

# Walgreens Voluntary Disability Plan for Hourly Team Members

Summary Plan Description



Prepared by the Walgreen Human  
Resources Department for eligible  
hourly-paid team members of  
Walgreens

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Walgreen Co. ("Walgreens" or the "Company") is pleased to provide its team members with a comprehensive package of health and welfare benefit options as described in the Walgreen Health and Welfare Plan (the "Plan"). To assist you in better understanding the disability benefits available to Walgreens team members covered by the Voluntary Disability Plan for Hourly Team Members, as in effect as of January 1, 2018 we have prepared this Summary Plan Description ("SPD") booklet. The complete Plan includes contracts and agreements with insurance carriers ("Insurer[s]") and third-party administrators who provide and administer benefits, this SPD, including any Summary of Material Modifications, and summary plan descriptions covering other benefits that are not covered by this SPD. You should read the information provided in this booklet so that you will have a full understanding of the benefits provided and the other relevant terms and conditions of the Plan. Throughout this document the term "Company" means Walgreen Co. and its subsidiaries and affiliates whose team members are eligible to participate in the Plan, unless the context is limited to a particular subsidiary or business unit. See "Administrative Facts" at the end of this booklet for the name of the legal entity of the Company that is the official plan sponsor of the Plan, and therefore the Company for purposes of formal approvals and governmental filings.

The benefits of this Plan are governed by the terms of the insurance policy providing the benefits in effect at the time of a claim. This Summary Plan Description is meant to provide details on the important features of the Plan. Copies of these Plan documents can be obtained by contacting the Plan Administrator listed at the end of this booklet. In the event of any discrepancy between this booklet and the provisions of the insurance policies, the provisions of the insurance policies will govern.

Please understand that the Company reserves the right to amend, modify or terminate this Plan, including any benefits provided under this Plan or the amount of any required contributions, if any, at any time, and for any reason. You will be notified of any changes to the Plan within a reasonable amount of time, but not always prior to the time the change goes into effect. To determine the proper benefits at any given time, it is necessary to consult the Summary Plan Description booklet, the Plan, and insurance policies that are in effect at the relevant time.

In the event that any term or provision in the SPD is in conflict with any of the terms or provisions of the Plan, the terms or provisions in the Plan document will govern. The Plan or the Voluntary Disability Plan as used hereinafter refers to this SPD.

#### Important Notice

This booklet contains information in English of your Plan rights and benefits under this Plan. If you have difficulty understanding any part of this booklet, contact the Benefits Support Center at 855-564-6153.

#### Noticia Importante

Este boletín contiene información, escrito en inglés, de sus derechos y beneficios bajo este Plan. Si es difícil comprender cualquiera parte de este boletín, por favor de ponerse en contacto Benefits Support Center 855-564-6153.

Kung kailangan ninyo ang tulong sa Tagalog tumawag sa Walgreens Human Resources Department at 800-825-5467

如果需要中文的帮助, 请拨打这个号码 Walgreens Human Resources Department at 800-825-5467

Dinek'ehgo shika at'ohwol ninisingo, kwijigo holne' Walgreens Human Resources Department at 800-825-5467

# Voluntary Disability Plan Checklist

If you need to be off work for an extended period of time due to a disabling condition (illness, injury or pregnancy), you must file a claim to be considered for a disability benefit under this Plan. Use this checklist as a guide to make sure you take all the necessary steps for filing a disability claim.

In most cases, you will file a claim for disability benefits under the Walgreens Company-Paid Disability Plan, after a disabling condition requires you to be off work for more than seven calendar days. If you file a claim for Company-Paid disability benefits, are approved for benefits, and are nearing the end of the elimination period for benefits under this Plan - the Company-Paid Disability Plan Administrator, Sedgwick CMS, will forward your disability claim under this Voluntary Disability Plan to the insurance Carrier, Prudential, for processing.

You may also file a claim directly with Prudential under this Voluntary Disability Plan:

Call Prudential, the voluntary disability insurance carrier, directly at 800-842-1718, between 8 am and 11 pm Eastern Time, Monday-Friday. You may speak to a trained disability specialist or follow the prompts to record your disability information.

- ✓ Or, you may log in to [www.prudential.com/mybenefits](http://www.prudential.com/mybenefits). Click on “Report Time out of Work” and follow the instructions to complete the Interactive Claimant Submission form.
- ✓ Please have the following information ready when filing your claim:
  - Company name and Control number: Walgreens #42097;
  - Your name, address, telephone number, Social Security number, Employee ID number, job title and date of birth;
  - Your treating physician's name, telephone number and fax number;
  - Your last day worked, first day of absence due to the condition and date you expect to return to work; and
  - If your absence is work-related.
- ✓ Once you are off work, and you are near the end of the elimination period for benefits under this Voluntary Disability Plan, Sedgwick will forward your claim information to Prudential Insurance. Prudential will process your claim, and contact you to verify your benefits.
- ✓ To process your claim for disability, Prudential needs statements from you, your doctor and Walgreens. When you speak to a Prudential specialist, they will obtain your information. Prudential will request information from your doctor and from Walgreens, and a decision will be made after review of all the information.
- ✓ To get information on your claim status or payments, call 800-842-1718 or log in to [www.prudential.com/mybenefits](http://www.prudential.com/mybenefits).
- ✓ You should notify Prudential if you have any updated information on your return to work date, your delivery date or if you'd like to request any forms.

**IMPORTANT INFORMATION FOR RESIDENTS OF CERTAIN STATES:** There are state-specific requirements that may change the provisions under the Coverage(s) described in the Group Insurance Certificate provided by Prudential. If you live in a state that has such requirements, those requirements will apply to your Coverage(s) and are made a part of your Group Insurance Certificate. Prudential has a website that describes these state-specific requirements. You may access the website at [www.prudential.com/etonline](http://www.prudential.com/etonline). When you access the website, you will be asked to enter your state of residence and your Access Code. **Your Access Code is 42097.**

# Voluntary Disability Plan for Hourly Team Members

## Resource Guide

If you have a question about:	Resource	Contact Info
<b>Filing a disability claim under the company-paid plan and whether it has been forwarded to the Prudential Voluntary Disability Plan</b>	Sedgwick CMS Disability Center	877-872-0911 TTY: 901-531-4554
<b>Questions about benefit payments after your voluntary disability claim has been approved</b>	Prudential	800-842-1718
<b>Questions on eligibility for coverage under the Voluntary Disability Plan</b>	Walgreens Human Resources Leave Department	800-825-5467
<b>Survivor benefits</b>	Prudential	800-842-1718
<b>Filing an appeal (following a disability claim denial)</b>	Prudential	800-842-1718
<b>Unpaid leave of absence</b>	Walgreens Human Resources Leave Department	800-825-5467
<b>Medical benefits and/or COBRA</b>	Benefits Support Center	855-564-6153

## Introduction

Walgreens provides the Voluntary Disability Plan for Hourly team Members (the “Plan”) to help protect your financial security if you are unable to earn a full income due to a covered injury, pregnancy or sickness. This Plan provides additional income after company-paid disability benefits under the Walgreens Company-Paid Disability Plan are exhausted. Coverage is only available to eligible Walgreen Co. team members – there is no coverage option for dependents.

This Voluntary Disability Plan has two available options for providing financial benefits to a covered team member, in the event the individual is unable to work due to a disability. These options both provide a benefit of 60% of covered pay, as long as you qualify – for up to a two year or five year period. **Effective January 1, 2019, these options both provide a benefit of 50% of covered pay, as long as you qualify – for up to a two year or five year period.** Eligible team members may enroll in either the two year or five year option, and pay for the coverage through after-tax paycheck deductions.

