

# Voluntary Group Term Life Insurance\*

**Voluntary benefits.  
So important.**

## **The protection they want at a price they can afford.**

Life insurance is pretty simple, once you get past the question of who's paying the premium: You buy it, hope you never need it, bad things happen, at least your family is protected in some small way.

But today, when more workers are leveraging their paycheck than ever before to access high-value employer-offered term life insurance coverage at affordable rates, maybe it's not so simple. Features like guaranteed issue, spouse and dependent children coverage, spouse-only coverage<sup>1</sup> and unlimited portability<sup>1</sup> start to become more important. The benefit begins with a smart, affordable and valuable plan design.

At Reliance Standard, we have two life insurance platforms to address your needs. This document provides the details of our Voluntary Group Term Life (VG) product, with brief references to our Supplemental Group Term Life (GL) product. Please contact your Reliance Standard representative for a complete explanation of the VG and GL plans and their specific features.

The VG plan offers employees an excellent opportunity to purchase Term Life Insurance for self, spouse and children on a payroll deduction basis.

\*The voluntary term life insurance plan is written as Group Insurance in all states except Vermont, where it is written as an Individual Policy.

<sup>1</sup> Not available with GL.

# Voluntary benefits. So important.

## The important plan features include:

- ▶ Incremental coverage from \$10,000 to \$500,000 for employees<sup>1</sup> and spouses<sup>1</sup>
- ▶ Guaranteed issue amounts for employees — often for spouses, too
- ▶ Dependent child(ren) coverage (guaranteed issue)
- ▶ Employee can elect spouse-only or spouse and dependent children-only coverage<sup>2</sup>
- ▶ Accelerated Death Benefit included<sup>3</sup>
- ▶ Waiver of Premium included
- ▶ Portability and Conversion included<sup>4</sup>
- ▶ Tobacco user/Non-Tobacco user rates may be available<sup>2</sup>
- ▶ Five-year age-banded rates<sup>5</sup>

## Eligibility

Eligible employees are all active full-time employees working at least 30 hours per week. For employer groups situated in VT, the employee must be under age 75 to apply<sup>6</sup>.

An eligible employee may apply for Dependent Insurance for his/her legal spouse under age 70, and eligible dependent children as defined (may vary by state).

A person may not have coverage as both an employee and as a covered dependent. Only one insured spouse may cover eligible children. The employee or spouse must be insured for children to be insured. An employee may not elect children-only coverage.

See Termination of Individual Insurance section on the last page of this document for information as to when insurance terminates for age.

1 GL also allows for the employee amount to be a multiple of earnings or multiple flat amounts, and the spouse amount may be limited to a percentage of the employee amount.

2 Not available with GL.

3 Feature may be referred to as Limited Benefit or Imminent Death Benefit.

4 Portability optional with GL.

5 Rates can be five-year age-banded or composite on GL.

6 Not applicable to GL.

7 Most cases, but not all, qualify for spouse GI.

8 GL also allows for the employee amount to be a multiple of earnings or multiple flat amounts, and the spouse amount may be limited to a percentage of the employee amount.

## Guaranteed Issue (GI) and Amounts Above GI

If an eligible employee applies for coverage within the initial enrollment period (31 days of becoming eligible), an amount of coverage may be automatically accepted as follows:

### Employee

- ▶ Under age 70 As dictated in plan design
- ▶ Age 70 or older No GI

### Spouse<sup>7</sup>

- ▶ Under age 60 As dictated in plan design
- ▶ Age 60 or older No GI

### Dependent Children

- ▶ Standard children benefit amounts are always GI.

Applications for insurance over GI, or applications made beyond the first 31 days of becoming eligible, are subject to evidence of insurability submitted to and approved by Reliance Standard. Coverage for dependent children begins at birth in some states.

## Benefits

**Employee and Spouse Benefits:** The employee chooses from a minimum of \$10,000 to a maximum of \$500,000 (in \$10,000 increments) for self<sup>8</sup> and spouse<sup>8</sup>. The benefit amounts chosen need not be the same.

**Dependent Children:** The employee chooses one benefit amount for all covered children six months of age or older (dependent children coverage includes a \$1,000 benefit for children 14 days to six months old). The options are either \$2,500/\$5,000/\$7,500/\$10,000 or \$5,000/\$10,000/\$15,000/\$20,000.

The voluntary group term life plan contains an employee benefit reduction schedule (not applicable for employer groups situated in VT).

According to this schedule, an employee's Amount of Insurance reduces to 60% at age 75; to 35% at age 80; to 27.5% at age 85; to 20% at age 90; to 7.5% at age 95; and to 5% at age 100. This reduction schedule also applies to those employees applying for insurance coverage at age 75 or over. Spouse coverage does not reduce, but terminates at age 75. A different benefit reduction schedule applies to GL.

## Do the math:

Today, more insured adults depend solely on employer-sponsored group life insurance for their only life insurance coverage than in the past.

