
SECTION C



GROUP UNIVERSAL LIFE INSURANCE

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C. GROUP UNIVERSAL LIFE INSURANCE

BACKGROUND



On May 1, 1990, the Management Benefits Fund introduced the Group Universal Life Insurance program. This new program took the place of a prior group term Optional Supplemental Life Insurance plan which was terminated for active employees as of that date. Active employees as of May 1, 1990 were offered enrollment in the Group Universal Life (GUL) Insurance plan. The Plan has been underwritten by the Prudential Insurance Company of America (Prudential) since January 1, 1998.

Retired members who retired prior to May 1, 1990 and participated in the prior group term Optional Supplemental Life Insurance plan continue to be covered by the prior plan with direct billing for premium payments by Prudential. Such retired participants are issued a separate insurance certificate for this prior plan and are not eligible for enrollment in the GUL plan described herein.

The purpose of this section of your Fund benefits booklet is to provide a general description of the Group Universal Life (GUL) Insurance plan underwritten by the Prudential Insurance Company of America, Prudential Plaza, Newark, N.J. 07102. This description does not replace the Group Insurance Certificate issued by Prudential to GUL participants. If a conflict should arise between this booklet and the terms of the Certificate, or if any provision is not covered or only partially covered here, the Certificate will govern in all cases.

ELIGIBILITY

Member

In order to enroll, you must be an active employee and an eligible member of the Management Benefits Fund. You must be actively at work, working at least 20 hours per week when your coverage takes effect under the group contract. Actively at work means actively at work at the employer's place of business, or any other place that the employer's business requires you to go. If you are not actively at work on the day your insurance would normally begin, you will be insured on the day you are actively at work. You, the member, must be enrolled to insure your spouse and dependent children.

Spouse/Domestic Partner

You may elect coverage for your spouse/domestic partner as long as you are enrolled in GUL. An eligible spouse is covered on the effective date as described in "WHEN COVERAGE BEGINS" (Page A1), if not confined for medical care or treatment at home or elsewhere on that date.

Unmarried Dependent Children

To be eligible, a child must be at least 15 days old and under 19 years of age (or under 25 years of age, if a full-time student) and unmarried. Coverage for a child may be continued beyond the limiting age if the child otherwise meets the definition of a dependent child and is mentally or physically incapable of earning a living on the day coverage would otherwise end. Coverage is subject to proof of continuing incapacitation, which Prudential may request periodically. An eligible dependent is covered on the effective date as described in "WHEN COVERAGE BEGINS" (Page A1), if not confined to a hospital on that date.

A dependent child who is not your natural child is covered at the earliest of the following dates:

- When the child starts living with you in a regular parent-child relationship and is primarily supported by you (the member); or
- When a court of law accepts a consent to adopt and you enter into an agreement to support the child; or
- When a court of law makes you legally responsible for the support and maintenance of the child.

Each child has the option to convert his/her elected child coverage amount to an individual life insurance policy within 31 days of when the child no longer satisfies the definition for eligibility.

EFFECTIVE DATE OF COVERAGE

Coverage commences on the date a completed application for GUL coverage is received by the Management Benefits Fund:

- (1) For amounts up to the guaranteed amounts, **and**
- (2) If received within 31 days of the member and/or spouse/Domestic Partner/dependent satisfying eligibility requirements.



Coverage commences on the date Prudential approves the application:

- (1) For amounts over the guaranteed amounts, and
- (2) For all applications received after 31 days of the member and/or spouse/Domestic Partner/dependent satisfying eligibility requirements.

“Guaranteed amounts” refers to coverage that is offered without medical evidence of good health.

If a member is not actively at work when coverage would otherwise begin, the effective date of coverage would be deferred until the member returns to active work.

If a member leaves active employment on Disability or approved Leave of Absence, and then returns to a Fund eligible position at a later date, the member is **not** treated as a new member for the purposes of the GUL coverage.

If a member had GUL coverage before the leave, the member is entitled to continue the same amount of coverage on payroll deduction upon return from leave, as long as the member continued to pay premiums during the leave, so that coverage remained in effect. If premium payment is not continued during the leave and as a result the coverage lapses, the member will be subject to medical evidence of good health in order to reinstate coverage to the amount previously in effect. In either case, any requests for additional coverage amounts will be subject to medical evidence of good health.

If a member had no GUL coverage and leaves active employment due to Disability or approved Leave of Absence, when the member returns from leave, he/she will be subject to medical evidence of good health for the full amount of coverage applied for.

COVERAGE OPTIONS FOR THE MEMBER

- You may enroll for one of the following life insurance options:
 - (a) **Multiple of Salary:** Either 1, 2, 3, 4, or 5 times annual salary* rounded to the next higher \$1,000. This option allows automatic annual increases in coverage without medical evidence of good health when salary increases.
 - (b) **Increments of \$10,000 up to \$50,000:** With this option, you will not be eligible for automatic increases in coverage as your annual salary* increases.
- The minimum coverage for any member is \$10,000.
- The maximum coverage for any member is the lesser of 5 times annual salary or \$1,000,000.
- If you have not smoked or used any form of tobacco for 12 consecutive months prior to applying for coverage, you qualify for a lower non-smoker rate.

