

This benefit does not require annual enrollment

# Group Term Life

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NCFlex knows how important it is to protect your family from the unexpected. If something should happen to you, life insurance helps provide financial security for your family. That is why NCFlex is offering Voluntary Group Term Life Insurance administered by ING and underwritten by ReliaStar Life Insurance Company.

Voluntary Group Term Life Insurance pays a benefit to your beneficiary(ies) if you die while covered under the policy. Please note that this is strictly a life insurance policy that provides a benefit if you die. There is no accumulated cash value.

## Enrollment Options

### Newly Eligible

If you enroll in this plan the first time it is offered to you as a new employee, you may elect coverage on a guaranteed basis up to \$100,000 without providing Evidence of Insurability (EOI). If the benefit amount exceeds \$100,000, you must provide EOI for the amount of coverage exceeding \$100,000. EOI is a way of providing proof of good health. This evaluation may include your current health status, medical history and family medical history.

### Enrolling After 30 Days from Employment Date

During this annual enrollment period, you may purchase \$20,000 of coverage on a guaranteed issue basis (if you were not previously denied coverage).

### Annual Increase

If you are currently enrolled in Group Term Life, you may add \$10,000 of additional coverage at each annual enrollment, up to the guaranteed issue amount of \$100,000 (no EOI required).

## Monthly Cost and Coverage

Your monthly premium is based on your age as of January 1 of the current plan year. You can elect life insurance coverage in increments of \$10,000. A minimum of \$20,000 of coverage is available up to a maximum of \$500,000 of coverage. Your coverage amount may not exceed five times your base annual earnings. The following chart outlines the cost of coverage per \$1,000 increments based on age.

Your Age	Monthly Rates*/\$1,000 Coverage	Monthly Cost for Sample Coverage Amounts		
		\$20,000	\$50,000	\$100,000
0 – 24	0.049	0.98	2.45	4.90
25 – 29	0.059	1.18	2.95	5.90
30 – 34	0.079	1.58	3.95	7.90
35 – 39	0.089	1.78	4.45	8.90
40 – 44	0.139	2.78	6.95	13.90
45 – 49	0.198	3.96	9.90	19.80
50 – 54	0.337	6.74	16.85	33.70
55 – 59	0.564	11.28	28.20	56.40
60 – 64	0.84	16.80	42.00	84.00
65 – 69	1.73	34.60	86.50	173.00
70 – 74	2.52	50.40	126.00	252.00
75+	2.52	50.40	126.00	252.00

\*Rates are guaranteed until December 31, 2013.

To calculate your monthly premium, multiply the rate that corresponds to your age by the amount of \$1,000 coverage increments you want. For example, if you are 35 years old and want \$30,000 coverage, your monthly premium would be  $(\$0.089 \times 30 \text{ units}) = \$2.67$ .

## Determining if EOI is Required

You will need to submit EOI in the following situations:

### Newly Eligible

You are electing more than \$100,000 of coverage.

### Existing Employees

- You did not elect term life insurance when it was first offered to you, and you decide to enroll for more than \$20,000 of coverage for the first time.
- You decide to increase your existing coverage by more than \$10,000.
- Your elected increase results in your total coverage exceeding the guaranteed issue amount of \$100,000.

## Submitting EOI

If EOI is required, ING must approve your request within 60 days from the date the form is submitted or signed before your benefit takes effect. ING will notify you whether or not your EOI is approved.

Employees enrolling via the Aon Hewitt system will be prompted to complete the EOI information as part of the online enrollment process.

Employees enrolling via the BEACON system will be mailed an EOI form directly from ING.

Employees who are unable to enroll online and require EOI for their elected coverage amount should contact ING at 1-877-464-5111 to obtain the required EOI form.

## When Coverage Begins

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### Newly Eligible:

- If you are a new hire and enroll for coverage of \$100,000 or less, your coverage will begin on the first day of the month following your date of hire. You must enroll within 30 days of your hire date.
- If you have to submit EOI as part of your enrollment, your coverage will begin the first of the month on or following the date your EOI is approved by ReliaStar Life, the underwriter.

### Existing Employees:

- If you enroll for coverage during annual enrollment and your EOI is approved prior to January 1, your coverage will be effective January 1, 2012. If your EOI date of approval is after January 1, 2012, your coverage will be effective on the first of the month following the date your EOI is approved by ReliaStar.
- If you are on disability, you may enroll when you return to active status.

All term life insurance contributions begin when coverage becomes effective. Any future rate changes due to age will be effective on January 1 following the date you enter a new five-year age bracket.

## Tax Issue

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While on one hand your monthly life insurance premium is deducted from your pay on a pre-tax basis, on the other hand the IRS takes back those same tax savings on life insurance amounts over \$50,000. This means for life insurance amounts over \$50,000 (including State Retirement death benefits), you do not save any taxes. After \$50,000, it is like buying life insurance on an after-tax basis, except you get lower premiums because of the purchasing power of NCFlex.

This is how it works: Since you automatically save taxes (state, federal and FICA) when the life insurance premium is first deducted from your pay, the IRS is then automatically repaid by those taxes in the same paycheck for amounts over \$50,000. You will see a small premium charge that is added to your income only for tax purposes — this is how the IRS is repaid.

To calculate the amount of income added to your pay, visit [www.ncflex.org](http://www.ncflex.org) for instructions and an example. You will notice that the life insurance you automatically receive free under the State Retirement System must be included in the calculation.

## Disability Waiver of Premium

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ReliaStar Life waives your life insurance premium that becomes due while you are totally disabled. The premium will be waived if you satisfy certain conditions. If you become totally disabled before age 60 as defined under the policy, you will not have to pay premiums

for your life insurance coverage during this time. Premiums are waived until the earlier of:

- the date you are no longer disabled;
- the date you do not give ReliaStar Life proof of total disability when asked; or
- the date you turn age 70.

## Your Benefit After Age 75

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If you are still employed with the State of North Carolina at age 75, your benefit will be reduced to 50% (rates also reduce based on the reduced benefit amount). Your Voluntary Group Term Life Insurance terminates at retirement. There is a conversion option available.

**Note:** Once an insured's coverage is reduced due to age, the insured is no longer able to increase coverage amounts during an annual enrollment.

## Accelerated Death Benefit

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The policy allows you to collect a portion of your benefit amount if you become terminally ill and are expected to live six months or less. You may collect 50% of your benefit up to a maximum of \$250,000. Your remaining benefits will be paid to your beneficiary after your death.

## Exclusion

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The policy has a suicide death exclusion. Your claim will be denied if you have been covered under the Voluntary Group Term Life Insurance policy for less than two years, and a claim is filed for death by suicide. Your beneficiary(ies) will not receive a benefit.

## Continuation

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Under this feature, you may continue your life insurance coverage under the NCFlex Voluntary Group Term Life Insurance policy if you terminate employment with the State of North Carolina or retire before age 70. A physical examination is not required. Your coverage will be subject to the same terms and conditions as the NCFlex Voluntary Group Term Life Insurance policy. You pay the full cost of continued coverage directly to ING, plus a small billing fee. Premium rates for portable term life insurance are generally less expensive than term life insurance conversion rates.

## Conversion

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Under the conversion feature, you may convert your life insurance coverage to an individual whole life policy without a physical examination. The whole life policy builds cash value, and the premiums do not change as you get older. You pay the full cost of individual policy coverage directly to ING. Premium rates for life insurance conversion are generally more expensive than portable life insurance rates.

This plan is offered by ING Employee Benefits and underwritten by ReliaStar Life Insurance Company under policy LP00GP.