The Plan is meant to provide a disability benefit to covered team members, once the Company-Paid Disability Plan benefit ends. The Plan is coordinated with the Company-Paid Disability Plan, but these are separate plans with different rules governing qualification for disability benefits.

There is a 13-week elimination period before disability benefits begin under this Plan, but that elimination period may be reduced, so that benefits under this Voluntary Disability Plan begin as soon as benefits under the Company-paid plan end.

The Plan is an insured disability benefits program offered by the Prudential Insurance Company of America. Prudential reviews and approves your disability claims and pays disability benefits. The Benefits Support Center is also involved in the administration of the Plan, as is Sedgwick CMS for purposes of coordinating claims under this Plan and the Company-Paid Disability Plan.

## Eligibility

To be eligible for coverage under the Voluntary Disability Plan for Hourly Team Members, you must:

- Be an active employee, working in the United States, excluding Puerto Rico locations;
- Be paid on an hourly-basis (excluding hourly-paid pharmacists or registered nurses and hourly-paid team members who have a Benefit Indicator (BI) of 20 (Assistant Store Managers), 510 (Coordination Pay Band Team Members) or 511 (Analysis Pay Band

Team Members, who are eligible under a different plan);

- Work an average of 30 or more hours per week for the most recent 52 weeks (or since your start date if less than 52 weeks);
- Have at least 181 days of continuous service; and
- Be actively at work or on approved paid time off or a regularly scheduled day off on your initial date of coverage or when the illness or injury occurs. If you do not meet this requirement on your date of initial eligibility or onset of illness or injury, that coverage will be deferred until you return for one full day.

You are not eligible for coverage if you are:

- A team member of Healthcare Clinics (HCC) whose payroll is not processed from Walgreens payroll system.
- A team member who is covered by a collective bargaining agreement, unless that agreement specifically provides for your right to coverage by this Plan.
- On a personal leave of absence when the illness or injury occurs.
- A temporary or seasonal team member.

## Enrollment

### When to Enroll

#### Evidence of Insurability

If you meet the eligibility requirements, you can enroll in, cancel or change coverage in the Plan at any time. However, any enrollment or increase in coverage at any time other than within 62 days of initial eligibility is subject to passing Evidence of Insurability (EOI, or proof of good health). If your EOI is approved, your new coverage will be effective on the first day of the month, after EOI is approved.

### How to Enroll

To enroll in the Voluntary Disability Plan, go to *Your Benefits Support Center* website at [www.BenefitsSupportCenter.com](http://www.BenefitsSupportCenter.com) to apply online, or call the Benefits Support Center at 855-564-6153. If you enroll online, you will be linked to the Prudential enrollment website to answer health questions that will assist Prudential in determining your Evidence of Insurability (EOI or proof of good health). You will be notified by Prudential if additional documents are required (such as physician statements), along with how and when those documents should be submitted.

### When Coverage Begins

Your new coverage or increase in coverage will be effective the first day of the month following the date your

application is received, reviewed and approved, as long as you are working on the date your coverage would begin (if not, coverage is deferred until you return to work for one full day).

### Verifying Coverage

Once your coverage begins, the Company will start after-tax payroll deductions. It is your responsibility to make sure your premium is deducted from your paycheck. Your coverage is not in effect if there are no premium deductions taken from your paycheck. If your deductions do not begin within two pay periods from your effective date of coverage, or if your deduction amount is incorrect, contact the Benefits Support Center by calling 855-564-6153 to verify your coverage effective date. Payment of premiums does not activate coverage for any period during which you do not meet the actively working requirement.

### Your Insurance Certificate

You can obtain a copy of the insurance certificate for your coverage on *Your Benefits Support Center* website [www.BenefitsSupportCenter.com](http://www.BenefitsSupportCenter.com), or by calling the Benefits Support Center at 855-564-6153 to request a copy. If there are any discrepancies between the insurance certificate and this Summary Plan Description, the terms of the certificate will apply.

### Changing Your Coverage

You can change your coverage options, add or cancel coverage at any time, on *Your Benefits Support Center* website [www.BenefitsSupportCenter.com](http://www.BenefitsSupportCenter.com), or by calling the Benefits Support Center at 855-564-6153. Please note that any new coverage or increase in coverage you elect more than 62 days after your initial eligibility date is subject to passing Evidence of Insurability (EOI or proof of good health). You will be notified by the Benefits Support Center if additional documents are required (such as physician statements), along with how and when those documents should be submitted.

### Regaining Eligibility

If you lose eligibility for this coverage but remain actively employed or on an approved leave of absence, and then you later become eligible, you will regain eligibility for this Disability Plan. If your break in coverage is less than six months, your coverage in this Plan will automatically be reinstated, and paycheck deductions for premiums will resume. If you believe your coverage should be reinstated, but you do not see premium deductions from your paycheck, contact the Benefits Support Center at 855-564-6153. If your break in coverage is six months or longer, you must reapply for coverage, and be subject to passing

Evidence of Insurability (EOI or proof of good health) to be covered by this Plan again.

## Plan Options

Voluntary Disability Plan Benefits Dates of Disability Prior to 1/1/2019		
Option	Benefit Amount	Length of Benefit Payments
2-Year Option	60% of monthly earnings	Until no longer disabled or 24 months from the date of first payment under the Voluntary Disability Plan
5-Year Option	60% of monthly earnings	Until no longer disabled or 60 months from the date of first payment under the Voluntary Disability Plan

Voluntary Disability Plan Benefits Dates of Disability After 1/1/2019		
Option	Benefit Amount	Length of Benefit Payments
2-Year Option	50% of monthly earnings	Until no longer disabled or 24 months from the date of first payment under the Voluntary Disability Plan
5-Year Option	50% of monthly earnings	Until no longer disabled or 60 months from the date of first payment under the Voluntary Disability Plan

### Monthly Earnings

Your **monthly earnings** is determined by multiplying your hourly rate times your 52-week average weekly work hours (or your average since date of hire, if less than 52 weeks) multiplying by 52, and dividing by 12. For purposes of determining both your premiums for coverage and your disability benefit payments, your monthly earnings is generally measured as of a set date prior to initial enrollment, and then is reset annually, with potential exceptions for certain types of mid-year changes, as determined by Walgreens.

Prudential will determine **monthly earnings** based on the set covered pay amount reported by Walgreens prior to your date of disability. Monthly earnings includes base pay for all hours worked (including base pay for any overtime hours worked for hourly team members) but does not include income received from commissions, bonuses, overtime premium pay, any other extra compensation or income received from sources other than Walgreens.

If you become disabled while you are on a covered leave

of absence, monthly earnings will be determined as described above.

Premiums will most likely change each calendar year, based on changes to your age and salary and any other relevant factors.

## Plan Costs and Benefits

Once enrolled, team members pay for the cost of coverage through after-tax payroll deductions. Walgreens does not pay any portion of the cost for this Voluntary Disability Plan. If you receive disability benefits from Prudential through this Plan, no premiums are due while you are receiving disability payments.

The cost of coverage depends on your age, your monthly earnings (calculated once per year to determine your premium and disability benefit amount), and the plan you choose (2-year or 5-year option). If you continue coverage from year to year, your premiums will be recalculated each year, and your new coverage amount will begin on January 1 (based on your new monthly earnings calculation and age). Your age is calculated as of January 1<sup>st</sup> of the year you will move into a higher age bracket (so if you move to a higher age bracket in June, you will pay the higher rate beginning in January of that year).

The rates for both options are available on the enrollment site, [www.BenefitsSupportCenter.com](http://www.BenefitsSupportCenter.com)

**These rates are subject to change –so you should check for any updated information before enrolling in this Plan.**

## Responsible Parties

All benefits under this Plan are paid directly from the insurance carrier, The Prudential Insurance Company of America, and Prudential is directly responsible for the final adjudication of your disability claim under this Plan. Sedgwick CMS may forward information on your disability to Prudential, to aid in determining your benefits.

