LONG-TERM DISABILITY BENEFIT PROGRAM

UNIONIZED EMPLOYEES

Introduction

Occurrence of a disability is something we never expect. However, we do know that it can happen due to a non work related accidental cause or by a deterioration of our health. This is why CN's unions and the company have agreed to implement a Long-Term Disability Plan. This plan will provide you with benefits at the end of your Short-Term Disability Benefits (STD) program if you are still disabled.

This guide is intended to cover the Long-Term Disability Plan and **applies only to new Short-Term Disability claims starting on or after January 1, 2019.** For information concerning the Short-Term Disability Benefits, please refer to the benefit section of your current collective agreement or your benefit booklet.

You can get more information on the Short-Term and Long-Term disability programs on CN's ePortal by following these paths:

- Employee self-service **>** Benefits and Programs **>** Short-Term Disability (CA) **>** Unionized employees (CA) **>** STD Process
- Employee self-service **>** Benefits and Programs **>** Long-Term Disability (CA) **>** Unionized employees (CA) **>** LTD Process for unionized employees

IN THIS GUIDE

Eligibility

You are eligible to participate in the Long-Term Disability (LTD) Plan if you are a permanent unionized employee working a minimum of 20 hours per week in Canada and are represented by a participating union (see *Participating Unions*).

No enrollment is required for this LTD Plan and you are automatically covered if you are actively at work. If you are not actively at work for a reason other than it is a general holiday or assigned rest day, you will be covered upon your return to active duty. Bridged employees are not eligible for the LTD Plan. If you are within 41 weeks of reaching 85 points (your age plus pensionable service with a minimum age of 55) you are not eligible to participate in the LTD Plan.

Since you must be eligible for STD to receive LTD benefits, please verify STD eligibility requirements in the benefit pages of your collective agreement or your benefit booklet.

PARTICIPATING COMPANIES

- Canadian National Railway

PARTICIPATING UNIONS[1]

Employees covered by the collective agreement of the following Unions are LTD Plan participants:

- United Steel Workers (USW)
- Teamsters Canada Rail Conference (TCRC)
- Unifor
- International Brotherhood of Electrical Workers (IBEW)

[1] Full time representatives of these unions may be excluded from the CN LTD Plan if they provide proof that they are covered under an alternate LTD plan.

Description

The LTD Plan provides you with regular benefit payment to replace a portion of income lost because of a lengthy disability due to a non work related disease or injury. Let's review first the definition of disability, then the period during which the benefits are payable and finally the level of benefits.

DEFINITION OF DISABILITY

Definition

During the elimination period and the next 36 months, you are considered disabled if you are under the care of a physician and are unable to perform the duties of your own job. You are not considered disabled if you can perform a combination of duties of your own job that would normally take 60% or more of your time to complete.

After the elimination period and the next 36 months — you are considered disabled if your illness or injury prevents you from being gainfully employed at any job. Gainful employment refers to work that:

- you are medically able to perform;
- you are reasonably qualified for by virtue of education, training or experience;
- provides you with an income of at least 60% of your gross basic annual salary prior to your disability, on an indexed basis.

After the elimination period, separate periods of disability arising from the same or related disease or injury are considered to be one period of disability unless they are separated by at least six months during which you are employed by CN on a full-time basis.

PERIOD OF BENEFIT INCOME

Elimination Period

The *elimination period* corresponds to the period during which you receive STD payments. This includes the period during which Employment Insurance Sickness Benefits (EI) are payable. It corresponds to a maximum period of 41 weeks, or 26 weeks of STD payment if you are not eligible for EI payments.

Benefit Period

The benefit payment period starts at the end of the elimination period and continues on until you reach the limit as defined hereafter. Payments are made as long as you remain disabled, up to a maximum of 10 years and stop whenever you reach age 65 or 85 points (your age plus pensionable service, with a minimum age of 55), whichever comes first. After the 10 years benefit period is completed there are no further disability benefits available from this plan. However, you may be eligible for a disability pension under the CN Pension Plan.

BENEFIT LEVEL

Definition

The LTD Plan will replace:

55%	of the first **$60,000** of annual base salary	maximum annual benefit payment of **$45,000**
40%	of annual base salary between **$60,000 and $90,000**	

This payment is non-taxable and is reduced by any other income as defined below. Payments will be made monthly from the qualifying date.

