

Issued 12-81
Includes All Amendments
Through 1-1-81

Sickness and Accident Disability Benefit Plan

Summary Plan Description



Southwestern Bell

Tom Holt

List of Benefit Secretaries and Benefit Offices

Arkansas

Southwestern Bell Telephone Company
Secretary, Employees' Benefit Committee
1111 W. Capitol, Room 1030
Little Rock, Arkansas 72201

Kansas

Southwestern Bell Telephone Company
Secretary, Employees' Benefit Committee
220 East 6th Street, Suite 120C
Topeka, Kansas 66603

Missouri

Southwestern Bell Telephone Company
Secretary, Employees' Benefit Committee
100 North Tucker, Room 941
St. Louis, Missouri 63101

Southwestern Bell Telephone Company
Secretary, Employees' Benefit Committee
500 East 8th Street, Room 726
Kansas City, Missouri 64106

Oklahoma

Southwestern Bell Telephone Company
Secretary, Employees' Benefit Committee
707 North Robinson, Room 1011
Oklahoma City, Oklahoma 73102

Texas

Southwestern Bell Telephone Company
Secretary, Employees' Benefit Committee
311 South Akard, 2nd Floor
P.O. Box 225521
Dallas, Texas 75265

Southwestern Bell Telephone Company
Secretary, Employees' Benefit Committee
3100 Main, Room 309
P.O. Box 1530
Houston, Texas 77001

Southwestern Bell Telephone Company
Secretary, Employees' Benefit Committee
1010 N. St. Mary's, Room 1304
P.O. Box 390
San Antonio, Texas 78292

General Headquarters

(For general headquarters employees
and all managers fifth level and above.)

Southwestern Bell Telephone Company
Assistant Vice President-Personnel and Secretary,
General Employees' Benefit Committee
1010 Pine Street, Room 808
St. Louis, Missouri 63101

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Introduction

This booklet contains a summary of the benefits provided by the Sickness and Accident Disability Benefit Plan for all employees of the Company. The Plan provides financial protection and security for you and your family if you become disabled during your active career in the Company.

The Sickness and Accident Disability Benefit Plan (referred to as the Disability Benefit Plan), was originally adopted on January 1, 1913, as part of the Plan for Employees' Pensions, Disability Benefits and Death Benefits and has been amended many times since then. It became a separate plan on October 1, 1980. The most recent changes to the Disability Benefit Plan were effective January 1, 1981.

Since this Summary Plan Description only summarizes and does not describe all the details of the Disability Benefit Plan, the official Plan documents govern in all cases. These may be looked at or obtained by following the procedures under the "Plan Documents" section of this booklet. The Southwestern Bell Telephone Company may from time to time make changes in the Plan, but future changes will not affect your rights to any benefit which you may have previously become entitled to receive. You will be notified of any material changes made in the Plan in the future.

You will also find a section at the end of this booklet which describes the Anticipated Disability Program which became effective on April 29, 1979, under which Sickness Disability Benefits may be payable. A copy of the official Program text is available upon written application to the Benefit Secretary.

Please read this booklet carefully and share it with your family. We also suggest that you keep it handy for ready reference.

Sickness Disability Benefits

Sickness Disability Benefits are designed to provide income for you if you are temporarily absent from work as a result of **illness** or an **off-the-job injury**. These benefits help replace your regular earnings for up to 52 weeks. A brief description of your Sickness Disability Benefits follows.

Eligibility

You are eligible for Sickness Disability Benefits when you have completed six **full months** of Bell System net credited service.

Benefits

Sickness Disability Benefits are payable after a waiting period of one week. If you are absent from work as a result of **illness** or an **off-the-job injury** for longer than seven calendar days, benefits start on the eighth calendar day of absence. The benefit payments you are entitled to receive depend on your rate of pay, your scheduled hours of work under your contract of hiring (not including overtime) at the time your absence begins and your credited service on the eighth calendar day of absence.

