

DEDUCTIBLE INCOME

Subject to Exceptions To Deductible Income, Deductible Income means:

1. If all eligible Members of your Participating Unit are covered under the Plan and your Employer pays you 50% or more of sick leave pay and annual leave pay: sick leave pay and annual leave pay, including donated amounts, (but not vacation pay compensatory time off or a lump sum buyback upon retirement of your sick leave and annual leave pay) paid to you by your Employer, as determined below:

- a. Determine the amount of your LTD Benefit as if there were no Deductible Income, and add your sick leave pay and annual leave pay to that amount.
- b. Determine 100% of your Indexed Predisability Earnings.
- c. If a. is greater than b., the difference will be Deductible Income.

Note: During the first 60 days of continuous Disability, we will deduct all sick leave pay and annual leave pay, including donated amounts that you receive or are entitled to receive from your Employer.

2. If all eligible Members of your Participating Unit are covered under the Plan and you are entitled to receive less than 50% of sick leave pay and annual leave pay from your Employer: all sick leave pay and annual leave pay, including donated amounts, (but not vacation pay compensatory time off, or a lump sum buy-back upon retirement of your sick leave and annual leave pay) that you receive or are entitled to receive from your Employer.

3. If not all eligible Members of your Participating Unit are covered under the Plan: all sick leave pay and annual leave pay, including donated amounts, (but not vacation pay compensatory time off or a lump sum buy-back upon retirement of your sick leave and annual leave pay) that you receive or are entitled to receive from your Employer.

4. Salary continuation (other than sick leave pay or annual leave pay) that you receive or are entitled to receive from your Employer.

5. Your Work Earnings, as described in the Return To Work Provisions.

6. Any amount you receive or are entitled to receive because of your disability, including amounts for partial or total disability, whether permanent, temporary, or vocational (but not California permanent Workers' Compensation benefits), under any of the following:

- A workers' compensation law;
- The Jones Act;
- Maritime Doctrine of Maintenance, Wages, or Cure;
- Longshoremen's and Harbor Workers Act; or
- Any similar act or law.

7. Any amount you, your Spouse, or your child under age 18 receive or are entitled to receive because of your Disability or retirement under:

- The Federal Social Security Act;
- The Canada Pension Plan;
- The Quebec Pension Plan;
- The Railroad Retirement Act; or
- Any similar plan or act.
- Amounts that are entitled to be received will be deducted in accordance with the Estimating and Deducting section of Rules For Deductible Income.
- Full offset: Both the primary benefit (the benefit awarded to you) and dependents benefit are Deductible Income.