

TEXAS EMPLOYEES GROUP BENEFITS PROGRAM



Group Term Life Insurance and Optional Coverages Brochure for Active Employees

This brochure is for information purposes only and does not constitute a contract.

This brochure provides a brief summary of coverages available to eligible active employees.

BASIC GROUP TERM LIFE AND ACCIDENTAL DEATH
AND DISMEMBERMENT (AD&D)

OPTIONAL GROUP TERM LIFE AND AD&D

DEPENDENTS' GROUP TERM LIFE AND AD&D

ACCELERATED LIFE BENEFIT

VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT

SHORT TERM DISABILITY INCOME

LONG TERM DISABILITY INCOME

BASIC GROUP TERM LIFE AND AD&D*

The following coverages are available to you at no cost after becoming employed with the State of Texas if you enroll in a Group Benefits Program health plan.

- \$5,000 Basic Group Term Life; and
- \$5,000 Accidental Death and Dismemberment.

The Basic Group Term Life coverage includes:

- Extended Insurance Benefit if you become totally disabled prior to age 60; and
- Conversion Privilege if you leave employment.

OPTIONAL GROUP TERM LIFE AND AD&D*

You may also be eligible for from one to four times your Annual Salary from one of the following Optional Group Term Life coverage elections:

- Election I – One times Annual Salary
- Election II – Two times Annual Salary
- Election III – Three times Annual Salary
- Election IV – Four times Annual Salary

You may choose Elections I and II without Evidence of Insurability during your first 30 days of employment; after that Evidence of Insurability** may be required to qualify for Elections I and II. Evidence of Insurability is always required to qualify for Elections III and IV.

The Optional Group Term Life coverage includes:

- Extended Insurance Benefit if you become totally disabled prior to age 60
- Conversion Privilege if you leave employment
- Two-year Suicide Exclusion.

DEPENDENTS' GROUP TERM LIFE AND AD&D*

If you are an active employee, you may select coverage for your eligible spouse and all eligible dependent children as follows:

- \$5,000 Dependents' Group Term Life; and
- \$5,000 Accidental Death and Dismemberment.

Your dependents will not be denied coverage if you apply within the first 30 days of your employment. Otherwise, Evidence of Insurability** may be required.

The Dependents' Group Term Life coverage contains a two-year suicide exclusion and includes a Conversion Privilege for your spouse if you leave employment or in the event of your death.

EXCLUSIONS FOR BASIC, OPTIONAL, DEPENDENTS' AND VOLUNTARY AD&D

No AD&D benefits are payable for loss caused by, resulting from, arising out of or substantially contributed to by any one or more of the following:

- Suicide, attempted suicide or intentionally self-inflicted injury
- Declared or undeclared war or act of war
- Accident occurring while the insured is on active duty in the Armed Forces of any country
- Illness, disease, pregnancy, childbirth, miscarriage, bodily infirmity, or any bacterial infection other than bacterial infection occurring as a consequence of an accidental wound or cut
- Loss occurring while the insured is engaged in felonious activity or results from or is related to the insured's felonious activity
- The insured being intoxicated by reason of alcohol or drug use, or a combination thereof. "Intoxication" shall have the meaning assigned in Section 49.01, Texas Penal Code, as may be amended. Conviction of a crime related to intoxication is not necessary for a determination of a loss resulting from intoxication. This exclusion is applicable whether or not the loss is related to the operation of a motor vehicle.
- Travel or flight in any vehicle or device for aerial navigation as a pilot or crew member unless specifically covered in the policy or described in the benefits book. Also excluded are military-related flights or other types of high-risk flights specifically defined in the policy or your benefits book.

ACCELERATED LIFE BENEFIT

Accelerated Life Benefit is included with Basic and Optional Group Term Life coverage and Dependents' Group Term Life coverage.

FOR EMPLOYEE BASIC AND OPTIONAL GROUP TERM LIFE

The Accelerated Life Benefit provides a lump sum payment to you, at your request, of a percentage of your Group Term Life coverage if you have a diagnosed Terminal Condition.***

The amount of your Group Term Life coverage will be reduced by the amount of any Accelerated Life Benefit payment which is made. The remaining coverage amount (if any) will be the amount payable to your designated beneficiary upon your death. See your benefits book for complete details.

FOR DEPENDENTS' GROUP TERM LIFE (IF YOU ENROLL FOR THIS COVERAGE)

The Accelerated Life Benefit provides a lump sum payment to you, at your request on behalf of a dependent, of that Dependent's Group Term Life Insurance if your covered dependent has a diagnosed Terminal Condition.***

The amount of the payment will reduce that Dependent's Group Term Life Insurance amount to zero and no benefit will be payable at your Dependent's death. See your benefits book for complete details.

