
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 (GUL) 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 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. All benefits and coverages described in this booklet are subject to the terms of the Insurance Certificate under which the benefits are provided. If there is any conflict between this booklet and the Insurance Certificate, the Insurance Certificate will always govern.

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 GUL. 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 are considered actively at work during normal vacation if you were actively at work on your last regular scheduled work day. You, the member, must be enrolled in order to insure your spouse and/or 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.

Dependent Children

To be eligible for Dependent Term Life coverage for your child(ren), a child must be at least 15 days old and under 26 years of age. 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.



GUL ENROLLMENT

New MBF members:

Upon enrollment in MBF, you will receive a letter from Prudential with additional information which will include a link to the enrollment site and instructions on how to enroll in GUL. You will have 90 days to complete the GUL enrollment process, without having to complete medical evidence of insurability, up to the guaranteed issue coverage amount.

Current MBF members:

For current MBF members who are not participating in GUL:

- You must call Prudential at 800-562-9874 to obtain a form to enroll in GUL. You will be required to complete medical evidence of insurability.

For current MBF members who are participating in GUL and want to make a change/addition:

- You must call Prudential at 800-562-9874 to obtain a form to add coverage for your covered dependents or change your GUL coverage amount. You may be required to complete medical evidence of insurability.

EFFECTIVE DATE OF COVERAGE

Prudential will provide notification of the effective date of coverage. Generally, coverage is effective on the first day of the month following approval of the application:

1. For amounts up to the guaranteed amounts,
2. For amounts over the guaranteed amounts, with satisfactory Medical Evidence of Insurability, and
3. If received within 90 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 insurability.

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 on a direct bill basis, so that coverage remained in effect. If premium payment is not continued during the leave and, as a result the coverage lapses, the member may be subject to medical evidence of insurability if reinstatement of coverage to the amount previously in effect is allowable. In either case, any requests for additional coverage amounts will be subject to medical evidence of insurability.

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 insurability 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, 5, 6, 7 or 8 times annual salary* rounded to the next higher \$1,000. This option allows automatic annual increases in coverage without medical evidence of insurability when salary increases.
 - (b) Increments of \$10,000 up to \$100,000: 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 8 times annual salary or \$1,000,000.



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- 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 90 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 \$500,000. For coverage beyond that amount, you must satisfy the medical evidence of insurability requirements of Prudential.

If you enroll beyond 90 days after your initial eligibility date, you must provide medical evidence of insurability to Prudential regardless of the amount of insurance being requested. Medical evidence of insurability refers to the completion of a statement of health form, which is reviewed and approved by Prudential before coverage is issued. In certain instances, additional medical information and/or medical exam may be required which would be at the member's expense.

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

Note: The insurance coverage/face amount of the coverage will end at the end of the year that the MBF member attains age 99, and premiums will no longer be due. The death benefit would be equal to balance of the CAF, if any, less any loan and any interest due on the loan and any past due monthly charges.

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.

NOTICE TO CONSUMER: THIS IS A SUPPLEMENT TO HEALTH INSURANCE AND IS NOT A SUBSTITUTE FOR MAJOR MEDICAL COVERAGE. LACK OF MAJOR MEDICAL COVERAGE (OR OTHER MINIMAL ESSENTIAL COVERAGE) MAY RESULT IN AN ADDITIONAL PAYMENT WITH YOUR TAXES. ALSO, THE BENEFITS PROVIDED BY THIS POLICY CANNOT BE COORDINATED WITH THE BENEFITS PROVIDED BY OTHER COVERAGE. PLEASE REVIEW THE BENEFITS PROVIDED BY THIS POLICY CAREFULLY TO AVOID A DUPLICATION OF COVERAGE.

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 of the following year, 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 \$10,000 increment (if in the incremental plan) or one times your annual salary up to the guaranteed amount of the lesser of 3 times salary or \$500,000 without medical evidence of insurability. You must apply within the special annual enrollment period, 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 requesting an enrollment/change form from Prudential by contacting Prudential at 800-562-9874. This is subject to medical evidence of insurability 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 insurability if enrolled within 90 days of the member's eligibility date or within 90 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 insurability 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

- Coverage is available in flat amounts of \$10,000, \$15,000, or \$20,000 for each unmarried dependent child between the ages of 15 days and 26 years regardless of the number of children in the family. No medical evidence of insurability is required.
- The MBF member must be enrolled in GUL in order for the dependent child to be enrolled in Dependent Term Life.
- The MBF member is the owner of the coverage.

DESIGNATING BENEFICIARY(IES)

You must name a beneficiary, other than yourself, when you enroll in GUL coverage. You may designate one or more primary beneficiary(ies), however, the total percentage for your primary beneficiaries must equal 100%. You may also designate one or more contingent beneficiary(ies), other than yourself. The total percentage for your contingent beneficiaries must equal 100%.

Your GUL coverage amount will be paid in the following order:

1. To your surviving primary beneficiary(ies) in proportional shares.
2. If there are no surviving primary beneficiaries, to your surviving contingent beneficiary(ies) in proportional shares.
3. If there are no surviving primary/contingent beneficiaries or if there is no beneficiary designation in effect at the time of death, then in accordance with the Group Contract.

Please note that you may change your beneficiary designation at any time by visiting the Prudential website at <https://www.gulgul.prudential.com>.

COVERAGE FOR RETIREES

If your status changes from active to retiree, you can keep your entire coverage in force at group rates as long as you continue paying premiums. MBF will notify Prudential of your change in status and you will be billed on a direct bill basis.

