

Term Life Insurance

Developed for the Employees of

Snoqualmie Valley School District #410



Who Needs Life Insurance?

You do. Single or married. Buying your first home or preparing for retirement. Raising children or sending them off to college. No matter where you are in life, insurance should be part of your financial plan.

By purchasing this insurance product through your employer, you benefit from:

- Affordable group rates
- Convenient payroll deduction
- Access to knowledgeable service representatives.

Who Is Eligible For Coverage?

You — If you are an active, full-time employee and work at least 17.5 hours per week for your employer. Employees hired prior to the 15th of the month will be eligible to elect insurance for you and your dependents on the first of the month following the day all eligibility requirements are met. Employees hired on the 15th of the month or after will be eligible to elect insurance for you and your dependents on the first of the month following one month after all eligibility requirements are met.

Your Spouse* — Up to age 70 is eligible provided that you apply for and are approved for coverage for yourself.

Your Unmarried, Dependent Children — At least 14 days old and under age 19 (or under age 25 if they are full-time students), as long as you are covered. One low premium will insure all your eligible children, regardless of the number of children you have.

No one may be covered more than once under this plan. If covered as an employee, you can not also be covered as a dependent.

** Domestic Partner means the person is registered under any state which legally recognizes Domestic Partnerships or Civil Unions. For purposes of this brochure, wherever the term Spouse appears, it shall also include Domestic Partner. Additional information is available from your Benefit Services Representative.*

How Much Coverage Can You Buy?

You — You can select life insurance coverage in units of \$10,000. The maximum for any employee is the lesser of 5 times your annual salary or \$300,000.

Your Spouse — You may select coverage for your spouse in units of \$10,000 to a maximum of \$300,000, not to exceed 100% of your coverage amount. . The cost of coverage will be based on your spouse's age.

Your Unmarried, Dependent Children — You may select coverage for your unmarried, dependent children in the following options:

Option 1—\$5,000

Option 2—\$10,000

The maximum benefit for children under six months is \$500. The guaranteed coverage amount for your child(ren) is \$10,000.

How Much Your Coverage Will Cost

The monthly cost of insurance for you and your spouse will depend on your ages and the amount of insurance you wish to purchase. As shown in the following chart, the cost of insurance increases with the age of the insured. Employee and spouse coverage ceases at age 70.

To calculate your monthly cost:

1. Find your age group in the following table;
2. Multiply the rate by the number of coverage units you want;
3. Calculate the cost of coverage for your spouse, using your spouse's age, then calculate the cost of coverage for your children;
4. Add the premiums for you, your spouse and your children to get your total monthly cost.

| Example: | | | | |
|---------------------------|--------------------------|---|-----------------|----------------|
| Employee (age 28) | 25 units (\$250,000) | x | \$.60 per unit | = \$15.00 |
| Spouse (age 24) | 10 units (\$100,000) | x | \$.60 per unit | = \$12.00 |
| Children | Option 2 @ (\$10,000) | | \$3.00 per unit | = \$3.00 |
| Total Monthly Cost | | | | \$30.00 |

To calculate your cost, complete this chart:

| | | | | |
|---------------------------|--------------|---|----------------|--------------|
| Employee | ___ units | x | \$___ per unit | = \$___ |
| Spouse | ___ units | x | \$___ per unit | = \$___ |
| Children | Option ___ @ | | \$___ | = \$___ |
| Total Monthly Cost | | | | \$___ |

| Employee/ Spouse Age | Employee Monthly Cost per \$10,000 Unit | Spouse Monthly Cost per \$10,000 Unit |
|-------------------------------------|--|--|
| Under 30 | \$ 0.60 | \$ 0.60 |
| 30 to 34 | 0.70 | 0.70 |
| 35 to 39 | 1.00 | 1.00 |
| 40 to 44 | 1.70 | 1.70 |
| 45 to 49 | 2.80 | 2.80 |
| 50 to 54 | 4.20 | 4.20 |
| 55 to 59 | 6.50 | 6.50 |
| 60 to 64 | 8.80 | 8.80 |
| 65 to 69 | 14.60 | 14.60 |

The monthly cost for Children coverage is:

Option 1: Children - \$5,000 = \$1.50

Option 2: Children - \$10,000 = \$3.00

Maximum coverage: Employee— the lesser of 5 times your annual salary or \$300,000; Spouse—\$300,000, not to exceed 100% of Employee coverage amount; Children—\$10,000 (under 6 months \$500).