No deductions will be taken for taxes or benefits from any disability payments received from this Voluntary Disability Plan.

## Plan Features

### Elimination Period

The Voluntary Disability Plan is intended to coordinate with any benefits available through the Walgreens Company-Paid Disability Plan. In all cases, there is a Benefit Elimination Period before the Voluntary Disability Plan will begin payments. This Benefit Elimination Period is the earlier of the end of your Company-Paid Disability Plan benefit, or 13 weeks (91

days), per the following chart.

Benefits under the Voluntary Disability Plan may begin earlier than 13 weeks after the onset of your disability, if your benefits under the Company-Paid Disability Plan end sooner than 13 weeks. For example, if you were disabled for six weeks earlier in the calendar year, and received five weeks of disability plan benefits from the Company-Paid Disability Benefit Plan for Hourly-Paid Team Members, some of your calendar year benefits would be used. If you were later disabled from a different condition in the same calendar year, your benefit under the company-paid plan would only last six weeks, so you would have a shorter Benefit Elimination period before your Voluntary Disability Plan benefits would begin.

### Dates of Disability Prior to 1/1/2019

Hourly Team Members Disability Pay Coordination					
Week of Disability	Available PTO from Walgreens	Walgreens Full-Pay Disability Benefit	Walgreens Half-Pay Disability Benefit	VOLUNTARY	VOLUNTARY
				2-Year Income Replace Plan Option Pays	5-Year Income Replace Plan Option Pays
1 week waiting period	7 day waiting period (Full pay to supplement from PTO, sick or vacation time, if available)				
2 – 7		Full Pay			
8 – 13			50% of Pay (PTO, sick or vacation, if available to supplement)		
14 – 117				60% of Covered Pay (PTO, sick or vacation, if available to supplement)	60% of Covered Pay (PTO, sick or vacation, if available to supplement)
118 – 273					60% of Covered Pay (PTO, sick or vacation, if available to supplement)

### Dates of Disability After 1/1/2019

Hourly Team Members Disability Pay Coordination Effective 1/1/2019					
Week of Disability	Available PTO from Walgreens	Walgreens Full-Pay Disability Benefit	Walgreens Half-Pay Disability Benefit	VOLUNTARY	VOLUNTARY
				2-Year Income Replace Plan Option Pays	5-Year Income Replace Plan Option Pays
1 week waiting period	7 day waiting period (Full pay to supplement from PTO, sick or vacation time, if available)				
2 – 7		Full Pay			
8 – 13			50% of Pay (PTO, sick or vacation, if available to supplement)		
14 – 117				50% of Covered Pay (PTO, sick or vacation, if available to supplement)	50% of Covered Pay (PTO, sick or vacation, if available to supplement)
118 – 273					50% of Covered Pay (PTO, sick or vacation, if available to supplement)



## Taxes

Because you pay for this benefit with after-tax dollars, any benefit you receive from this Voluntary Disability Plan, should you become disabled, is income tax-free. There will be no deductions for taxes or Walgreen benefit plan premiums taken from any monthly benefit payments you receive from Prudential. If you receive benefits from Prudential through this plan, you should receive a year end W2 for informational purposes only.

## Voluntary Disability Coverage

If you are disabled but not yet receiving benefits from this Voluntary Disability Plan, because you have not yet met the elimination period for benefits, you must continue to pay premiums for this Plan to keep your coverage in force. If, due to a leave of absence or other circumstances, the amount of your pay from the Company is not sufficient for the Company to deduct full premiums for your voluntary coverage under this Plan, you must contact the Benefits Support Center at 855-564-6153 to make arrangements to pay directly for your Plan coverage. If you fail to do so, your coverage will terminate after a period of 60 days of unpaid or partial-paid coverage.

## Deductible Sources of Income

If you receive disability related benefits from other sources and/or Social Security disability or retirement-related income, your benefits under this Plan will be reduced, or offset, by the total amount(s) received from these sources as their primary benefit. The "Primary Offset Benefit" amount is the total amount you, the covered team member, receive from other sources.

Your benefits under this Plan will be reduced by the amount of benefits you are eligible to receive from other sources, such as (but not limited to):

- Social Security disability and/or retirement benefits,
- Workers' Compensation,
- state-mandated or Commonwealth-mandated disability plans,
- any other disability plan to which Walgreens or any other employer sponsors or contributes,
- disability benefits from any employer-sponsored retirement or pension plan,
- wages received under maritime doctrine of maintenance, wages and cure,
- amounts received from a partnership, proprietorship or any similar draws, and
- Unemployment insurance.

For example, suppose your pre-disability monthly earnings are \$3,000 per month and you receive \$500 per month from Social Security with an additional Social

Security dependent benefit amount of \$500. Your benefit from this Voluntary Disability Plan would be calculated as follows:

### Dates of Disability Prior to 1/1/2019

Base salary	\$3,000/month
Disability benefit (60%)	\$1,800/month
Social Security benefit	<u>- \$1,000/month</u>
Benefit after offset	\$800/month

### Dates of Disability After 1/1/2019

Base salary	\$3,000/month
Disability benefit (50%)	\$1,500/month
Social Security benefit	<u>- \$1,000/month</u>
Benefit after offset	\$500/month

Any benefit you receive from this Voluntary Disability Plan is not taxable to you because you paid the premium for this benefit with after-tax dollars.

You are required to promptly apply for all other income benefits for which you are potentially eligible and to promptly appeal any other income claim denial. If you fail to do so, your benefits under this Voluntary Disability Plan will be reduced by the estimated amount of the Primary Offset Benefit you could have received if your claim had been approved. Your benefits may be withheld entirely until you do apply for the offset benefit, including appeals of these claims. If you receive benefits under this Voluntary Disability Plan, and are later awarded benefits from one or more of the sources listed, you must reimburse the Plan for any overpayment the award causes. Plan benefits may also be delayed while Primary Offset Benefits are pending.

If you receive other income benefits in a lump sum instead of in monthly payments, you must provide to Prudential, satisfactory proof of the breakdown for the lump sum amount attributable to lost income, and the time period for which the lump sum is applicable. If you do not provide this information, your monthly benefit will be reduced by an amount equal to the total lump sum. In that case, Prudential will withhold your benefit each month until the calculated lump sum has been exhausted. However, if Prudential is given proof of the time period and amount attributable to lost income, any appropriate adjustments will be made.

In the event any benefits eligible as offsets are denied because a claim was not filed in the required time frame, benefits from this Voluntary Disability Plan will be reduced by assuming that plan's maximum disability benefit would have been awarded.

# Definitions & Plan Details

## What it means to be disabled

You must be considered “disabled” to receive Plan benefits. For purposes of the Voluntary Disability Plan, “Disability” is defined as follows:

### Option 1 (2 Year Plan):

You are disabled when Prudential determines that:

- you are unable to perform the material and substantial duties of your regular occupation due to your sickness or injury;
- you are under the regular care of a doctor; and
- you have a 20% or more loss in your monthly earnings due to that sickness or injury.

### Option 2 (5 Year Plan):

Regular Occupation Period. You are disabled when Prudential determines that:

- you are unable to perform the material and substantial duties of your regular occupation due to your sickness or injury;
- you are under the regular care of a doctor; and
- you have a 20% or more loss in your monthly earnings due to that sickness or injury.

Gainful Occupation Period. After **24** months of payments, you are disabled when Prudential determines that due to the same sickness or injury:

- you are unable to perform the duties of any gainful occupation including self-employment, that is or can be expected to provide you with an income within 12 months of your return to work that exceeds 60% of your monthly earnings, for which you are reasonably fitted by education, training or experience; and
- you are under the regular care of a doctor.