If you are eligible as a member for the first time and have enrolled within 31 days of becoming eligible, there are no medical evidence requirements for amounts of insurance up to the lesser of 3 times your annual salary* or \$150,000. For coverage beyond that amount, you must satisfy the insurability requirements of Prudential.

If you enroll beyond 31 days after your initial eligibility date, you must provide medical evidence of good health to Prudential regardless of the amount of insurance being requested. Medical evidence of good health refers to the completion of a statement of health form, which is reviewed and approved by Prudential before coverage is issued at members' expense. In certain instances, additional medical information and/or medical exam may be required.

*Annual salary means basic yearly salary excluding overtime, bonuses, or other special compensation.

Accidental Death & Dismemberment Insurance

This feature is automatically included for active members under age 70 participating in the Group Universal Life program. It provides an additional payment to the beneficiary, equal to the amount of life insurance coverage, if death occurs as a result of a covered accident. In the case of dismemberment, the member would receive a certain percentage (depending on the injury) of the life insurance coverage amount. Not all accidental losses are covered. Some exclusions apply. The accidental death and dismemberment coverage terminates at the later of retirement or the attainment of age 70.



Terminal Illness Benefit

This program has a terminal illness benefit that applies to member's coverage only. To qualify for this benefit, you must have a life expectancy of six months or less as certified by a licensed medical doctor. You may elect to receive an advance of up to 50% of your life insurance coverage amount to a maximum of \$250,000. For example, coverage in the amount of \$100,000 could provide an advance payment of up to \$50,000. The death benefit would be reduced by the amount paid out in advance. Your cost of insurance would also reduce. If your coverage is assigned, this benefit is not available.

COVERAGE INCREASE OPPORTUNITY FOR THE MEMBER

If an increase in annual salary as of November 15 of the previous year makes you eligible for additional coverage, your coverage will automatically increase on January 1, subject to the program maximum. Your premium cost will also be adjusted to reflect any coverage increases. You must have elected coverage in a multiple of your annual salary (not an increment of \$10,000) and be actively at work on the effective date to qualify for this automatic increase.

You will have an opportunity each year to increase your coverage by one times your annual salary without medical evidence of good health up to the guaranteed amount of the lesser of 3 times salary or \$150,000. You must elect coverage as a multiple of annual salary, apply within 31 days of the increase opportunity, and be actively at work on the effective date of coverage.

If you are an active member, you may increase your coverage at any time up to the maximum allowable limit by completing Form 1060. This is subject to medical underwriting by Prudential.

COVERAGE FOR THE MEMBER'S SPOUSE/DOMESTIC PARTNER

- Coverage is available in \$10,000 increments up to \$100,000. It is also available for \$120,000, \$150,000, \$200,000 or \$250,000.
- Minimum coverage: \$10,000.
- Maximum coverage: The spouse/domestic partner may elect coverage up to the lesser of 5 times member's salary or \$250,000.
- A spouse/Domestic Partner age 64 or under can be covered for up to \$30,000 without medical evidence of good health if enrolled within 31 days of the member's eligibility date or within 31 days of the date he/she becomes an eligible spouse/Domestic Partner.
- A spouse/Domestic Partner age 65 or older must submit medical evidence of good health regardless of the amount of coverage.
- The MBF member must be enrolled in GUL in order for the spouse/domestic partner to enroll.
- The MBF member is owner of the coverage.

COVERAGE FOR DEPENDENT CHILDREN

- Effective August 1, 2007, coverage is available in a flat amount of \$10,000 for each unmarried dependent child between the ages of 15 days and 19 years, or, up to age 25 if a full-time student. No medical evidence of good health is required if this coverage is elected within 31 days of the member's eligibility date or within 31 days of the date the child becomes an eligible dependent.
- The cost is \$0.295 per month for \$10,000 of dependent child coverage, regardless of the number of children in the family.
- The MBF member must be enrolled in GUL in order for the dependent child to be enrolled.
- The MBF member is owner of the coverage.

CASH ACCUMULATION FUND

If you enroll yourself or your spouse/Domestic Partner for Group Universal Life Insurance, you may contribute an additional amount of money, in addition to the cost of insurance coverage, toward a Cash Accumulation Fund (CAF) an element of your GUL coverage. This optional contribution to CAF, which is voluntary, allows savings through convenient payroll deductions on an after-tax basis. These additional savings earn tax-deferred interest and accumulate to provide for any future financial needs of members as such needs may arise. Key features of this option include:

- The amounts contributed to the CAF will earn competitive interest rates. New rates are declared each year. While new rates will reflect returns on investments in the marketplace, the rate is guaranteed never to be less than 4%.