Costs are subject to change.

How Much Life Insurance Do You Need?

We have provided this worksheet to help you calculate how much life insurance you may need for a surviving spouse and dependents. When calculating annual amounts, be sure to multiply the annual income or cost by the number of years you expect to receive that income, or incur that cost.

| 1. Living Costs | | |
|---|-----|---------------------|
| Day-to-day Living Expenses (<i>Use 75% of current net income</i>) | | |
| \$ _____ annually x _____ years | = | \$ _____ |
| Child Care Expenses | | |
| \$ _____ annually x _____ years | = + | _____ |
| Education Funding | | |
| \$ _____ annually x _____ years | = + | _____ |
| Major Purchases (<i>cars, home repair</i>) | | |
| \$ _____ annually x _____ years | = + | _____ |
| Estate and Funeral Expenses | = + | _____ |
| TOTAL LIVING COSTS (A) | = | \$ _____ |
| 2. Available Resources | | |
| Cash and Savings | = | \$ _____ |
| Retirement Savings (<i>IRA, 401(k), etc.</i>) | = + | _____ |
| Stocks and Bonds (<i>at current market value</i>) | = + | _____ |
| Spouse Income (<i>multiply by 60%*</i>) | | |
| \$ _____ annually x _____ years | = + | _____ |
| Other Assets | = + | _____ |
| TOTAL AVAILABLE RESOURCES (B) | = | \$ _____ |
| 3. Life Insurance Need | | |
| TOTAL LIVING COSTS (A) | = | \$ _____ (A) |
| LESS TOTAL AVAILABLE RESOURCES (B) | - | \$ _____ (B) |
| EQUALS LIFE INSURANCE NEED | = | \$ _____ |

Naturally a worksheet like the above is only an aid to determining life insurance needs. It cannot predict all of your expenses, economic conditions, inflation, investment performance or other factors which may alter your needs. For a more accurate plan, you should consider consulting an investment advisor.

** Estimate likely spouse income as sole provider. Include your estimate of Social Security benefits to surviving spouse and dependents. The 60% factor above is used to account for taxation so that a net income figure can be derived. Vary this factor if you feel combined federal, state and local taxes, and FICA will be different for your situation.*

What Is Not Covered

The plan will not pay benefits if loss of life is the result of suicide that occurs within the first two years of coverage.

Other Benefit Features

Accelerated Death Benefit — Terminal Illness

If you or your spouse is diagnosed by two unaffiliated physicians as terminally ill with a life expectancy of 24 months or less, the accelerated payment benefit for terminal illness provides for up to 50% of the life insurance coverage amount in force to be paid to the insured. This benefit is payable only once in the insured's lifetime, and will reduce the life insurance death benefit.

The terminal illness benefit may be taxable. As with all tax matters, an insured should consult with a personal tax advisor to assess the impact of this benefit.

Increasing Your Coverage

You may increase your coverage at any time. We do require evidence of good health for all new coverage elections.

Continuation for Disability for Employees Age 60 or over

If your active service ends due to disability, this plan provides a continuation of coverage feature. If you are disabled at age 60 or over, your coverage will continue while you are disabled. This benefit will remain in force until the earliest of the following dates: the date you are no longer disabled, the date the policy terminates, the date you are disabled for 12 consecutive months, or the day after the last period for which premiums are paid.

You are considered disabled if, because of injury or sickness, you are unable to perform all the material duties of your Regular Occupation, or you are receiving disability benefits under your Employer's plan. "Regular Occupation" means your occupation, as routinely performed in the general labor market, at the time your disability begins.