You will receive full or half pay, as follows:

If your service is:	full pay up to:	half pay up to:
6 months to 2 years	—	52 weeks
2 to 5 years	4 weeks	48 weeks
5 to 15 years	13 weeks	39 weeks
15 to 20 years	26 weeks	26 weeks
20 to 25 years	39 weeks	13 weeks
25 years or more	52 weeks	—

If after you receive Plan benefits you return to work for less than two weeks and are then disabled for work, Plan benefits will resume with your first day of subsequent absence. If you return to work for two but less than 13 weeks, benefits will not start again until your eighth calendar day of disability absence. In either case, the previous absence is counted in determining the amount (i.e., full pay or half pay) and duration of benefits regardless of whether the absences are due to the same or different illness.

After 13 weeks back at work, you will again be eligible for full or half-pay benefits based on your rate of pay, your scheduled hours and your service.

Requirements for Payment

To qualify for payment of Sickness Disability Benefits you must:

- contact your supervisor on the first day of absence to report your disability;
- place yourself under a physician's care, follow the physician's recommended treatment, and, as requested by the Company, furnish satisfactory certification of disability from the physician who is caring for you (the Company will provide forms for this certification);
- report for medical examinations by a physician designated by the Company when requested;
- contact your supervisor, who will confer with the Benefit Office, to obtain permission from the Employees' Benefit Committee if, with the approval of your physician, you plan to recuperate away from your home at any time during your absence.

Other Benefits

After you have received 52 weeks of Sickness Disability Benefits and while you continue to be disabled, you may be eligible for benefits under the Company's Long Term Disability Plan for Salaried Employees or Long Term Disability Plan (Non-Salaried) which are described in separate booklets. You may also receive a pension under either the Bell System Pension Plan (BSPP) or the Bell System Management Pension Plan (BSMPP) if you continue to be disabled and have completed **at least** 15 years of net credited service when your 52 week benefit period ends. Pensions are described in separate booklets for BSPP and BSMPP.

The Anticipated Disability Program, under which Sickness Disability Benefits may be payable, is summarized in a separate section at the end of this booklet.

Accident Disability Benefits

Accident Disability Benefits are designed to help replace your regular earnings when you are disabled as a result of an **on-the-job accident**. These benefits continue as long as the disability resulting from this injury prevents you from returning to work. In addition, reasonable and necessary medical expenses incurred because of the accident will be paid by the Company upon authorization by the Employees' Benefit Committee.

A brief description of your Accident Disability Benefits follows.

Eligibility

You are eligible for Accident Disability Benefits starting on your first day of employment with the Company.

Benefits for Total Disability

Accident Disability Benefits are payable for absences when you are unable to work at all because of an on-the-job injury. Benefit payments start with your first day of absence. The benefit payments you are entitled to receive depend on your rate of pay, your scheduled hours of work under your contract of hiring (not including overtime) and your years of credited service on the day your disability absence starts.

You will receive full or half pay, as follows:

If your service is:	full pay up to:	half pay for:
up to 15 years	13 weeks	as long as
15 to 20 years	26 weeks	totally
20 to 25 years	39 weeks	disabled
25 years or more	52 weeks	

If you were an active employee on December 31, 1980, and work part-time on or after January 1, 1981 during the same continuous period of employment, you are eligible to receive full-pay or half-pay Accident Disability Benefits based on your rate of pay and as though you were a full-time employee (not including overtime). The periods of full-pay or half-pay accident benefits depend on your years of credited service as of the day your disability absence starts in accordance with the above schedule.

If you were hired or rehired on or after January 1, 1981, and work as a part-time employee, you are eligible to receive full-pay or half-pay Accident Disability Benefits based on your rate of pay and on the number of your scheduled hours of work under your contract of hiring (not including overtime). The periods of full-pay or half-pay accident benefits depend on your years of credited service as of the day your disability absence starts in accordance with the above schedule.