Other Income

Your LTD benefit is reduced by other income you are entitled to receive while you are disabled. Your benefit is first reduced by:

- 40% of any rehabilitation earnings;
- 92.5% of disability or 100% of retirement benefits you receive under the Canada or Quebec Pension Plan;
- 100% of benefits you receive under any provincial Workers' Compensation Act or similar law or disability payments under government auto insurance that you or your dependents are entitled based on your disability.

The 85% Test

There is a further reduction of your LTD benefit if the total of the income listed below exceeds 85% of your monthly take-home pay before you became disabled:

- your income under this plan;
- 92.5% of benefits another member of your family is entitled to on the basis of your disability under the Canada or Quebec Pension Plan that are paid directly to you;
- loss of income benefits available through legislation, which you and any other member of your family are entitled to on the basis of your disability, except for Employment Insurance benefits and automobile insurance benefits;
- disability benefits under a plan of insurance available through membership in an association;
- employment income, disability benefit except an approved rehabilitation plan, excluding any payment you would receive under the CN Pension Plan.

If it does, your benefit is reduced by the excess amount.

The 100% Test

Earnings received from an approved rehabilitation plan will be used to reduce your LTD income benefit if those earnings, your LTD income benefit and the income described under the Other Income and The 85% Test sections exceed 100% of your take-home pay. Your LTD income benefit will be reduced by the amount in excess of 100%.

CN Pension Plan disability pension

Depending on your disability situation, you might be eligible for a disability pension under the CN Pension Plan. If this is the case, and the after tax disability pension amount you would be entitled to under the CN Pension Plan is higher than the Long-Term Disability benefit payment, the excess will be paid to you, on a monthly basis, by the CN Pension Plan. This excess amount payable from the CN Pension Plan will be grossed up to recognize the taxable nature of this payment.

To be eligible for a disability pension under the CN Pension Plan you must have 10 years of pensionable service and be totally and permanently disabled.

If you are still disabled at the end of the LTD benefit period limit, the CN Pension Plan will pay the total disability pension, provided an excess payment was made during the first 10 years. You should note that if you receive a portion of your disability pension under the CN Pension Plan, you will be permanently exiting the workforce and will be considered a retiree.

EXAMPLE

PAYMENT FROM VARIOUS SOURCES

Assumptions

- Residence — Ontario
- Age 50, with spouse
- Pensionable service: 30 years
- Average pensionable earnings: $65,000
- Base salary: $70,000
- CN Pension Plan member
- Member entitled to maximum disability benefit under the Canada Pension Plan (CPP)
- Member applies and qualifies for a CN Pension Plan disability pension

Accrued CN Pension Plan pension	$34,000
less Income tax	- $4,900
NET	= $29,100

Versus

LTD benefit (non-taxable)	$37,000
less 92.5% x CPP ($16,030)	- $14,800
NET LTD BENEFITS	= $22,200

CN Pension Plan Disability pension after tax

$6,900

This employee will receive an annual LTD payment of $22,200, a net CN Pension Plan disability pension payment of $6,900 and a gross CPP amount of $16,030.

If you would like to check if you can apply for a disability pension under the CN Pension Plan, please call the Benefits Administration Group at **1-800-363-6060**, choose your language of choice and follow the instructions.

PREMIUM

This LTD Plan is an employee-paid plan. This means the premiums are entirely paid by you. The LTD benefit payments are therefore not taxable.

Employee Contribution

Your employee premium is based on your annual base salary, and therefore tied to your benefit level.

0.590%[2] of the first **$60,000** of annual base salary

\+ **0.605%** of annual salary between **$60,000 and $90,000**

Example of **annual premium** based on salary level[3]:

$60,000 → **$354** **$75,000** → **$445** **$90,000** → **$536** (maximum premium)

[2] This formula includes a temporary subsidy of $145 per year, due to the plan's excellent financial situation. In other words, your contribution to the plan will be increased by $145 per year (or 0,241% of the first $60,000 of annual base salary) when the financial situation of the plan changes.

[3] Before applying sales taxes.

Limitations

LTD BENEFITS ARE NOT PAYABLE:

- For any period during which you do not participate in a reasonable and customary medical treatment appropriate for your condition.
- For any disability arising while you are not actively at work for a reason other than annual vacation, weekend, statutory holiday or shift vacations.
- For the scheduled duration of a lay-off or leave of absence.
- If you become disabled while on strike or during a lockout (see section *What happens to my coverage when...*).
- If substance abuse contributes to a person's disability, his treatment program must include participation in a recognized substance withdrawal program.
- For any period after you fail to participate or cooperate in an approved rehabilitation plan or program or medical coordination program that has been approved or recommended by the insurer.
- For any 12-month period during which you do not live in Canada for at least six months.
- For any period of confinement in a prison or similar institution.
- For any disability arising from war, insurrection, voluntary participation in a riot or self-inflicted injury while sane or insane.