Extended Death Benefit with Waiver of Premium

Extended Death Benefit

If you become Disabled — The extended death benefit ensures that if you become disabled prior to age 60, and die before you qualify for Waiver of Premium, we will pay the life insurance benefit if you remain disabled during that period. If you qualify for this benefit and have insured your spouse or children, their coverage is also extended.

You are considered disabled if, because of injury or sickness, you are unable to perform all the material duties of your Regular Occupation, or you are receiving disability benefits under your Employer's plan. "Regular Occupation" means your occupation, as routinely performed in the general labor market, at the time your disability begins.

Waiver of Premium

If you become totally disabled — To make sure you can keep the life insurance protection you need during a difficult period of your life, this plan provides a *waiver of premium* feature. If you are totally disabled prior to age 60 and can't work for at least 6 months, you won't need to pay premiums for your coverage while you are disabled, provided the insurance company approves you for this benefit. You are considered totally disabled when you are completely unable to engage in any occupation for wage or profit because of injury or sickness. This benefit will remain in force until age 65, subject to proof of continuing disability each year. If you qualify for this benefit and have insured your spouse or children, the premium for their coverage is also waived.

When Your Coverage Begins and Ends

The date your coverage begins is called its "effective date." Your employer will let you know the effective date of your coverage. If you are not actively at work on the effective date of coverage, your coverage will not begin until you return to work.

For coverage for your spouse and/or children to be effective, they must not be hospitalized or confined at home under the care of a doctor.

Your coverage cannot be terminated as long as you remain eligible, the premium is paid and the group policy remains in force.

For your spouse and children, coverage ends when your coverage ends, when their premiums are not paid or when they are no longer eligible.

If You Leave Your Employer

To help you keep your life insurance coverage during the years when your family needs financial protection, the plan allows you to continue all of your voluntary coverage if you leave your employer. Premiums may change at this time. Just make arrangements to pay your premiums directly to the insurance company after you leave your current employer. Coverage may be continued for you and your spouse until age 70. Coverage may also be continued for your children. As long as the group policy remains in force, the option of continuing this coverage is available.

Converting Your Coverage to Permanent Life Insurance

If group life insurance coverage is reduced or ends for any reason except nonpayment of premiums, you can convert to an individual policy. No medical certification is needed. To convert coverage, you must apply for the conversion policy and pay the first premium payment within 31 days after your group coverage ends. Family members may convert their coverage as well. Converted policies are subject to certain benefits and limits as outlined in the conversion brochure which may be requested as needed. Premiums may change at this time.

How Your Claims Are Paid

Your employer has all the forms your beneficiary will need and can provide assistance in completing them.

Apply Today

In order to apply for coverage, you must complete an application form. Be sure to answer all questions accurately, and indicate how much coverage you wish to have.

Payroll Deduction

You pay your premiums through payroll deduction. The total depends on how much coverage you select, your age, your spouse's age and the amount of coverage you buy for your spouse and children.

Designating Your Beneficiary

Your term life benefit will automatically be paid to the first beneficiary listed below who is living at the time of your death if you do not designate a specific beneficiary:

- 1) Your Spouse or Registered Domestic Partner
- 2) Your Child(ren) 3) Your Parents
- 4) Your Siblings 5) Your Estate

If you wish to designate different beneficiaries, or to indicate percentages, you may do so on your application. If the listed beneficiary is a trustee or a trust, you will need to indicate the trustee's name, the name of the trust and the date of the trust agreement. The trust document must be presented in order for the claim to be processed.

Questions?

If you want more information about this group insurance plan, call 1-800-732-1603 toll-free anytime from Monday through Friday, 8 a.m. to 6 p.m. Eastern time. You'll speak to a courteous, knowledgeable customer service representative who can answer your questions and explain features of this plan.

This information is a brief description of important features of the plan. It is not a contract. Terms and conditions of coverage are set forth in Group Policy No. FLX-961436, on Policy Form TL-004700, issued in Washington. The group policy is subject to the laws of the state in which it is issued. The availability of this offer may change. Please keep this material as a reference.

*Coverage is underwritten by
Life Insurance Company of North America
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