Successive periods of absence due to the same accident are counted as one period in determining the full-pay periods above. If you return to work for **less** than 13 weeks and are again absent for total disability related to the same accident, you receive benefits based on full-pay for any remaining full-pay period to which you were previously entitled. Half-pay benefits continue thereafter—as long as you remain disabled. However, if you return to work for **at least** 13 weeks and are then absent again as the result of the same accident, you will again be entitled to receive full pay and half pay for the periods shown in the above schedule.

If you become disabled because of a different on-the-job accident, any benefits you previously received are not counted in determining the full-pay periods above.

Requirements for Payment

To qualify for payment of Accident Disability Benefits you must:

- report any on-the-job injury **immediately** to your supervisor. You and your supervisor must complete report forms. Accident Disability Benefits may not be payable for any period that precedes your report of injury. If the injury is not reported within 60 days of the accident, no benefits are payable for that injury;
- be disabled from an injury resulting solely from an accident during and in direct connection with the performance of Company duties, and there must be a clear and well-established history of the cause and circumstances of the injury accidentally inflicted which must be sufficient to produce the alleged injury;
- be under a physician's care and report for medical examination by a physician designated by the Company when requested;
- contact your supervisor, who will confer with the Benefit Office, to obtain permission from the Employees' Benefit Committee if, with the approval of your physician, you plan to recuperate away from your home at any time during your absence.

Benefits for Partial Disability

For any period of partial disability when you cannot fully perform your regular job because of an on-the-job injury, Accident Disability Benefits will make up for all or part of the loss of pay between:

- your rate of pay as a full-time or part-time employee at the time the Benefit Committee declares you partially disabled **and**
- the wages the Benefit Committee determines you are capable of earning while partially disabled.

You will receive 100% or 50% of the difference in pay—based on your service as follows:

If your service is:	100% of loss in pay	50% of loss in pay
up to 15 years	first 13 weeks	thereafter while
15 to 20 years	first 26 weeks	your disability
20 to 25 years	first 39 weeks	continues up to a
25 years or more	first 52 weeks	maximum of 6 years

The periods listed above include any time you received Total or Partial Accident Disability Benefits for the same on-the-job injury.

Social Security

Social Security also may provide benefits for disability to employees who qualify under that law. These benefits are in addition to your benefits under the Disability Benefit Plan.

You and the Company share the cost of Social Security by paying equal taxes on your earnings covered under law.

Social Security benefits are not paid automatically. They must be applied for in all cases. Your local Social Security office can give you more information about the law and your status under it. You will find the address in the telephone book under "United States Government."

Other Facts

Service Credit

The Company maintains a record of service for every employee. This is the official record of your term of employment which, in addition to your pay, is used in determining your Sickness and Accident benefits. Your service with the Company for such purpose is called Net Credited Service.

Limits on Benefits

Benefits are not payable for both accident and sickness disability at the same time.

If any present or future law, such as Workers' Compensation or State Disability laws, should provide for payment of Sickness and Accident Disability Benefits like those provided under this Plan, only the amount in excess of the payment under the law will be payable under this Plan. Plan payments will not be reduced on account of benefits paid on account of military service or under Social Security.

Benefits under the Plan may not be payable if a suit for damages or other legal action, outside the provisions of the Disability Benefit Plan on account of an injury, is brought against the Company or against any other Bell System Company with which arrangements have been made for an interchange of benefit obligations.

Interchange of Benefit Obligations

Similar Plans for Sickness and Accident Disability Benefits have been adopted by the American Telephone and Telegraph Company, the Associated Companies of the Bell System, the Western Electric Company, Bell Telephone

Laboratories, and by certain companies subsidiary to or affiliated with these companies. Agreements for interchange of benefit obligations have been made among these companies to assure that an employee's credited service includes employment with the other companies with which these reciprocal agreements are in effect. This means that your service with any "interchange" company will be recognized for disability benefit purposes by any other "interchange" company that you work for later.