While working during Regular Occupation Period disability earnings cannot exceed 80% of indexed pre-disability earnings. During the Gainful Occupation Period disability earnings cannot exceed 60% of indexed pre-disability earnings.

Your loss of earnings must be a direct result of your illness, pregnancy or injury. Economic factors such as, but not limited to, recession, job obsolescence, pay cuts and job-sharing will not be considered in determining whether you meet the loss of earnings test.

For an employee whose occupation requires a license,

"loss of license" or inability to qualify for a license for any reason does not constitute disability.

You may be required to submit to an independent medical examination (IME), sign a written authorization to release medical records and furnish medical records. If you fail to complete a requested IME, furnish requested medical records or provide a written authorization for release of medical records, each in a timely fashion, disability benefits will cease.

In some cases, you will be required to give Prudential authorization to obtain additional medical information, and to provide non-medical information (e.g., copies of your IRS federal income tax return, W-2s and 1099s) as part of your proof of claim, or proof of continuing disability. This proof, provided at your expense, must be received within 30 days of a request by Prudential.

"Regular care" means:

- one personally visits a doctor as frequently as is medically required, according to generally accepted medical standards, to effectively manage and treat one’s disabling condition(s); and
- one is receiving the most appropriate treatment and care, which conforms with generally accepted medical standards, for one’s disabling condition(s) by a doctor whose specialty or experience is the most appropriate for one’s disabling condition(s), according to generally accepted medical standards.

"Regular occupation" means the occupation you are routinely performing when your disability begins. Prudential will look at your occupation as it is normally performed instead of how the work tasks are performed for a specific employer or at a specific location.

“Material and substantial duties” means duties that:

- are normally required for the performance of your regular occupation; and
- cannot be reasonably omitted or modified.

“Sickness” means any disorder of your body or mind, but not an injury; pregnancy including abortion, miscarriage or childbirth. A disability must begin while you are covered under the plan.

“Injury” means a bodily injury that:

- is the direct result of an accident;
- is independent of sickness;
- occurs while you are covered under the Plan; and
- results in immediate disability. Disability must begin while you are covered under the Plan.

## Benefit Maximums

The maximum benefit this plan will pay is \$10,000 per month.

Benefits under this Plan reduce or end if you are released to return to work on a regular, full-time or part-time basis, or you are no longer disabled as defined by this Plan. This requirement is modified by the terms of the Residual Benefit section, discussed later in this document.

If you remain disabled as defined by the Plan, benefits may continue according to the following maximum benefit period schedule:

### 2-Year Option

Disability begins at age	Maximum benefit period:
Under age 68	24 months
Age 68	To age 70
Age 69 or older	12 months

### 5-Year Option

Disability begins at age	Maximum benefit period:
Under age 65	60 months
Age 65 - 68	To age 70
Age 69 or older	12 months

The benefit period may be shorter for certain disabling conditions. (See the "Plan Limitations" section.)

## Benefit Minimums

Should your benefit under this voluntary disability plan be reduced under the Residual Disability, Return to Work or Deductible Sources of Income features of the Plan your actual monthly benefit from this Plan will be at least 10% of your benefit before reductions for other income, or \$100 (whichever is greater).

For example, if your base rate of pay is \$2,000 per month, your normal disability benefit (60%) is \$1,200 per month, and you are receiving \$1,300 per month from primary and family Social Security benefits, your monthly benefit from this Plan will be calculated as follows:

### Dates of Disability Prior to 1/1/2019

Base salary	\$2,000/mo
Normal Plan Benefit 60%	\$1,200/mo
SS Disability Benefit	\$1,300/mo
Benefit after offset	\$0

Minimum Plan benefit paid \$120/mo\*

\*The greater of 10% of \$1,200 (\$120) or \$100.

### Dates of Disability After 1/1/2019

If your base rate of pay is \$2,000 per month, your normal disability benefit (50%) is \$1,000 per month, and you are receiving \$1,300 per month from primary and family Social Security benefits, your monthly benefit from this Plan will be calculated as follows:

Base salary	\$2,000/mo
Normal Plan Benefit 50%	\$1,000/mo
SS Disability Benefit	\$1,300/mo
Benefit after offset	\$0
Minimum Plan benefit paid	\$100/mo*

\*The greater of 10% of \$1,000 (\$100) or \$100.

## Restrictions Applying to Benefits

In no case will disability benefits be payable after the earliest of the following events:

- you are able to return to work on a regular, full-time basis,
- you are no longer disabled as defined by this Plan,
- you are no longer under the regular care of a physician,
- you fail to furnish proof of continuing disability when requested by Prudential,
- you do not participate in an approved rehabilitation program as described in "Mandatory Rehabilitation Requirements", or
- you die.

## Right to Recover Overpayments

The Prudential Insurance Company of America or its designated agent has the right to recover from you any amount determined to be an overpayment. You have the obligation to repay Prudential any such amount. Rights and obligations in this regard are set forth in the reimbursement agreement you are required to sign when you submit a claim for benefits under this Plan. The agreement confirms you will repay all overpayments and authorizes Prudential, or its designated agent, to obtain any information relating to other income benefits. An overpayment occurs when it is determined that the total amount paid on your claim is more than the total of the benefits due under this Plan.

The overpayment equals the amount paid in excess of the amount that should have been paid under this Plan.

An overpayment also occurs when payment is made that should have been made under another group plan. In that case, Prudential, or its designated agent, may recover the payment from one or more of the following:

- any other organization; or
- any person to or for whom payment was made.

Prudential may recover the overpayment by:

- offsetting against any future benefits payable to you or your survivors, and/or
- demanding an immediate refund of the overpayment from you, and/or,
- taking civil actions to recover any Plan overpayments.

As part of your claims/appeals rights described in this booklet, you have the right to appeal any overpayment recovery or demand.

## Recurrent Disabilities

If you return to work after a disability (and are not eligible for residual disability benefits), meet the Plan's eligibility requirements, and then become disabled again, the following rules apply to the way your benefits are paid.

Your benefit under this Voluntary Disability Plan may be treated as part of your prior claim, so that you will not need to complete another elimination period provided:

- The recurrent disability occurs within six months of the end of the prior claim; and
- You are continuously insured under this voluntary disability plan, with paid premiums between the prior claim and the new disability.

Your new disability will not be considered a continuation of your original disability if your new disability starts more than six months after your return to full-time employment, or if you have not been continuously insured under this Plan. In this situation, you must meet the eligibility requirements for a new disability, and must meet a new elimination period.

A "recurrent disability" is defined as a disability which is:

- caused by a worsening in your condition; and
- due to the same cause(s) as your prior disability for which Prudential made a disability payment.

## Leaves of Absence

Walgreens policies regarding leaves of absence and employment status are independent of your rights to disability benefits under this Plan. The duration of your disability benefit is based solely on the terms and conditions of this Plan, while the duration of any leave of absence (and your continued employment status) is based on separate policies and legal rules. At the time your disability leave commences, Walgreens or its agent, Sedgwick, will provide you with information regarding leaves of absence and employment status.

**If you are not receiving paid disability benefits from the Walgreens Company-Paid Disability Plan for Hourly Team Members you must apply for an Unpaid Medical Leave of Absence while you are not working due to disability, to maintain your employment status with Walgreens.**

## Partial Disability Benefits

If your disability is such that you can work — but are not able to earn more than 80% of your indexed prior earnings, as defined below — you may be eligible for a reduced benefit, called a Partial Disability Benefit. This feature encourages you to return to work when physically able.

A partial disability is any disability that prevents you from performing on a normal full-time basis, one or more of the essential duties of your regular occupation, but allows you to work at your regular or any occupation, on less than a normal full-time basis. The wages you earn while on a partial disability are called your partial disability wages. Partial disability benefits are only available from this Voluntary Disability Plan when you have met all other Plan requirements.

