

Long Term Disability Insurance **PROTECTION EVERYONE NEEDS**

STANLEY BLACK & DECKER LONG TERM DISABILITY PLAN

The Long Term Disability (LTD) Plan is important coverage that all associates need to protect against loss of income due to illness or injury. Now is the time to fully understand LTD coverage options and to make sure everyone makes the best enrollment decision. There are two LTD options: Basic 40% LTD and Buy-Up 67% LTD.

What Is LTD Coverage?

When an associate is not able to work due to an illness or injury, their regular paycheck will stop. For the first six months that an associate is unable to work, their lost paycheck is partially replaced by Short Term Disability (STD) benefits. STD is provided by the Company at no cost to all associates. In some cases, the associate's disabling illness or injury can last more than six months. When STD benefits end after six months, LTD benefits will start to pay a monthly benefit to the associate and continue to replace a portion of their lost paycheck as long as they are disabled and meet the definition of Disability under the LTD Plan.

Why LTD Coverage Is Necessary

Most associates think they will never have a disabling condition that will require them to collect STD or LTD benefits. Each year, we have several thousand associates that do collect STD benefits and many end up going on to collect LTD benefits for a period of time. Everyone is just "one day away" from possibly having a disabling illness or injury that will require them to collect STD and LTD benefits.

LTD coverage is necessary for everyone, regardless of their marital status or family situation. While life insurance will provide financial protection for an associate's family if they were to die, who will provide financially for the associate and their family if their paycheck stopped due to illness or injury? For many people the answer is not government Social Security Disability Income (SSDI) benefits. SSDI is very difficult to qualify for and provides a benefit that is typically a small fraction of the associate's pre-disability paycheck.

MYTHS & FACTS ABOUT LTD COVERAGE

Myth: I am single, have no spouse or children and do not have anyone to provide for. LTD coverage is not necessary for me.

Fact: An associate who is not married and has no children is probably the one group that needs LTD coverage more than anyone else. They have no spouse to work to help support them. Given financial pressures on most senior citizens, it is unlikely that the associate's parents can support them. Plus most unmarried associates are young and if they do become disabled, it is likely to be from a serious accident that will last their entire life and prevent them from ever working again.

Myth: I am married and my spouse works. If I become disabled, my spouse can support me financially.

Fact: Today, in most families both the associate and spouse work. They also have come to rely on both incomes to support their family. It is unlikely that the family could survive financially if one of the two incomes suddenly stopped.

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Myth: The Company is providing free LTD coverage that will replace 40% of my pay. That should be enough.

Fact: While the Basic 40% LTD coverage is provided at no cost and provides a minimal level of income protection, every associate should consider electing the Buy-Up 67% level of LTD coverage. Almost no associate could survive financially on just 40% of their current pay offset by Social Security Disability and other income sources. The Buy-Up 67% level of LTD can be very inexpensive. You can buy Buy-Up LTD (27%) at \$.398 per \$100 of monthly base pay up to a maximum monthly benefit of \$22,388. For example, an associate earning \$30,000 per year will pay just \$2.30 per week. An associate earning \$50,000 per year will pay just \$3.83 per week. See the Contribution Chart for more examples.

Myth: No one ever qualifies for LTD benefits.

Fact: Most associates who end up collecting the full six months of STD benefits do qualify for LTD benefits. LTD uses the same definition of Disability as STD for the first 24 months of a long-term disability and the same standards are applied in evaluating the legitimacy of claims.

Myth: If I was not working, my expenses will be less so I need less income.

Fact: While some expenses may decrease when an associate is not working, these are more than offset by new expenses, mostly the increasing cost of health care related to the associate’s illness or injury.

Myth: I can always sign up for increased LTD coverage right before I go out on disability due to an illness or injury.

Fact: While an associate can apply for increased LTD coverage at a later date, the Plan does include a pre-existing condition exclusion for late enrollments. This exclusion is applied only during the 24-month period following your election into the 67% plan. Disabilities within this period will result in the LTD claim being paid at the lower Basic 40% LTD benefit level.

WEEKLY COST FOR BUY-UP 67% LTD COVERAGE			
Annual Pay	Weekly Cost	Annual Pay	Weekly Cost
\$25,000	\$1.91	\$65,000	\$21.56
\$30,000	\$2.30	\$70,000	\$23.22
\$35,000	\$2.68	\$75,000	\$24.88
\$40,000	\$3.06	\$80,000	\$26.53
\$45,000	\$3.44	\$85,000	\$28.19
\$50,000	\$3.83	\$90,000	\$29.85
\$55,000	\$4.21	\$95,000	\$31.51
\$60,000	\$4.59	\$100,000	\$33.17