Benefits Not Assigned or Alienated

Assignment or alienation of any benefits provided by the Disability Benefit Plan will not be permitted or recognized except as otherwise required by applicable law. This means that, except as required by applicable law, benefits provided under the Plan are not subject to sale, assignment, anticipation, alienation, attachment, garnishment, levy, execution or any other form of transfer.

Union Agreements

The benefits described in this booklet reflect the provisions of the Plan as bargained with the union(s) representing employees of the Company.

Copies of the bargaining agreements are distributed or made available to those covered by the agreements and to any other participant or beneficiary who submits a written request for a copy to Southwestern Bell Telephone Company, Secretary-Employees' Benefit Committee, (see inside front cover for addresses). A reasonable duplication charge may be made for copies furnished in response to such written request.

Plan Administration

Southwestern Bell Telephone Company, 1010 Pine Street, St. Louis, Missouri 63101, (314) 247-9800, administers the Plan through the Employees' Benefit Committee appointed by the Company. The Employees' Benefit Committee has the responsibility for the managing of the day-to-day operations of the Plan including the right to grant and deny initial claims for benefits under the Plan. The Employees' Benefit Claim Review Committee is appointed by the Company to review on appeal, claims denied by the Employees' Benefit Committee. The Employees' Benefit Claim Review Committee determines conclusively for all parties all questions arising in the Administration of the Plan and any decision of this Committee is not subject to further review.

Type of Plan

The Plan is classified as a welfare plan under the definitions of the Employee Retirement Income Security Act of 1974 (ERISA) for purposes of providing disability benefit payments.

Cost of Plan

The entire cost of the benefits under the Disability Benefit Plan is paid for by the Company.

Payment of Benefits

Sickness and Accident Disability Benefits are paid directly by the Company.

Plan Records

The Sickness and Accident Disability Benefit Plan and all its records are kept on a calendar year basis—beginning January 1 and ending December 31 of each year.

Plan Identification Numbers

The Plan is identified by the following numbers under Internal Revenue Service rules:

#43-0529710 -assigned by the IRS

#513 -assigned by the Company

Plan Documents

This booklet is a summary of the Sickness and Accident Disability Benefit Plan and does not attempt to cover all details. Specific details are contained in the official Plan documents which regulate the operation of the Plan. Disability Benefit Plan participants are entitled to examine, without charge, Plan documents, including the official Plan Text, the Annual Report of Plan operations and such other documents and reports that are maintained by the Plan and/or filed with a Federal Government Agency. These documents are available for review at the Assistant Secretary's office or your local Benefit Office. If participants are unable to examine these documents there, they should write the Secretary, Employees' Benefit Committee, specifying the documents to be examined and at which Company work location they wish to examine them. Copies of such documents will be made available for examination at the work location within 10 days of the date the request was submitted.

At any time, participants may request copies of any Plan documents by writing to: Secretary, General Employees' Benefit Committee, Southwestern Bell Telephone Company, 1010 Pine Street, Room 808, St. Louis, Missouri 63101. They will be charged a reasonable fee for copies of the documents requested.

Legal Service

Process can be served on the Plan or the Company, as Plan Administrator, by directing such legal service to Southwestern Bell Telephone Company, Secretary-General Employees' Benefit Committee, 1010 Pine Street, Room 808, St. Louis, Missouri 63101.

Benefit Claim and Appeal Procedures

Claim Procedure

Employees or persons duly authorized by them have the right under ERISA and the Disability Benefit Plan to file a written claim for payment of benefits under the Plan.

The written claim should be sent to Southwestern Bell Telephone Company, Secretary-Employees' Benefit Committee, (see inside of front cover for appropriate address).

If the claim is denied in whole or in part, the claimant will receive written notice of the Employees' Benefit Committee's decision including the specific reasons for the decision within 90 days of the date the Committee received the claim request.

In some cases, the Committee may need more than 90 days to make a decision. In such cases the Committee will notify the claimant in writing within the initial 90-day period and explain why more time is needed. An additional 90 days may be taken to make the decision if the Committee sends this notice. The extension notice will show the date by which the Committee's decision will be sent.