## Indexed Monthly Earnings

In determining your eligibility for a partial benefit amount, the Plan uses a special definition of your monthly earnings called indexed monthly earnings.

**Indexed monthly earnings** means your monthly earnings as adjusted on each July 1 provided you were disabled for all of the 12 months before that date. Your monthly earnings will be adjusted on that date by the lesser of 10% or the current annual percentage increase in the Consumer Price Index. Your indexed monthly earnings may increase or remain the same, but will never decrease.

The Consumer Price Index (CPI-W) is published by the U.S. Department of Labor. Prudential reserves the right to use some other similar measurement if the Department of Labor changes or stops publishing the

CPI–W. Indexing is only used to determine your percentage of lost earnings while you are disabled and working.

While working during Regular Occupation period, disability earnings cannot exceed 80% of indexed monthly earnings. After the Regular Occupation period, disability earnings cannot exceed 60% of indexed monthly earnings.

## Special Return-to-Work Benefit

The Special Return-to-Work Benefit is designed to encourage you to return to work as soon as you are able. If you return to work on a partial disability basis, your payments under this Voluntary Disability Plan will not be reduced by any earnings you receive provided:

- You are within the first 12 months of working part-time and receiving benefits from this Plan, and
- The total of your disability benefit under this Plan and your disability earnings do not exceed 100% of your pre-disability earnings.

If you continue to work on a partial disability basis after the maximum 12 month Return to Work Period, your benefit under this Plan will be based on a percentage of your lost income.

For example, suppose you’re covered under the 2-year option, and your monthly earnings are \$3,000 a month, and your partial disability wages are \$1,000 a month. Your return-to-work benefit would be calculated as follows:

### Dates of Disability Prior to 1/1/2019

#### *Example A*

Monthly earnings	\$3,000/month
Disability normal benefit (60% of monthly earnings)	\$1,800/month
Partial disability wages	<u>+ \$1,000/month</u>
Total income from all sources	\$2,800/month
Return-to-work benefit	\$1,800/month

In Example A, your return-to-work benefit equals your disability normal benefit, since your total income from all sources (\$2,800) does not exceed your monthly earnings of \$3,000.

#### *Example B*

If using the same example, your monthly earnings are the same, but you earn partial disability wages of \$2,000 a month. In this case, your return-to-work benefit would be calculated as follows:

Monthly earnings	\$3,000/month
Disability normal benefit (60% of monthly earnings)	\$1,800/month
Partial disability wages	<u>+ \$2,000/month</u>
Total income from all sources	\$3,800/month
Excess benefit (\$3,800-\$3,000)	\$800/month
Return-to-work benefit (\$1,800-\$800)	\$1,000/month

In Example B, the return-to-work benefit is \$800 less than the disability normal benefit, since your total income from all sources cannot be greater than your monthly earnings (in this case \$3,000).

### Dates of Disability After 1/1/2019

#### *Example A*

Monthly earnings	\$3,000/month
Disability normal benefit (50% of monthly earnings)	\$1,500/month
Partial disability wages	<u>+ \$1,000/month</u>
Total income from all sources	\$2,500/month
Return-to-work benefit	\$1,500/month

In Example A, your return-to-work benefit equals your disability normal benefit, since your total income from all sources (\$2,500) does not exceed your monthly earnings of \$3,000.

#### *Example B*

If using the same example, your monthly earnings are the same, but you earn partial disability wages of \$2,000 a month. In this case, your return-to-work benefit would be calculated as follows:

Monthly earnings	\$3,000/month
Disability normal benefit (50% of monthly earnings)	\$1,500/month
Partial disability wages	<u>+ \$2,000/month</u>
Total income from all sources	\$3,500/month
Excess benefit (\$3,500-\$3,000)	\$500/month
Return-to-work benefit (\$1,500-\$500)	\$1,000/month

In Example B, the return-to-work benefit is \$500 less than the disability normal benefit, since your total income from all sources cannot be greater than your monthly earnings (in this case \$3,000).

## Normal Partial Disability Benefits

If you are still partially disabled after 12 months of receiving benefits under this Voluntary Disability Plan, the Plan will apply a Partial Disability Earnings Test to determine if your benefits under this plan will be reduced for any Partial Disability Wages.

### 2-Year Plan

- While receiving benefits under this Plan during months 12-24, your Plan benefits will be calculated based on the percentage of income you are losing due to your disability as long as your disability wages are between 20% and 80% of your indexed prior earnings.

### 5-Year Plan

- During months 12-24 of receiving benefits under this Plan, your Plan benefits will be calculated based on the percentage of income you are losing due to your disability as long as your disability wages are between 20% and 80% of your indexed prior earnings.
- After 24 months of receiving benefits under this Plan, your Plan benefits will be calculated based on the percentage of income you are losing due to your disability as long as your disability wages are between 20% and 60% of your indexed prior earnings.

### Example C

Suppose you're enrolled in the 5-year option, and before you became disabled your monthly earnings were \$3,000 a month and after 24 months of receiving benefits under this Voluntary Disability Plan, your partial disability wages are \$1,500/month. Your indexed prior earnings are calculated according to the Consumer Price Index for the most recent 12-month period (not to exceed a 10% maximum change per 12-month period). Your normal partial disability benefit amount would be calculated as follows:

### Dates of Disability Prior to 1/1/2019

Monthly earnings	\$3,000
Indexed prior earnings	\$3,200
Indexed benefit @ 60%	\$1,920
Partial Disability Wages	<u>\$1,500</u>
% of income lost	53%
Partial benefit payable	1017.60

In this example, the percentage of income lost is calculated by subtracting your Partial Disability Wages (1,500) from your indexed prior earnings (3,200) and then

dividing that answer by your indexed prior earnings (3,200). Your benefit under this Plan would be the percentage of income lost multiplied by the indexed benefit (1,920 x .53).

### Dates of Disability After 1/1/2019

Monthly earnings	\$3,000
Indexed prior earnings	\$3,200
Indexed benefit @ 50%	\$1,600
Partial Disability Wages	<u>\$1,500</u>
% of lost income	53%
Partial benefit payable	\$848

In this example, the percentage of income lost is calculated by subtracting your Partial Disability Wages (1,500) from your indexed prior earnings (3,200) and then dividing that answer by your indexed prior earnings (3,200). Your benefit under this Plan would be the percentage of income lost multiplied by the indexed benefit (1,600 x .53).

## Other Benefits

### Mandatory Rehabilitation Requirements

Disabled individuals often need to follow a program of vocational rehabilitation services in order to regain the ability to work productively. The Prudential Insurance Company of America will work with you when appropriate to develop a work rehabilitation plan. This will allow you to return to work on a full- or part-time basis, in an occupation for which you are reasonably qualified, taking into account your training, education, experience and past earnings. This program could include vocational training and/or physical therapy. If you decline to participate in a Prudential-approved work rehabilitation plan, you will no longer be eligible for any benefits from this Plan.

### Enhanced Rehabilitation Benefits

While you are receiving benefits under this Plan, and actively participating in a Prudential approved rehabilitation program, the Plan will pay enhanced benefits to you for a maximum of six months. The benefit enhancement may include:

- An additional benefit up to 5% of your monthly payment. However, the monthly rehabilitation payment, together with your monthly payment, will not exceed the maximum monthly payment.
- An additional monthly payment up to \$500, for eligible day care expenses for each eligible child.
- An additional monthly payment up to \$500, for eligible elder and spouse care expenses for the care of each eligible family member.

Please contact Prudential at 800-842-1718, for more information on Rehabilitation Benefits.

