

## PARTICIPATING IN THE PLAN

### ***Who Is Eligible***

You are eligible for coverage under the LTD Plan if you are an **eligible employee** who works for a **Participating Company**.

As an **eligible employee**, your coverage under the LTD Plan is effective on your first day of employment or the first day you meet the eligibility requirements to participate in the LTD Plan.

If you are on a leave of absence, your eligibility will resume after you return to work, as long as you meet the eligibility requirements.

Individuals who are not paid from the U.S. payroll of a **Participating Company**, who are employed by an independent company (such as an employment agency), or whose services are rendered pursuant to an agreement excluding participation in benefit plans are not eligible to participate in the LTD Plan.

### ***Payment Option***

You have a choice of having the cost of the LTD coverage **imputed** to your income or not. If you choose not to have the cost of this coverage **imputed** to your income, the LTD benefit would be taxable to you if it is received. If you choose to have the cost of this coverage **imputed** to your income, the LTD benefits would not be taxable if it is received. Under the **imputed** income option, the cost of the benefit will be **imputed** to your income – added to your wages. The **imputed** income appears on your pay statement. The amount is based on your age as of December 31<sup>st</sup> of the current Plan Year and your frozen **eligible total pay** as of September 10<sup>th</sup> of the Plan Year prior to the year of coverage (see “How Premium Costs Are Determined”) unless you are newly eligible after September 10<sup>th</sup> of the prior Plan Year, in which case, the frozen **eligible total pay** will be as of the qualifying event date.

### ***How Imputed Income Is Determined***

The cost for the **imputed** income option is determined as follows:

- If you are newly eligible, your cost for the **imputed** income option is based on your **eligible total pay** on the day you become eligible (see “Who Is Eligible”) and your age as of December 31<sup>st</sup> of the current Plan Year.
- If you enroll during **annual enrollment**, your cost for the **imputed** income option is based on your frozen **eligible total pay** as of September 10<sup>th</sup> of the Plan Year

prior to the year of coverage and your age as of December 31<sup>st</sup> of the current Plan Year.

- If a change is made during the year due to return from a leave of absence in a different plan year, change from full-time to part-time (or visa versa), or change from represented to salaried, your cost for the **imputed** income option will be calculated or recalculated using your frozen **eligible total pay** as of the event date.

### ***How a Pay Change or Age Change Affects Imputed Income***

If you elect the **imputed** income option, the amount for that coverage is based on your age and your **eligible total pay** at fixed points in time (see “How Premium Costs Are Determined” above). This amount will remain the same for the rest of the plan year if your **eligible total pay** or age changes during the year.

### ***How to Enroll***

If you want to have Avaya Inc. pay for your LTD coverage and **impute** the cost of the coverage to your income, you will need to make this election during **Annual Enrollment** or when you become newly eligible.

What you need to do to enroll differs depending on whether you are a newly **eligible employee**, or an employee changing your existing coverage during an **annual enrollment** period.

### **Newly Eligible Employees**

An enrollment package will be sent to your home address when you first become eligible to participate in the LTD Plan. The package will include information about the coverage available for you, how to elect the payment option and the date by which you must make your elections.

After you receive the package, you may elect to have the cost of coverage **imputed** to your income. Your elections remain in effect for as long as you are eligible or until you make a change (see “Coverage Changes”).

### **Annual Enrollment**

During **annual enrollment** you will have an opportunity to select the benefits that best meet your needs for the coming year. **Annual enrollment** is held once a year, usually in the fall.

You will receive enrollment information, including the payment options available to you under the LTD Plan.

Elections made during **annual enrollment** are effective on the first day of the following calendar year.

You must be actively at work to elect the **imputed** income option.

### **Confirmation Statements**

A confirmation statement will be generated after you enroll or change benefits during **annual enrollment** or at any other time during the year. Be sure to review the information carefully and report any discrepancies immediately to the **Avaya Health and Benefits Decision Center** (see “Important Contacts”).

### ***If You Do Not Enroll***

If you were enrolled the previous year, but you do not elect to make any changes during **annual enrollment**, the same coverage options you had the previous year will continue. However, if the rates change, then the increased amount will be added to your wages if you have elected the **imputed** income option.