How to make a claim

While you are receiving Short-Term Disability Benefit payments, Great-West Life (GWL) will monitor your disability situation. In order to get LTD benefit payments, you must qualify and be disabled as per the provisions of the LTD Plan.

Depending on your disability situation, you may be asked by GWL to provide supplemental medical information. The cost for providing this supplemental information could be paid by GWL.

In order to ensure that you recover from your disability as much as you can, and return to work when it is safe for you to do so, GWL, with the assistance of CN and your union representative (when required), will begin to manage your disability early, before the end of your Short-Term Disability Benefit payment period.

GREAT–WEST LIFE ADJUDICATION PROCESS

GWL will review your claim based on medical information that you have submitted, your job duties and the definition of disability under the LTD Plan. They may require more information. If so, they will then make any appropriate contact in order to assess the claim correctly. Upon completion of their assessment, you will be informed in writing whether you are eligible or not for LTD benefits.

REVIEW PROCESS

Right of appeal — If you do not agree with GWL's assessment of your disability situation, you can have your case submitted to an appeal process at GWL. The appeal process must be started within 2 years following the initial denial date. Any legal action or proceeding against GWL in respect of a claim must be started before the end of the limitation period set out in applicable legislation.

1. **FIRST APPEAL:**

   You must send any additional medical information you would like GWL to consider to the attention of your case manager at GWL.

   The missing medical information should be indicated on the termination or decline letter sent by GWL and you can also contact your case manager at GWL for more information. Any fees charged for obtaining this additional information are your responsibility. The first appeal is reviewed by the case manager only. It is possible to appeal the decision without submitting additional medical information, in which case the same process would be followed.

2. **SECOND APPEAL:**

   If the decision is maintained and you decide to appeal a second time with or without additional medical information, the appeal will be reviewed by the team manager at the disability management service office level (DMSO).

3 **THIRD APPEAL:**

If you decide to appeal a third time, the information must be sent to:

The Great-West Life Assurance Company
Group Disability Claims Services | Appeals Section
P.O. Box 6000, Winnipeg MB, R3C 3A5
Fax number: 1-844-893-1314

A team at GWL's Head Office will review the request and render a decision. If the claim is denied, you can request an independent medical assessment. GWL will choose an independent medical specialist, approved by you and your physician. The decision made by the medical specialist is final and no further appeal is possible.

4 **LAST STEP:**

Any further procedure will not be considered an appeal, but will be handled by GWL as an official complaint. GWL's Ombudsman handles official complaints; therefore, if you wish to bring your case to this level, you will have to follow GWL's consumer complaint handling procedure, which is available on their website.

Safety critical positions

A situation may arise where GWL denies a claim that you have filed because you are physically fit to work but CN's Occupational Health Services (OHS) determines you cannot return to your job because of its safety-sensitive/safety-critical nature.

CN will take all practical means to accommodate you in alternate work in the workplace. If CN cannot accommodate you in alternate work, CN will compensate you, until OHS determines you are fit to return to work, by paying an amount equivalent to your Short-Term Disability Benefits for up to a maximum of two years (from the date of your disability — i.e. including the period of time during which you were receiving standard Short-Term Disability Benefits), unless otherwise stated in your collective agreement.

CN OCCUPATIONAL HEALTH SERVICES

CN Occupational Health Services (OHS) or its delegate will be involved whenever there are rehabilitation plans for employees in safety sensitive and safety critical positions. OHS, or its delegate, will also be in close contact with GWL to act as liaison with CN departments to determine the tasks associated with various jobs.

What happens to my coverage when…

TERMINATION OF SERVICE, SEPARATION OR RETIREMENT

Your LTD coverage terminates the same day you terminate your service, separate or retire from CN.

LEGAL STRIKE AND LOCK-OUT

If you were in receipt of LTD benefit payments before a legal strike or lock-out, you will continue to receive these benefits.