## Survivor Benefit

The Plan will pay a benefit to your eligible survivors if you die while you are disabled and receiving voluntary disability benefits under this Plan at the time of your death. The survivor benefit will be paid in a single lump sum, and will be equal to three times your most recent gross monthly benefit. The benefit is payable to your spouse/partner (as defined by Walgreens for its medical plan qualifications), if living at the time payment is made. Otherwise, it is payable by dividing the benefit amount equally among your eligible children. If there is no eligible survivor, the benefit will be paid to your estate.

Eligible children are your unmarried children, your eligible spouse/partner's unmarried children, your unmarried adopted children, and unmarried children placed for adoption with you prior to legal adoption being final, and all under age 25.

To file a claim for this benefit, your survivor should contact Prudential at 800-842-1718. Please keep this booklet with your other important papers so your beneficiaries will know the correct procedures to follow.

## Filing a Claim

If you file a claim under the Company Paid Disability Plan for Hourly Team Members through Sedgwick CMS Disability Claim Center at 877-872-0911 or TTY Line (Teletypewriter for the hearing impaired) 901-531-4554, Sedgwick will forward your claim information to Prudential, once you are getting close to the end of the elimination period for benefits under this Plan, so you may not need to file a separate claim through Prudential.

If you need to file a claim directly with Prudential for benefits under this Plan, it's important to follow the correct benefit claim procedure.

### How to File a Claim

To submit a claim for benefits under this Plan, call Prudential at 800-842-1718 between 8 am and 11 pm, Eastern Time, Monday – Friday. You can speak to a trained disability specialist or follow the prompts to record your disability information. You may also file a claim online by logging into [www.prudential.com/mybenefits](http://www.prudential.com/mybenefits). Click on “Report Time out of Work” and follow the instructions to complete the Interactive Claimant Submission form. You should ensure your claim has been filed with Prudential within 30 days of the start of your disability. However, you must give Prudential written proof of your claim no later than 90 days after your elimination period ends. If it is not possible to give proof within 90 days, it must be given no later than 1

year after the time proof is otherwise required except in the absence of legal capacity.

You should have the following information ready when you report your claim:

- Company Name: Walgreens
- Company Control Number: 42097
- Your Employee ID or Social Security number
- Your address and telephone number
- Your date of birth
- Your job title
- Your doctor's name, phone number and fax number
- Your last day worked and first day absent due to the condition
- The date you expect to return to work
- Whether your absence is work-related.

Prudential will contact you if additional information is needed.

To process your claim for disability, Prudential will need a statement from you, your doctor and Walgreens. When you speak to a Prudential specialist, he or she will obtain your information. Prudential will then request the necessary information for your doctor and Walgreens. A decision will be made after all this information is reviewed.

Be sure to tell your doctor that he or she will be contacted by Prudential, to obtain information concerning your disability. Your doctor will need authorization from you to provide Prudential with any of your medical information. In most cases, you must provide each doctor with a signed authorization to release medical information. You may use the authorization form provided by the medical provider. You will also be required to sign and return an authorization form for release of information before any benefit will be approved. Prudential will attempt to work directly with your doctor to obtain the needed medical history information, but it is your responsibility to provide these proofs of disability.

If you are unable to personally file your claim, you may have a friend or relative file it on your behalf, following the procedures in this section. If you need to designate someone to authorize the release of any health information, you will need to appoint a person with power of attorney to act in your place. This requires a formal document.

It is your responsibility to pay for any charges by your medical provider to furnish medical information or copies of medical records. The company will not reimburse you or your medical provider for these

expenses.

When necessary, Prudential may use the services of outside consultants and other sources to aid in the evaluation of your disability status. Prudential reserves the right to determine whether your disability qualifies for benefits.

As a condition of receiving benefits, you may be required to submit to an independent medical examination (IME), which would be paid for by Prudential. If you do not complete the requested IME in a timely manner, disability benefits will cease (or not be approved). Prudential has the right to request an IME, but is not obligated to do so.

You should contact Prudential again by phone or online if:

- You have updated information
- You are unable to return to work when planned
- You have returned to work or are returning
- You want to report your delivery date
- You need forms.

If you have questions on the status of your disability claim or payments, please call Prudential at 800-842-1718, or log into [www.prudential.com/mybenefits](http://www.prudential.com/mybenefits).

If you are eligible for state disability benefits from New York, Rhode Island, New Jersey, California or Hawaii, you are responsible for filing your separate disability claim for the state plan. Upon receipt of the Explanation of Benefits (EOB) from that plan, you must provide a copy of the EOB to Prudential before any voluntary disability benefit payment will be made.

**Please Note:** *If you are eligible for workers' compensation and/or state disability payments, benefit approval and payment information for those plans must be submitted to Prudential in order to receive benefit payments from this Plan.*

## Procedures for Reviewing Claims

The claims procedures described below are prescribed by a federal law called the Employee Retirement Income Security Act of 1974 (ERISA). The following disability Claims and Appeals Procedures apply only to disability claims filed on or after April 1, 2018.

Initial Claims Determinations: All formal benefit claims under the Plan will be reviewed by Prudential (the insurance carrier), or any third party engaged by Prudential for this purpose (collectively, the "Claim Administrator"), which will make its decision, based on

the information submitted by you, within 45 days after the claim is submitted. By notice to you before this period ends, the Claim Administrator may extend this deadline by up to 30 additional days if it determines that a decision cannot be made during the initial period for reasons beyond the control of the Plan. An extension notice will specify the length of the extension and inform you that a decision cannot be made within the deadline because of reasons beyond the control of the Claim Administrator. A second extension of up to an additional 30 days also may be declared. If such an extension is necessary, the notification will include a description of the circumstances requiring the extension and an estimate of the decision date.

## Claim Denials

If your claim is denied, the Claim Administrator will send you a notice that will:

- be written in a manner that you should understand;
- include the specific reasons for the adverse benefit determination;
- refer to the provisions of the Plan on which the determination was based;
- describe any additional material or information necessary to perfect the claim and explain why the additional material is necessary;
- explain the Plan's review procedures including relevant deadlines;
- include a statement of your right to bring a civil action under ERISA after receiving a final determination upon appeal. The notice will also include an explanation of any applicable contractual limitation period for bringing a civil action under section 502(a) of ERISA, and a description of the calendar date on which the limitations period expires;
- identify any internal rule, protocol or criterion that was relied on in making the adverse benefit determination or, alternatively, a statement that no such specific rule, guideline, protocol, standard or criterion exists;
- include a language assistance notice in Chinese, Tagalog, Navajo and Spanish;
- if advice is obtained from medical or vocational experts in connection with an adverse benefit determination that is inconsistent with its decision, an explanation as to why the Claims Administrator disagreed with, or did not follow, this advice without regard to whether the advice was relied on in making the determination; and
- an explanation of disagreement with any



disability determination made by the Social Security Administration (SSA), or any view of health care professionals who are treating you or vocational experts who are evaluating your claim to the extent you presented such determination or views to the Claims Administrator.

## Appealing a Denied Claim

To appeal a claim denial, you must send your written appeal to Prudential within 180 days of receiving notice of the claim denial. Your appeal should contain:

- Your name, control number (42097), and Social Security number (or claim number)
- The reasons that you disagree with the determination
- Medical evidence or information to support your position such as:
  - Copies of therapy treatment notes
  - Any additional treatment records from physicians
  - Actual test results (e.g. EMG, MRI)

Your appeal may also contain written comments, documents, records and other pertinent information. You will be given reasonable access to, and copies of, all documents, records and other information relevant to the claim. It is essential that you supply all information or opinions that you believe may be relevant to the claim. To be assured of a proper response to the appeal, it must be directed to Prudential Appeals Review Unit at:

Appeals Review Unit  
The Prudential Insurance Company of America  
Disability Management Services  
PO Box 13480  
Philadelphia, PA 19176  
Phone: (800) 842-1718  
Fax: (877) 889-4885

## Prudential's Review of Appeal

The appeal will be conducted by the Prudential Appeals Review Unit, and the reviewer will be a named fiduciary who is neither the individual nor a subordinate of the individual who made the initial denial. This reviewer will not give deference to the initial benefit determination and will take into account all comments, documents, records and other information that you submit relating to the claim, without regard to whether the information was submitted or considered in the initial benefit determination.