LIMRA, 2011



- ▶ Guaranteed issue amounts for employees and often for spouses
- ▶ Dependent children coverage (guaranteed issue)
- ▶ Benefit amounts chosen for employee and spouse need not be the same

## Application for Insurance and Effective Date

Eligible employees must apply for this insurance in writing on the application form provided by Reliance Standard. Applications may be medically underwritten. Eligible employees who are not participating must complete the application to indicate their declination of the coverage.

Employers can choose an individual effective date from the options available when initially setting up their plan.

## Beneficiary

The employee names his/her beneficiary(ies) at application. The employee is automatically the beneficiary for Dependent Insurance unless another designation is made<sup>1</sup>.

Any designation may be changed at any time except for an irrevocable beneficiary.

## Accelerated Death Benefit<sup>2,3</sup>

An insured<sup>4</sup> may be able to receive a portion (as defined) of his/her life insurance benefit if he/she becomes terminally ill (as defined). An insured may elect to accelerate his/her benefit only once. Receipt of an accelerated benefit reduces the death benefit, as well as the amount of insurance available under the Waiver of Premium provision and Conversion Privilege. The GL Accelerated Death Benefit is available only to insured employees.

## Waiver of Premium<sup>2</sup>

Premiums may be waived if the employee should become totally disabled (as defined). The disability must occur prior to the employee's 60th birthday and premium waiver will not take effect until the disability has continued for at least six months,<sup>5</sup> during which time premiums must be paid (they will be refunded upon approval of the waiver claim).

## Portability<sup>2</sup>

The employee may be able to keep his/her insurance (and any Dependent Insurance) if he/she later becomes ineligible (for reasons other than non-payment of premium or termination of the employer's participation or policy). Also, if an insured spouse becomes ineligible, he/she may be able to continue coverage. Premiums are direct-billed to the insured on a quarterly, semiannual or annual basis, and, in most states, are based on the prevailing rate charged to all insureds who continue coverage under the portability feature.

A more limited Portability feature applies to GL.

## Exclusions<sup>2</sup>

Death by suicide may not be covered during the first two years insurance is in force; Reliance Standard will return premium paid for the coverage. No suicide exclusion applies to GL.

Insurance coverage is incontestable after it has been in force for two years during the insured's lifetime, except for nonpayment of premium.

1 Not available with GL.

2 These plan benefits and features include requirements for receiving a benefit or exercising an option and may contain limitations and/or exclusions. In addition, these plan benefits and features may not be available in all states, or may differ among states. Consult your Reliance Standard Representative for details.

3 May be expressed as Living Benefit in some states and Imminent Death Benefit in PA.

4 Insured employee-only benefit in some states.

5 A nine-month option is available with GL.

## Termination of Individual Insurance<sup>1</sup>

Termination will not affect a claim for a covered loss that occurred while coverage is in effect.

The insurance coverage an employee elects for self and/or dependents will end when any of the following occurs:

- ▶ Premium is not paid as required
- ▶ The employee no longer meets the eligibility requirements<sup>2</sup>
- ▶ The employee reaches age 75<sup>3</sup> (applicable for employer groups situated in VT)
- ▶ The employer's participation in the plan ends
- ▶ The employee exercises the full Conversion Privilege
- ▶ The master Group Policy terminates

Additionally, the coverage on any insured dependent will end when:

- ▶ The dependent no longer meets the definition of an eligible dependent<sup>2</sup>
- ▶ The dependent exercises the Conversion Privilege
- ▶ The insured spouse reaches maximum age<sup>3</sup>
- ▶ The date the Insured enters military service

## Premiums

All premiums are age banded<sup>4</sup> and, for employee and spouse coverage, are based on age at last birthday; rates change as the insured moves from one age band to the next. For children coverage, one rate is charged for all eligible children in a family, regardless of number.

The monthly premium for the insurance selected by each employee for self, spouse and children must be collected via payroll deduction. The employer must agree to make the applicable deductions at the time the insurance plan becomes effective. Several billing options are available.

Every effort is made to complete the application review and underwriting process prior to the individual effective date. However, if payroll deduction of an employee's premiums should begin prior to application processing, it does not mean that coverage is in effect. Reliance Standard will return premium paid for coverage not issued.

1 Some termination reasons are inapplicable to employer groups situated in VT.

2 Except for insurance continued in accordance with policy provisions.

3 Not applicable to GL.

4 Rates can be five-year age-banded or composite on GL.

Note: This brochure is intended for use by agents and brokers only and is not intended for distribution to the general public.

The availability of the described products, benefits and features may vary by state.

Group voluntary term life insurance coverage is underwritten by Reliance Standard Life Insurance Company and provided through policy form series LRS-8349, et al in all states except Maine, New York, Pennsylvania, Puerto Rico, South Dakota, Vermont, the US Virgin Islands and Washington where coverage is provided as follows: Maine, South Dakota and Washington through policy form series LRS-9419, et al; Vermont through policy form series LRS-8522, et al; and Pennsylvania through policy form series LRS-8800, et al. The GL plan referred to in this brochure is provided through policy form series LRS-6422, et al in states except New York. Reliance Standard Life Insurance Company is licensed in all states, (except New York), the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam. In New York, insurance products and services are provided through First Reliance Standard Life Insurance Company, Home Office: New York, NY.