If you were in receipt of STD payments on the first day of the strike or lock-out, no LTD benefit payments will be paid to you during the strike/lock-out if you hadn't completed your LTD elimination period on the day the strike/lock-out began. Your eligibility for LTD benefits will resume at the end of the strike or lock-out and start once you have completed the LTD elimination period. If you were in active service at the time of strike or lock-out, your coverage will continue for a maximum period of 60 days, provided that your premiums are remitted to GWL. If a disability occurs while you are on strike or lock-out during that 60-day period, the elimination period will start at the end of such strike/lock-out.

LAY OFF, LEAVE OF ABSENCE

Your LTD coverage terminates with your last day at work. Since you are no longer actively at work, you are not eligible for LTD benefits. Your coverage will be reinstated upon your scheduled date of return to work, if the lay-off or leave of absence period was for a maximum of 12 months. After that period, your coverage will be reinstated as if you were a new employee.

HELD OUT OF SERVICE FOR DISCIPLINARY MEASURES AND SUSPENSION

Your LTD coverage terminates 7 days following your last day worked. If a disability occurs during the 7 days following your last day worked, the elimination period will start on your scheduled date of return to work.

MATERNITY AND PARENTAL LEAVE

Your coverage can continue during your period of leave, provided that your premiums are remitted to GWL. If a disability occurs while you are on maternity or parental leave, the elimination period will start on your scheduled date of return to work.

TRANSFERS

If you are transferred from a position represented by a bargaining agent to a position not represented by a bargaining agent, your coverage and payroll deductions under the unionized LTD Plan will be maintained up to the first day of the month following your date of transfer. Unionized employees who transfer to management positions will be given an opportunity to make benefit choices under the non-unionized employees' Flexible benefit plan.

OTHER BENEFITS

While you are in receipt of STD payments, LTD premiums are waived.

Life Insurance

Your Basic life insurance coverage will be maintained by CN during the first 5 years of LTD benefit payments, after which your coverage will be reduced to $ 7,000 – provided that your absence remains medically justified.

GWL will automatically assess your optional life insurance on account of total disability at the end of the first 12 months of disability or sooner. They will send you the required documents in order to assess your eligibility for continuation of coverage. This continuation of coverage without payment of premiums will terminate on your return to work, your retirement date or age 65, whichever is sooner. The insurer can require ongoing proof that you are still totally disabled.

Extended Health and Dental

Extended Health Care coverage is also maintained by CN during the first 5 years of LTD benefit payments, after which your coverage will be terminated.

Dental benefits are not covered while you are on LTD.

ACCUMULATED VACATIONS

When you reach the LTD period, you may request the immediate payment of your accumulated but untaken vacation pay. To do so, please follow the instructions below:

For all non-operating employees (Unifor, IBEW and USW):

Send a written request by email to PAY8@cn.ca. Otherwise, your accumulated but untaken vacation will be paid out, in the month of November following the completion of one full year on LTD benefits, if you have not returned to active service.

For all operating employees (TCRC and TCRC-CTY):

Call your Crew Management Center at 1-866-472-3072 (for running trades in the West) or 1-780-643-7860 (for running trades in the East). Otherwise, your accrued vacations will be granted upon your eventual return to work at the end of your disability, in accordance with the vacation provisions of our collective agreement.

OTHER SITUATIONS

41 weeks before you reach age 65 or 85 points with a minimum age of 55, whichever is earliest, your LTD coverage and premium deductions will terminate. In the event you become disabled after that date, provided you are eligible for payments, you could receive STD benefits.

Questions?

- **Check CN's ePortal:** Employee self-service **>** Benefits and Programs **>** Long-Term Disability (CA) **>** Unionized employees (CA) **>** LTD Process for unionized employees
- **Contact your case manager at Great-West Life**
- **Contact the Benefit Administration Group at 1-800-363-6060**
- **Contact your union representative**

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This guide provides an overview of the benefits made available to you and applies to new Short-Term disability claims starting on or after January 1, 2019. Its purpose is to assist you in understanding the program. CN and Unions do not intend for it to be a complete summary of your benefits. In case of discrepancy between this Guide and the official insurance contract that governs administration of this plan, CN and Unions will follow the official contract. The contract also describes exclusions and limitations. The program is also intended to comply with all federal and provincial laws. In the event of any conflict, the terms of any applicable laws will govern. CN and Unions reserves the right to amend or terminate the plan described herein. This guide has been approved by all the Participating Companies and Participating Unions listed on page 2 of this document. Last revision date: January 2020