The appeal procedure which follows gives the rules for appealing a denied claim.

Appeal Procedure

A claimant may use this procedure if:

- no reply at all is received by the claimant after 90 days;
- the Committee has extended the time to make its decision an additional 90 days, and no reply is received after the additional 90 days;
- written denial of the claim is received within the proper time limit, and the claimant wishes to appeal the written denial.

If a claim for benefits is denied in whole or in part, the claimant or a person duly authorized by the claimant may appeal this denial in writing within 60 days after it is received. Written request for review of any denied claim should be sent directly to the Secretary-General Employees' Benefit Committee, 1010 Pine Street, Room 808, St. Louis, Missouri 63101, for attention of the Employees' Benefit Claim Review Committee which serves as the final review committee. The Employees' Benefit Claim Review Committee will conduct a review and decide on the appeal of the denied claim within 60 days after receipt of the written request for review. In some cases, the Claim Review Committee may need more than 60 days to make a decision. In such cases, the Claim Review Committee will notify the claimant in writing within the initial 60-day period and explain why more time is needed. The Employees' Benefit Claim Review Committee may then have 60 days more or a total of 120 days to make its decision.

If the claimant or a person duly authorized by the claimant sends a written request for review of a denied claim, the person sending the request has the right:

1. To review pertinent Plan documents which may be obtained by following the procedures described in this booklet under "Plan Documents" found on Page 9, and
2. To send to the Employees' Benefit Committee, a written statement of the issues and any other documents in support of the claim for benefits or other matter under review. The Employees' Benefit Committee will forward this material to the Claim Review Committee.

The Employees' Benefit Claim Review Committee's decision shall be given the claimant in writing within 60 days or, if extended, 120 days, and shall include specific reasons for the decision. If the Employees' Benefit Claim Review Committee does not give its decision on review within the appropriate time span, the claim is considered denied.

In any case, as a participant in the Plan, you may have further rights under the Employee Retirement Income Security Act of 1974 (ERISA), as described in the section of this booklet entitled "Rights of a Plan Participant."

Rights of a Plan Participant

As a participant in the Sickness and Accident Disability Benefit Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan participants shall be entitled to:

1. Examine, without charge, at the Benefit Secretary's Office and at other specified locations, Plan documents, including collective bargaining agreements and copies of all documents filed by the Plan with the U.S. Department of Labor, such as detailed annual reports and Plan description;
2. Obtain copies of all Plan documents and other Plan information upon written request to the Benefit Secretary. The Secretary may make a reasonable charge for such copies;
3. Receive a summary of the Plan's annual financial report, a copy of which is furnished to each participant.

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operations of employee benefit plans. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA. If your claim for a Plan benefit is denied, in whole or in part, you have certain rights of review as described in this booklet under "Benefit Claim and Appeal Procedures."

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such case, the court may require the Company to provide the materials and pay you up to \$100 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Company. 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. 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 will 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 if, for example, it finds your claim is frivolous.

If you have any questions about your Plan, you should contact your Benefit Secretary. If you have any questions about this statement of your rights, or about your rights under ERISA, you should contact the nearest Area Office of the U.S. Labor Management Services Administration, Department of Labor.

Anticipated Disability Program

This Program became effective on April 29, 1979, and may provide Sickness Disability Benefits which are administered under the Disability Benefit Plan. The Program provides sickness benefit payments to eligible employees who are granted a leave of absence because of anticipated disability. An anticipated disability is a disability of over seven calendar days which is expected to occur during the requested leave period and for which prospective medical treatment has been scheduled, such as in the case of elective surgery or pregnancy. The benefit payments you are entitled to receive depend on your credited service, rate of pay and scheduled hours as specified in the Sickness Disability Benefit schedule on page 3.