If the initial denial was based on a medical judgment, the reviewer will consult with a health care professional who has appropriate training and experience in the medical

field. This health care professional will not be an individual who was consulted in connection with the initial benefit determination or the subordinate of any such individual.

## Potential Review of Appeal by the Plan Administrator

If Prudential determines that the appeal presents material issues that are outside the expertise or purview of the Prudential Appeals Review Unit (such as hours worked, employment status or new or unique procedural or Plan interpretation issues), then the decisions will be subject to further review by the Plan Administrator. You will be notified if such a further review will be performed. Unless you are instructed that additional information is needed for this review, you will not be required to submit any further information to the Plan Administrator (although you may do so if you wish). The Plan Administrator's decision will be based on all information submitted by you and any other information that the Plan Administrator considers relevant.

## Notice of Decision on Appeal

Regardless of whether the Plan Administrator gets involved in the decision, you will be notified of the benefit determination within 45 days of the receipt of the appeal. By notice to you before this period ends, Prudential may extend this deadline by up to 45 additional days if it determines that a decision cannot be made during the initial period for reasons beyond the control of the Plan. If any adverse benefit determination is anticipated during the appeal review, you will be provided with the new information or rationale sufficiently in advance of the appeal decision to allow you a reasonable opportunity to respond. An extension notice will specify the length of the extension and inform you that a decision cannot be made within the deadline because of reasons beyond the control of Prudential.

If the decision on appeal is denied, the Prudential Appeals Review Unit will provide you with a notice of the denial that will:

- be written in a manner that you should understand;
- include the specific reasons for the denial;
- refer to the provisions of the Plan on which the determination was based;
- inform you that, upon request and free of charge, you are entitled to reasonable access to and copies of all documents, records and other information relevant to your claim;
- explain the Plan's claim review procedures (including relevant time limits) and your right to bring legal action under ERISA;

- include an explanation of any applicable contractual limitation period for bringing a civil action under section 502(a) of ERISA, and a description of the calendar date on which the limitations period expires for filing any legal action;
- identify any internal rule, guideline, protocol, standard or criterion that was relied on in making the adverse benefit determination or, alternatively, a statement that no such specific rule, guideline, protocol, standard or criterion exists;;
- if the advice of a health care professional or vocational expert was obtained, identify such person or persons;
- if advice is obtained from medical or vocational experts in connection with an adverse benefit determination that is inconsistent with the appeal decision, an explanation as to why the Claims Administrator disagreed with, or did not follow, this advice without regard to whether the advice was relied on in making the determination;
- an explanation of disagreement with any disability determination made by the SSA, or any view of health care professionals who are treating you or vocational experts who are evaluating your claim to the extent you presented such determination or views to the Claims Administrator;
- include a language assistance notice in Chinese, Tagalog, Navajo and Spanish; and
- notify you that you can contact the Department of Labor to learn about other voluntary dispute resolution options.

## General Claims/Appeals Information

Both in the context of initial claims determination and in the context of reviewing appeals, there may be situations where Prudential needs additional information from you before it can make its determination. If that is the case, you will be notified of the specific information that is needed and/or any issues that need to be resolved, and you will be given a reasonable period of time to supply the needed information (generally 30 days). In such situations, the deadlines for responding to the claim or appeal may be put on hold while the receipt of this additional information is pending.

The claims and appeals reviewers described above will apply their judgment to claims and appeals in a manner that they deem to be consistent with the Plan and any rules, regulations or prior interpretations of the Plan.

Those reviewers will make their decisions in a manner that they believe will apply the Plan consistently to similarly situated participants.

The authority granted to these claims and appeals reviewers to construe and interpret the Plan and make benefit determinations, including claims and appeals determinations, shall be exercised by them (or persons acting under their supervision) as they deem appropriate in their sole discretion. Benefits under this Plan will be paid or provided to you only if these reviewers decide in their discretion that you are entitled to them. All such benefit determinations shall be final and binding on all persons, except to the limited extent to which the Prudential Appeals Review Unit's decisions are subject to further review by the Plan Administrator.

You must first utilize the claim and appeal rights described above before you may properly assert any claims in court. If you fully exhaust these rights, but remain dissatisfied with the outcome of your appeal, you may challenge the decision in an ERISA Section 502(a) benefit claim. No such legal action may be commenced more than one year, or later if required by state or federal law, after (i) the date you are informed of the decision on your appeal, or (ii) the date you are informed of the last claim decision if you attempt to file legal action without utilizing all of the required claim and appeal rights. See venue provision in the "Enforce Your Rights" section.

If you believe a violation of the Plan rules related to your claim may have occurred, you may write to the Claims Administrator for an explanation. The Claims Administrator has the option of providing a response within 10 days of your notice.

## Plan Limitations

Some situations are not covered by this Plan, or there may be limitations imposed by this Plan on coverage or benefits.

## Pre-existing Conditions

In most cases, there is a pre-existing condition limitation applying to the Voluntary Disability Plan for Hourly Team Members.

You have a pre-existing condition if both 1. and 2. are true:

1. (a) You received medical treatment, consultation, care or services, including diagnostic measures, or took prescribed drugs or medicines, or followed treatment recommendation in the three months just prior to your effective date of coverage or the date an increase in benefits would otherwise be available; or

(b) you had symptoms for which an ordinarily prudent person would have consulted a health care provider in the three months just prior to your effective date of coverage or the date an increase in benefits would otherwise be available.

2. Your disability begins within 12 months of the date your coverage under the Plan becomes effective.

If you lose eligibility for coverage under the Plan, and later regain eligibility, this pre-existing condition limitation will again apply beginning with your new coverage effective date.

The pre-existing condition limitation does not apply for Plan participants who enrolled in the Plan during the initial enrollment period of March 16 through April 30, 2018, and have been continuously covered by the Plan within the same coverage option.

## Psychiatric Conditions, Alcohol, Drug, Substance Abuse or Dependency

Disabilities which, as determined by Prudential, are due to **mental illness** have a limited pay period during your lifetime. The limited pay period for mental illness is 24 months during your lifetime. Prudential will continue to send you payments for disabilities due to mental illness beyond the 24 month period if you meet one or both of these conditions

1. If you are **confined** to a **hospital or institution** at the end of the 24 month period, Prudential will continue to send you payments during your **confinement**. If you are still disabled when you are discharged, Prudential will send you payments for a recovery period of up to 90 days. If you become reconfined at any time during the recovery period and remain confined for at least 14 days in a row, Prudential will send payments during that additional confinement and for one additional recovery period up to 90 more days.

2. In addition to item 1, if, after the 24 month period for which you have received payments, you continue to be disabled and subsequently become confined to a hospital or institution for at least 14 days in a row, Prudential will send payments during the length of the confinement.

Prudential will not pay beyond the limited pay period as indicated above, or the maximum period of payment, whichever occurs first.

Prudential will not apply the mental illness limitation to dementia if it is a result of:

- stroke;
- trauma;
- viral infection;
- Alzheimer’s disease; or
- other conditions not listed which are not usually treated by a mental health provider or other qualified provider using psychotherapy, psychotropic drugs or other similar methods of treatment as standardly accepted in the practice of medicine.

**Mental illness** means a psychiatric or psychological condition regardless of cause. Mental illness includes but is not limited to schizophrenia, depression, manic depressive or bipolar illness, anxiety, somatization, **substance related disorders** and/or adjustment disorders or other conditions. These conditions are usually treated by a mental health provider or other qualified provider using psychotherapy, psychotropic drugs or other similar methods of treatment as standardly accepted in the practice of medicine.