ACCELERATED LIFE BENEFIT DISCLOSURE: The Accelerated Life Benefit offered under your Group Term Life Insurance coverage and under the Dependents' Group Term Life Insurance coverage is intended to qualify for favorable tax treatment under the Internal Revenue Code of 1986. If the Accelerated Life Benefit qualifies for such favorable tax treatment, the benefits will be excludable from your income and not subject to federal taxation. Tax laws relating to the Accelerated Life Benefit are complex. You are advised to consult a qualified tax advisor about the circumstances under which you could receive the Accelerated Life Benefit excludable from income under federal law. Receipt of the Accelerated Life Benefit payment may affect your or your Dependent's eligibility for public assistance such as medical assistance

(Medicaid), Aid to Families with Dependent Children (AFDC), Supplementary Social Security Income (SSI), and drug assistance programs. You are advised to consult with a qualified tax advisor and with social service agencies concerning how receipt of such payment will affect you or your Dependent's eligibility for public assistance.

VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT* (VOLUNTARY AD&D)

- You may select Voluntary AD&D coverage on yourself (Employee Only), or on yourself and eligible family members (Employee and Family).
- Evidence of Insurability** is NOT required for you or your eligible family members.

EMPLOYEE ONLY

Employee only coverage amounts are based on your age at the time you apply as follows:

Under age 70	\$.10,000 to \$200,000 in amounts of \$5,000
Ages 70 to 74	\$.6,500 to \$130,000 in amounts of \$3,250
Ages 75 to 79	\$.4,000 to \$80,000 in amounts of \$2,000
Ages 80 to 84	\$.2,500 to \$50,000 in amounts of \$1,250
Ages 85 to 89	\$.1,500 to \$30,000 in amounts of \$750
Ages 90 & over	\$.1,000 to \$20,000 in amounts of \$500

EMPLOYEE AND FAMILY

Employee and Family coverage options for you are as described in Employee Only above and your eligible dependents' amounts of coverage will be:

Eligible Spouse50% of your coverage
Eligible Child(ren) with no Eligible Spouse10% of your coverage
Eligible Child(ren) with an Eligible Spouse5% of your coverage

SHORT TERM DISABILITY INCOME (STD)

You may select coverage for STD which provides the following benefits:

- Your STD insured monthly salary amount would be equal to your monthly salary up to \$10,000.
- Your maximum monthly benefit would be the lesser of 66% of your insured monthly salary or \$6,600.
- If you are approved for this coverage, your minimum monthly benefit would be 10% of your insured monthly salary.
- Evidence of Insurability** is not required if you apply within the first 30 days of your initial eligibility.

Benefits become payable after you:

- have been certified as totally disabled; and
- complete the waiting period of your sick leave, extended sick leave, and sick leave pool, or 30 consecutive days, whichever is greater.

Benefits may be paid to you for up to 5 months.

The amount payable to you will be reduced due to other sources of income you may be entitled to, such as:

- Workers' Compensation;
- Employees Retirement System or Teacher Retirement System disability retirement benefits; and
- Other group disability benefits.

LONG TERM DISABILITY INCOME (LTD)

You may select coverage for LTD which provides the following benefits:

- Your LTD insured monthly salary amount would be equal to your monthly salary up to \$10,000.
- Your maximum monthly benefit would be the lesser of 60% of your insured monthly salary or \$6,000.
- If you are approved for this coverage, your minimum monthly benefit would be 10% of your insured monthly salary for up to 12 months.

- Evidence of Insurability** is not required if you apply within the first 30 days of your initial eligibility.

Benefits become payable after you:

- have been certified as totally disabled; and
- complete the waiting period of your sick leave, extended sick leave, and sick leave pool, or 90 consecutive days, whichever is greater.

The amount payable will be limited as follows:

- The maximum benefit period is determined by your age at the time of disability; and
- The benefit amount may be reduced due to other sources of income you may be entitled to such as:
 - Social Security Disability for you and any eligible dependents;
 - Workers' Compensation;
 - Employees Retirement System or Teacher Retirement System disability retirement benefits; and
 - Other group disability benefits.

* Certain limitations apply to Optional Group Term Life, Dependents' Term Life, AD&D, Voluntary AD&D, STD and LTD coverages. Descriptions and limitations of these coverages are provided in the Group Term Life Insurance and Optional Coverages Benefits Book. (Policy #58000-A)

** Evidence of Insurability (EOI) means that you must provide medical information (which may include medical records and a physical exam) that requires review and approval by Fort Dearborn Life Insurance Company before coverage becomes effective. The effective date of coverage will be later than the approval date. For EOI applications from ERS, call ERS toll free at (877) 275-4377 or in Austin at (512) 867-7711 or go to www.ers.state.tx.us/insurance/forms. Send to FDL at the address shown on the EOI form.

*** Terminal Condition means a non-correctable health condition that, with reasonable medical certainty established by medical evidence based on objective clinical findings using current American Medical Association guidelines, will result in death within twelve months from the date of the Physician's Statement.

The following coverages are fully insured by
Fort Dearborn Life Insurance Company®:

BASIC GROUP TERM LIFE

OPTIONAL GROUP TERM LIFE

ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D)

DEPENDENTS' GROUP TERM LIFE

DEPENDENTS' AD&D

VOLUNTARY AD&D

Long Term Disability Income and Short Term Disability
Income are self-funded coverages with
Fort Dearborn Life Insurance Company providing
administrative services only.

ERS Website: www.ers.state.tx.us

FDL Phone Number: 1-800-778-2281

Evidence of Insurability Phone Number: 1-800-451-0271



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