

Group Term Life

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's 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. **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).** EOI is a way of providing proof of good health. This evaluation may include your current health status, medical history and family medical history.

For 2008:

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

Annually:

- 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 (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. However, 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
Under 25	\$0.054	\$1.08	\$2.70	\$5.40
25-29	0.065	1.30	3.25	6.50
30-34	0.086	1.72	4.30	8.60
35-39	0.097	1.94	4.85	9.70
40-44	0.151	3.02	7.55	15.10
45-49	0.215	4.30	10.75	21.50
50-54	0.366	7.32	18.30	36.60
55-59	0.613	12.26	30.65	61.30
60-64	0.914	18.28	45.70	91.40
65-69	1.881	37.62	94.05	188.10
70 & Above	2.741	54.82	137.05	274.10

***Rates are guaranteed until December 31, 2009.**

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 $(\$0.097 \times 30 \text{ units}) = \2.91 .

EOI REQUIREMENTS

If you enroll for coverage greater than \$20,000 or increase coverage by more than \$10,000 for 2008, you MUST submit EOI — unless you are a new hire or newly benefits-eligible employee.

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.

SUBMITTING EOI*

To submit EOI, follow all five of these steps:

Step 1: Visit www.ncflex.org.

Step 2: Select the Voluntary Group Term Life Insurance EOI form that corresponds to your payroll unit.

Step 3: Complete the EOI form and select the "Submit" button.

Step 4: Print the completed EOI form.

Step 5: Mail the completed EOI form to the address listed on the form. **This form must be signed and dated.**

**Online enrollment participants will be prompted to complete the EOI information as part of the online enrollment process.*

The EOI form must be approved by the insurance provider within 60 days from the date the form is signed by the employee. ING Employee Benefits will notify you whether or not your EOI is satisfactory.

Please note, completing the EOI form electronically is preferred. However, paper forms are available through your HBR or benefits department if you have problems accessing a computer.

WHEN COVERAGE BEGINS

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, 2008. If your EOI date of approval is after January 1, 2008, 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.

IMPORTANT NOTES

- ***If you enroll for coverage greater than \$20,000 or increase coverage more than \$10,000 for 2008, you MUST submit EOI — unless you are a new hire or newly benefits-eligible employee.***
- ***If EOI is required, and is not received and approved, the coverage you elect during annual enrollment will not be effective.***

TAX ISSUE

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 — it is a wash. 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 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 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

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 70

If you are still employed with the State of North Carolina at age 70, your benefit amount is reduced to 65%. At age 75, your benefit is reduced to 50%. Your Voluntary Group Term Life Insurance terminates at retirement. However, there is a conversion option available.

ACCELERATED DEATH BENEFIT

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

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

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 plus a small billing fee. Premium rates for portable term life insurance are generally less expensive than term life insurance conversion rates.

CONVERSION

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 has a cash value, and the premiums do not change as you get older. You pay the full cost of individual policy coverage. Premium rates for life insurance conversion are generally more expensive than portable life insurance rates.