Please refer to the retiree rate chart on the next page.

ACCELERATED DEATH BENEFIT

Accelerated Death Benefit option is a feature that is made available to group life insurance participants. It is not a health, nursing home, or long-term care insurance benefit and is not designed to eliminate the need for those types of insurance coverage. The death benefit is reduced by the amount of the accelerated death benefit paid. There is no administrative fee to accelerate benefits. Receipt of accelerated death benefits may affect eligibility for public assistance and may be taxable. The federal income tax treatment of payments made under this rider depends upon whether the insured is the recipient of the benefits and is considered terminally ill and/or chronically ill. You may wish to seek professional tax advice before exercising this option.

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 amount up to the lesser of 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 amount of up to \$50,000. The death benefit would be reduced by the amount paid out. Your cost of insurance would also reduce. If your coverage is assigned, this benefit is not available.

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 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 2.71% premium tax (e.g., a \$100 monthly contribution would be assessed a \$2.71 premium tax. The remaining \$97.29 would earn the current interest rate).

Group Universal Life Rate Sheet - City of New York Management Benefits Fund - Issued by the life insurance carrier						
Rates Effective April 1, 2018 - GUL (Member and Spouse***) Monthly Rates per \$1,000 of Coverage						
(Rate x amount coverage ÷ 1,000 x 12 ÷ 26 = Biweekly deduction amount)						
Age	Active Members and Members on Leave of Absence - Monthly Cost of Insurance			Retired Members - Monthly Cost of Insurance		
	Non-Smoker Member	Smoker Member	Spouse/Domestic Partner***	Non-Smoker Member	Smoker Member	Spouse/Domestic Partner***
20-29	\$0.039	\$0.045	\$0.030	\$0.053	\$0.060	\$0.041
30-34	\$0.043	\$0.052	\$0.035	\$0.058	\$0.070	\$0.047
34-39	\$0.054	\$0.058	\$0.057	\$0.072	\$0.079	\$0.076
40-44	\$0.071	\$0.079	\$0.083	\$0.096	\$0.107	\$0.112
45-49	\$0.101	\$0.117	\$0.140	\$0.137	\$0.158	\$0.188
50-54	\$0.164	\$0.192	\$0.201	\$0.221	\$0.260	\$0.271
55-59	\$0.241	\$0.288	\$0.314	\$0.325	\$0.389	\$0.423
60-64	\$0.401	\$0.482	\$0.436	\$0.541	\$0.649	\$0.588
65-69	\$0.696	\$0.824	\$0.602	\$0.938	\$1.111	\$0.812
70-74	\$0.839	\$1.078	\$1.081	\$1.131	\$1.454	\$1.458
75-79	\$1.058	\$1.382	\$1.391	\$1.427	\$1.863	\$1.876
80-84	\$2.310	\$2.796	\$2.974	\$3.115	\$3.771	\$4.011
85-89	\$3.609	\$4.347	\$5.037	\$4.867	\$5.861	\$6.792
90-94	\$5.159	\$6.235	\$7.315	\$6.956	\$8.408	\$9.864
95-99	\$6.859	\$8.295	\$9.713	\$9.249	\$11.186	\$13.097

***Spouse/Domestic Partner rates will change based on spouse's/domestic partner's age. Rates will change based on the above age schedule and rates may change if the plan experience requires a change for all insurers.

Dependent Term Life Child(ren) - Monthly Rates per \$10,000 of Coverage		Dependent Term Life Child(ren) - Monthly Rates per \$10,000 of Coverage	
Cost of Insurance	\$0.240	Cost of Insurance	\$0.320

NOTE:

1. Cost of Insurance

The rates shown on Page C.4 are the premium contributions for active members and retirees to cover the cost of life insurance protection only, exclusive of contributions to the Cash Accumulation Fund. The cost of insurance indicated on Page C.4 reflects a 2.71% charge to cover taxes attributable to the 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.

If you terminate from the Management Benefits Fund and continue to maintain Group Universal Life (GUL) insurance, the rates for premium contributions to cover life insurance protection are determined by Prudential's portable coverage rates for terminated members.

If a terminated member returns to the Management Benefits Fund as a Deferred Retiree, and continued to maintain Group Universal Life (GUL) insurance, the rates for premium contributions to cover life insurance protection are shown on page C.4 Retiree rates.



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 2.71% charge to cover taxes attributable to the 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.

All CAF enrollments and/or changes are processed by Prudential directly. In order to enroll in/change your CAF, please visit Prudential's website at the following link <https://www.gulgvul.prudential.com>.

PORTABILITY

If you terminate employment with the City of New York, but are not retired from MBF, or if you are no longer eligible for MBF benefits, you can keep your entire coverage in force at the portable coverage rates. Your GUL coverage can be continued and, if you opt to do so, you will be billed on a direct bill basis by Prudential. Please contact Prudential at 1-800-562-9874 for premium rates.

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 a benefit summary confirmation 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, and providing policy number 24768.

TAX WITHHOLDING

Federal and some state tax laws may require The Prudential Insurance Company of America to withhold income taxes from the taxable portion of a disbursement such as a Withdrawal, Loan, or Surrender of Coverage. If you request a check to be mailed to a non-U.S. address, you cannot elect out of withholding. Your disbursement value may also be subject to state withholding taxes in certain states. If your resident state requires mandatory withholding, we will withhold the default amount your state requires.

