers' Compensation Award, you will be required to repay any overpayment of benefits from this Plan.

Verification of Continuing Eligibility

The Retirement Board annually requires each disabled participant to report any earnings while disabled during the past year, and to provide a doctor's statement verifying continuing disability. You are also required to provide the Retirement Office with information on the status of your Social Security Disability benefit application and any appeal. Under the Plan, your disability benefit may be suspended or terminated if you do not provide requested information to show you continue to be eligible. The Plan authorizes the Retirement Board to request information to verify your continuing eligibility for benefits at any other time.



GLOSSARY OF TERMS

ASSET ACCUMULATION PLAN. The Knox County Asset Accumulation Plan, a Section 401(a) tax-qualified retirement plan. The Asset Accumulation Plan is funded by both employee and employer contributions.

ASSET ACCUMULATION PROGRAM. The Knox County Asset Accumulation Program is a retirement program consisting of the Asset Accumulation Plan and Knox County Voluntary 457 Plan.

CLOSED DB PLAN. The Knox County Closed Defined Benefit Pension Plan, a tax qualified plan.

COMPENSATION. Salary or wages including overtime, bonus, and longevity pay, but not clothing allowance and pay reimbursed for service performed for an outside entity.

CREDITED SERVICE. Your full and partial years of service, determined in years and months. Credited Service includes your aggregate Credited Service under the Closed DB, Asset Plan, STAR and UOPP.

DEPENDENT CHILD(REN). Your child under age 26. A handicapped child of any age is treated as a Dependent Child.

DISABILITY. Any physical or mental condition or impairment that renders a participant unable to perform his or her duties as an employee of Knox County Government or Knox County Schools, but not including an intentionally self-inflicted injury, injury or disease resulting from military service, or injury or disease suffered or contracted prior to the date he or she was last hired.

ELIMINATION PERIOD. The Elimination Period is the longer of 90 days from your Disability Date, or the time it takes to use your sick leave, vacation time, paid time off, or any salary continuation.

GROSS DISABILITY BENEFIT. Monthly amount equal to 60% of your Pre-Disability Compensation.

IN LINE OF DUTY DISABILITY. Disability resulting, directly or indirectly, from an act occurring or a thing done or a risk taken which, as determined in the discretion of the Retirement Board, was required of you in the performance of your duty as a Knox County Government or Knox County Schools employee.

KNOX COUNTY GOVERNMENT OR KNOX COUNTY SCHOOL EMPLOYEE. Eligible Knox County and Knox County Schools employees who work at least 18.5 hours per week and are participants in one of the Retirement Plans of the Knox County Retirement System (Closed DB or Asset Accumulation Plan).

OFFICER. A sworn officer regularly-employed full-time by the Knox County Sheriff's Office. The Knox County Sheriff and Chief Deputy Sheriff, and individuals in positions designated as "law enforcement" or "corrections" by the Knox County Merit System, are Officers.

PLAN. The Knox County Employee Disability Benefit Plan.

PRE-DISABILITY COMPENSATION. The arithmetic average of your monthly Compensation determined for the twelve (12) consecutive Months of Service which your Compensation was highest, or determined for such lesser number of Months of Service actually completed.

RETIREMENT BOARD. The Knox County Retirement & Pension Board, which is responsible for the administration of the Plan.

SERVICE. All your Service with Knox County while you are eligible for benefits.

SOCIAL SECURITY NORMAL RETIREMENT AGE. The age at which you are entitled to full Social Security Retirement benefits, without reduction due to your age.

STAR. The Knox County Sheriff's Total Accumulation Retirement Plan. Effective 1/1/2014.

UOPP. Uniformed Officers Pension Plan. Closed 1/1/2014.



Plan Name

Knox County Employee Disability Benefit Plan

The Plan is a separate Plan of the Knox County Employee Retirement System. The provisions of the Plan are effective January 1, 2014.

Plan Year

July 1 through June 30

Employer

Knox County Government or Knox County Schools
City-County Building
400 Main Street
Knoxville, TN 37902

EIN: 62-6007979

Plan Administrator

Knox County Retirement & Pension Board
City-County Building – Room 371
400 Main Street
Knoxville, TN 37902
Telephone: (865) 215-2323
Email: retirement@knoxcounty.org
www.knoxcounty.org/retirement

The Plan Administrator keeps the records for the Plan and is responsible for the administration of the Plan. The Plan Administrator has discretionary authority to construe the terms of the Plan and make determinations on questions that may affect your eligibility for participation and for benefits. The Plan Administrator will also answer any questions you may have about the Plan.

Agent for Service of Legal Process

Robertson, Overbey, Wilson & Beeler
703 Riverview Tower
900 South Gay Street
Knoxville, TN 37902-1823

Actuary

USI Consulting Group
95 Glastonbury Boulevard, Suite 102
Glastonbury, CT 06033



EMPLOYEE DISABILITY PLAN

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