## Exclusions & Discontinuation of Benefits

The Voluntary Disability Plan does not cover any disabilities caused by, or resulting from employees:

- intentionally self-inflicted injuries;
- active participation in a riot; or
- commission of a crime for which you have been convicted under state or federal law.

The Plan does not cover a disability due to a pre-existing condition as defined in the “Pre-existing Conditions” section above.

The Plan does not cover a disability due to war, declared or undeclared or any act of war.

Prudential will stop sending you payments while you are incarcerated as a result of a conviction.

Prudential will stop sending you payments and your claim will end on the earliest of the following:

1. During the first 24 months of payments, when you are able to work in your regular occupation on a part-time basis but you choose not to;
2. After 24 months of payments, when you are able to work in any gainful occupation on a part-time basis but you choose not to.
3. The end of the maximum period of payment.
4. The date you are no longer disabled under the terms of the Plan.
5. The date you fail to submit proof of continuing

- disability satisfactory to Prudential.
- 6. The date your disability earnings exceed the amount allowable under the Plan.
- 7. The date you die.
- 8. The date you decline to participate in a rehabilitation program that Prudential considers appropriate for your situation and that is approved by an independent doctor.

**Maximum period of payment** means the longest period of time Prudential will make payments to you for any one period of disability.

**Part-time basis** means the ability to work and earn 20% or more of your indexed monthly earnings.

**Please Note:** *Loss, restriction, non-issuance, revocation or non-renewal of any license, permit or certification required to engage in an occupation will not be considered a disability.*

## When Coverage Ends

Your coverage under this Plan ends when you no longer meet the Plan's eligibility requirements.

### Loss of Eligibility

Failure to meet the eligibility requirements will result in a loss of disability coverage under this Plan. You will not be covered by this Plan when any of the following occur:

- your 52-week work average (or average since your date of first becoming eligible for this coverage, if less than 52 weeks) is below 30 hours per week on your first day of disability;
- you are no longer actively working in a position eligible for this Plan (unless you are receiving disability benefits from this Plan);
- the Company discontinues the Plan;
- you are still an active employee of the Company, but your initial date of disability is more than 30 days after the latest of your last day worked or the end of a leave covered by the Family & Medical Leave Act, or your last vacation day;
- the end of the month you fail to pay the required premiums. If, due to a leave of absence or other circumstances, the amount of your pay from the Company is not sufficient for the Company to deduct full premiums for your voluntary coverage under this Plan, you must contact the Benefits Support Center at 855-564-6153 to make arrangements to pay directly for your Plan coverage. If you fail to do so, your coverage will terminate after a

period of 60 days of unpaid or partial-paid coverage;

- you are on an approved personal leave of absence;
- you are on any type of leave of absence for six or more months. Your coverage under this Plan will end 6 months from your last day worked, unless you are receiving disability benefits from this Plan.
- your employment ends (as determined by the Company); or
- you die.

## ERISA Rights

Your rights under the Employee Retirement Income Security Act of 1974, as amended (ERISA) are explained here.

As an employee eligible to participate in the Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan participants are entitled to:

### Receive Information about Your Plan and Benefits

- Examine, without charge, at the Plan Administrator's office and at other specified locations, all documents governing the Plan, including insurance policies/contracts and collective bargaining agreements (if applicable), and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance policies/contracts and collective bargaining agreements (if applicable), and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The Plan Administrator may make a reasonable charge for the copies and will inform you in advance of the cost. To view or receive a copy of any plan documents, you should send a written request (noting the specific document(s) of interest) to the following address:  
Health & Welfare Plan Committee  
Walgreen Co.  
108 Wilmot Road, MS 1825  
Deerfield, IL 60015-5143
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

- Receive information about your Plan and benefits.

### **Prudent Actions by Plan Fiduciaries**

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the plan. 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 and beneficiaries. No one, including your employer, your union (if applicable) or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

### **Enforce Your Rights**

If a claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a federal court, but only after you have exhausted your claims and appeals rights described above. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in federal court after you have exhausted your claims and appeals rights described above. If it should happen that Plan fiduciaries misuse the Plan's money, or 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 should 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, for example, if it finds your claim is frivolous.

No action at law or in equity shall be brought in connection with the Plan except in the following venues: (A) all actions arising under federal law must be filed in the United States District Court for the Northern District

of Illinois, and (B) all actions arising under state law must be filed in the Circuit Court of Cook County, Illinois.

## **Plan Amendment and Termination Rights**

The Company, and as applicable the insurance carrier, reserves the right to alter, amend or cancel the Plan at their sole discretion at any time. Modifications to the Plan, including amendment and termination, will be implemented at the written direction of the Chief Executive Officer, Executive Chairman of the Board or Chief Human Resources Officer of the Company. In the event of Plan termination, claims incurred prior to the date of termination will be paid out of any remaining Plan funds. Participation in this Plan does not create a contract or a guarantee of employment or coverage, nor does it give any company or person a legal or equitable right against the Company, its shareholders, directors or officers.

This booklet is intended to provide an easy-to-understand summary of the Walgreens Voluntary Disability Plan for Hourly Team Members. It simplifies, but does not replace the legal text of the Walgreen Health and Welfare Plan. In the case of conflict, the legal text of the Walgreen Health and Welfare Plan governs.

## Administrative Facts

The establishment of this Plan, or any modification to it, does not create a contract or guarantee of employment or coverage, nor does it give any company or person a legal or equitable right against the Company, its shareholders, directors or officers.

<b>Plan Name</b>	Walgreens Voluntary Disability Plan for Hourly Team Members
<b>Plan Sponsor</b>	Walgreen Co. (The term "Walgreen Co" refers to the Walgreens family of companies)
<b>Plan Type</b>	Long-Term Disability
<b>Plan Administrator and Agent for Legal Service</b>	<p>The Plan Administrator is the Health and Welfare Plan Committee, Walgreen Co., 108 Wilmot Road, MS 1825, Deerfield, IL 60015-5143.</p> <p>The Company and, except in limited circumstances, the Plan Administrator have no authority or discretion regarding the payment of or determination of Plan benefits. This Plan Administrator has delegated authority to the Prudential Insurance Company of America to provide claim processing, claim investigation, claim control and the daily administration of the Plan. While an insurance policy is in force, the Insurance Carrier, Prudential Insurance Company of America is responsible for processing benefit claims and paying benefits in accordance with the terms of the insurance policy issued to the insured.</p>
<b>Insurance Carrier / Claims Administrator</b>	<p>The Prudential Insurance Company of America            751 Broad Street            Newark, NJ 07102</p>
<b>Type of Administration</b>	Insurer Administration
<b>Plan Year</b>	January 1–December 31
<b>Plan Number</b>	501
<b>Employer ID Number</b>	36-1924025
<b>Plan Costs</b>	Benefits are provided by the insurance carrier, the Prudential Insurance Company of America, and funded by premiums paid by participants.
<b>Administration Office for Carrier</b>	<p>Benefits Support Center  <a href="http://www.BenefitsSupportCenter.com">www.BenefitsSupportCenter.com</a> 855-564-6153</p>

If you have any questions about this Plan, contact the Benefits Support Center at 855-564-6153 or Walgreens Human Resources Leave Department at 800-825-5467. The Plan Administrator is available to answer your general questions. However, raising questions or making an inquiry in this fashion will not satisfy the claims procedure requirements (see the "Claims Procedures" section). If you wish to file a formal claim or appeal a claim denial, you must follow these formal claims procedure requirements. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your phone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration at 866-444-3272 or at [www.dol.gov/ebsa](http://www.dol.gov/ebsa).

1/1/2018

*Walgreens*