- Earnings are income tax deferred until withdrawn from the CAF. Under current law, no federal income tax is due upon withdrawal, if the total amount of your contributions to the CAF plus the cumulative cost of insurance is greater than the amount you withdraw.
- The balance in the Cash Accumulation Fund (less the amount of any outstanding loans and interest charged) can be withdrawn at any time in minimum amounts of \$200.
- The balance in the Cash Accumulation Fund can be borrowed against, once you have been contributing to the CAF for at least a year. The minimum amount that can be borrowed is \$200. The maximum amount that can be borrowed is 90% of the Cash Accumulation Fund balance (less the amount of any outstanding loans and interest charged). The annual net interest charged is 1.5% of the amount borrowed.
- Members who cover their spouse/Domestic Partner for life insurance may also establish a Cash Accumulation Fund element for their spouse/Domestic Partner coverage.
- In addition to these amounts being available when a need arises during the member's lifetime, in the event of a member's death, the beneficiary may receive the benefits of the life insurance amount PLUS any balance in the Cash Accumulation Fund on an income-tax-free basis. However, the interest earned on these accounts could be subject to taxation.
- Currently, the only assessment on monthly contributions is a 2% state insurance premium tax (e.g., a \$100 monthly contribution would be assessed a \$2.00 premium tax. The remaining \$98 would earn the current interest rate).

| PREMIUM RATES | | | |
|---|--|---------|---|
| Monthly Rates for the Cost of Insurance | | | |
| Age of Insured as of prior January 1 | Member Monthly Cost of Insurance/ \$1,000 of Coverage | | Spouse/Domestic Partner Monthly Cost of Insurance/\$1,000 of Coverage |
| | Non-Smoker | Smoker | |
| Under 30 | \$0.055 | \$0.062 | \$0.043 |
| 30-34 | 0.059 | 0.072 | 0.048 |
| 35-39 | 0.074 | 0.081 | 0.078 |
| 40-44 | 0.098 | 0.110 | 0.115 |
| 45-49 | 0.141 | 0.163 | 0.194 |
| 50-54 | 0.227 | 0.267 | 0.279 |
| 55-59 | 0.335 | 0.401 | 0.436 |
| 60-64 | 0.555 | 0.669 | 0.606 |
| 65-69 | 0.966 | 1.146 | 0.836 |
| 70-74 | 1.165 | 1.498 | 1.502 |
| 75-79 | 1.470 | 1.918 | 1.933 |
| 80-84 | 3.208 | 3.884 | 4.132 |
| 85-89 | 5.013 | 6.038 | 6.996 |
| 90-94 | 7.166 | 8.662 | 10.160 |
| 95-99 | 9.527 | 11.523 | 13.492 |

Child Coverage: \$0.295 per month for \$10,000 of coverage. Rate covers all eligible children, regardless of number, up to age 19, or age 25 for unmarried, full-time students.

For information on the maximum allowable contributions to the Cash Accumulation Fund, please call GUL customer service at 1-800-562-9874.



Note:

1. Cost of Insurance

The rates shown on Page C.4 are the premium contributions to cover the cost of life insurance protection only, exclusive contributions to the Cash Accumulation Fund. The cost of insurance indicated on Page C.4 reflects a 2% charge to cover taxes attributable to the state premium tax. The cost of insurance will change as you and your spouse move from one age bracket to the next. Any increased cost will be effective January 1 of the following year. Spouse/Domestic Partner rates are determined by the age of the spouse/Domestic Partner, not that of the member.

2. Cash Accumulation Fund

The minimum optional contribution is \$1.00 per month regardless of the amount of coverage selected. The maximum figures shown on Page C.4 are averages based on Internal Revenue Service guidelines. Prudential will review contribution levels to ensure contributions are within the Internal Revenue Service guidelines. Spouse/Domestic Partner maximums are determined by the age of the spouse, not that of the member. Contributions are subject to a 2% charge to cover taxes attributable to the state premium tax.

Please note, if your cash contribution exceeds certain limits and your GUL coverage becomes a Modified Endowment Contract (MEC), different tax rules and, in some cases, penalties apply for lifetime distributions such as loans, withdrawals, and assignments including distributions made in the two years prior to becoming a MEC. A MEC can result from premium payments or from a reduction in coverage (such as the purchase of paid-up life insurance). If this applies to you, Prudential will notify you in writing of your status and advise you of your current options (if any) and by when you must respond. Loans and withdrawals can reduce policy values and may have tax consequences. Prudential is not authorized to give tax advice. Please consult your tax advisor.

PORTABILITY

This program is portable: if you retire, terminate employment with the City of New York or are no longer an eligible member of the Management Benefits Fund, you can keep your entire coverage in force at group rates as long as you continue paying premiums and as long as the Group Contract is in force. If you have participated in the program for 12 months, your cost to continue coverage will be at the same group rates that apply to active members. Portable rates will be higher for members participating less than 12 months in the program.

ADMINISTRATION

This group plan made available to members of the Management Benefits Fund is underwritten by The Prudential Insurance Company of America, Prudential Plaza, Newark, N.J. 07102, and is provided under Group Policy No. UG-24768-NY, written on contract series 83500. Prudential is also the insurance administrator and handles administrative responsibilities. Participants will receive individual policy documents after enrollment. Each year, participants will receive a statement showing the current status of their accounts. Members can obtain additional information directly by contacting The Prudential Insurance Company of America at 1-800-562-9874.