All employees, including those with less than six months' credited service at the time their leaves begin, are eligible for leaves of absence under this Program. However, employees with less than six months of credited service are not entitled to receive sickness benefit payments.

Eligibility for Benefits

You are eligible for Sickness Disability Benefits if:

- you complete six months of credited service with the Company before the leave begins;
- you furnish to the Company satisfactory medical proof of actual disability because of the anticipated disability while on leave under this Program;

and

- the period of actual disability due to the anticipated disability begins during the leave of absence.

You are also eligible to receive Sickness Disability Benefits, while on leave under this Program, for any unanticipated disability which starts during the period for which you are receiving disability payments for the anticipated disability. There will be no duplicate benefit payments, however, during the period of time the anticipated and unanticipated disability run parallel with each other.

Benefit Payments

The period of actual disability must be certified by the Company Medical Advisor, and payments will begin only when the disability for which the leave was granted starts.

Payment or non-payment during the first seven calendar days of actual disability will be determined as if you were an active employee and will depend

upon your department's practice or union contract provisions, as applicable. The benefit payments you are eligible to receive for the period of actual disability after the seventh calendar day are based on your rate of pay, your scheduled hours and your credited service on the day before your leave begins. The periods of full pay and half pay you are eligible to receive are specified in the Sickness Disability Benefit schedule on page 3.

Procedure to Obtain Benefit Payments

In order to receive Sickness Disability Benefits, you must:

- complete the appropriate leave of absence application form, provide satisfactory evidence of anticipated disability expected to occur, and be granted a leave of absence for the anticipated disability;
- place yourself under the care of a physician, follow the physician's recommended treatment and furnish satisfactory certification of your disability from your physician as requested by the Company;
- contact the designated person in the Benefit Office as soon as possible to indicate the first day of your actual disability because of the anticipated disability;
- report for medical examination by a physician designated by the Company when requested;

and

- contact the Benefit Office to obtain permission from the Employees' Benefit Committee if, with the approval of your physician, you intend to recuperate away from your home at any time during the period of your disability.

Leaves of Absence

The starting date of your anticipated disability leave, with the approval of the Company, will ordinarily be at the time you request after providing the Company with satisfactory medical evidence of an anticipated disability.

This leave may be granted for an initial period of up to six months to cover the period of absence prior to the commencement of actual disability and the period of certified disability. However, your leave will terminate on the date your certified disability ends, or at the expiration of your Sickness Disability Benefits.

A leave of absence for care of newborn children may also be granted under this Program if you furnish evidence of a direct association with a newborn child. A **newborn child** means a child under 6 months of age and **direct association** means either a natural or adoptive mother or father. The maximum period of your leave of absence for care of newborn children may be up to 12 months. However, if you had an anticipated disability leave prior to your

care of newborn children leave, the total period on both leaves ordinarily cannot exceed 12 months.

Service Credit

You will receive service credit for the period in which Sickness Disability Benefits are paid while on leave for anticipated disability. When you return to work, you will receive service credit for up to the first 30 days of your anticipated disability leave before your benefit payments began.

If you take a leave of absence for care of newborn children without a prior anticipated disability leave, you will receive service credit for the first 30 days of your leave when you return to work.

Guaranteed Reinstatement

When you go on leave of absence for anticipated disability, the Company will guarantee your former job—or one of similar status and pay—at the end of your certified disability, at which time you will be expected to return to work unless you go on a leave of absence for care of newborn children. If you go on leave for care of newborn children, whether or not preceded by an anticipated disability leave, the Company will also guarantee your former job—or one of similar status and pay—at **six months** following the date of birth of your child. If you apply for reinstatement before or after six months following the date of birth, a reasonable effort will be made to reinstate you.

Reimbursement of Medical Insurance Premiums

If you have six months' credited service at the time you go on a leave of absence for anticipated disability, you will be reimbursed for any Basic Medical Expense and Dental Expense Plan premiums paid by you up to the amount normally paid by the Company for the total period you are certified disabled while on leave.



