

Life Insurance

Your Life Insurance benefits are designed to provide financial security for your survivors in the event of your death.

For Salaried Employees: These benefits apply to retirees who were hired prior to 4/1/2012.

If you were hired on or after 4/1/2012, you had the right to convert Life Insurance to individual policies at the time of your retirement.

For Bargaining Unit Employees: These benefits apply to retirees regardless of hire date.

For more information on ...	See Page ...
Basic Life Insurance	8—3
Supplemental Life Insurance	8—5
Other Important Information	8—6
Conversion and Portability	8—7

Highlights

Your Benefits ...

... Provide Security for Your Family Through Basic Life Coverage

Your basic life insurance coverage pays a benefit to your beneficiary in case of your death from any cause.

... Offer the Opportunity for Added Protection Through Supplemental Coverage

You may be eligible for supplemental life insurance, based on when you retired. Supplemental life insurance coverage provides greater security for your beneficiary in case of your death from any cause.

What happens to your benefits when ...

For more information about what happens to your life insurance benefits when certain changes or events occur, see “How Changes Affect Your Benefits” in the “About Your Benefits” chapter.

Basic Life Insurance (for Bargaining Unit Employees and Salaried Employees hired prior to 4/1/2012)

While you were actively employed, basic life insurance coverage of two times your pay was available on an optional contributory basis. If you have basic life insurance coverage at retirement, the plan pays benefits to your beneficiary in the event of your death from any cause while you are insured.

If You Retired Before Age 65

If you retired before age 65, were eligible for an immediate pension benefit, and had basic life insurance coverage for at least 1 year immediately preceding retirement, you had these options:

- continue your full basic life insurance amount until age 65 by continuing to make your regular premium payments
or
- take the reduced basic life insurance amount (as described under “Reduced Coverage Amount”) immediately at no cost to you.

The reduced policy can be elected at retirement or any time after retirement until age 65.

When you reach age 65, your life insurance will be reduced.

If You Retired at Age 65 or After

If you retired at age 65 or after, a reduced amount of basic life insurance coverage will continue for the rest of your life provided you had basic life insurance coverage for at least 1 year immediately preceding retirement. This reduced coverage currently is provided at no cost to you.

Reduced Coverage Amount

If you had basic life insurance coverage for at least 1 year but less than 5 years immediately preceding your retirement, your reduced insurance will be \$625.

If you had basic life insurance coverage for at least 5 years immediately preceding your retirement, the amount of your reduced insurance is determined by the date on which you retired, as described in the following table.

The balance between your reduced amount and the original amount can be converted to an individual policy within 31 days from the date benefits were reduced. Refer to “Conversion Privileges” at the end of this section for more information.

The term “Pay” is defined in the Glossary.

Basic Life Insurance (cont.)

Reduced Basic Life Insurance Amount at age 65

If you had basic life insurance for *at least 1 year but fewer than 5 years* before retirement, your total benefit is \$625

If you had basic life insurance for *at least 5 years* before retirement, you are eligible for benefits according to this table

Employee category	Retirement date	Reduced life insurance will be the greater of:
Salaried	Retired on or after 1/1/1973	<ul style="list-style-type: none"> 1% of basic life just before retirement multiplied by years of service (including any fraction of a year), plus \$500, with a minimum of \$2,500 and a maximum of \$10,000 or 25% of basic life insurance just before retirement, up to a maximum of \$10,000 or 20% of basic life insurance just before retirement
Hourly	Retired on or after 11/1/1977 but before 6/1/1980	<ul style="list-style-type: none"> 1% of basic life just before retirement multiplied by years of service (including any fraction of a year), plus \$500, with a minimum of \$2,500 and a maximum of \$10,000 or 25% of basic life insurance just before retirement, up to a maximum of \$10,000 or 20% of basic life insurance just before retirement
	Retired on or after 6/1/1980 but before 7/1/1996	<ul style="list-style-type: none"> 1% of basic life just before retirement multiplied by years of service (including any fraction of a year), plus \$500, with a minimum of \$2,500 and a maximum of \$10,000 or 25% of basic life insurance just before retirement, up to a maximum of \$10,000
	Retired on or after 7/1/1996 (or later, depending on when contract was ratified)	<ul style="list-style-type: none"> 1% of basic life just before retirement multiplied by years of service (including any fraction of a year), plus \$500, with a minimum of \$2,500 and a maximum of \$10,000 or 25% of basic life insurance just before retirement, up to a maximum of \$10,000 or 20% of basic life insurance just before retirement

Supplemental Life Insurance

While you were an active employee, supplemental life insurance coverage of at least one times your pay was available on an optional contributory basis.

The following table explains eligibility and life insurance benefit amounts for retirees.

Supplemental Life Insurance		
Retirees may be eligible for supplemental life insurance, depending on retirement date		
Employee category	Retirement date	Supplemental Life Insurance Benefit
Salaried	Retired on or after 1/1/1973 but before 4/1/1990	Supplemental life insurance ended at retirement or at age 65, based on your decision at retirement.
	Retired on or after 4/1/1990 but before 2/1/2001	<ul style="list-style-type: none"> • If you had supplemental life insurance for at least 1 year but fewer than 5 years before retirement, your total benefit is \$312 • If you had supplemental life insurance for at least 5 years immediately preceding retirement, your reduced supplemental life insurance benefit will be the greater of: <ul style="list-style-type: none"> ○ 1% of supplemental life just before retirement multiplied by years of service (including any fraction of a year), plus \$250, up to a maximum of \$5,000 or ○ Minimum of \$1,250 or 12.5% of supplemental life just before retirement, up to a maximum of \$5,000 or ○ 10% of supplemental life just before retirement
	Retired on or after 2/1/2001	Supplemental life insurance ended at retirement
Hourly	Retired on or after 11/1/1977 but before 4/1/1990	Supplemental life insurance ended at retirement or at age 65, based on your decision at retirement.
	Retired on or after 4/1/1990 but before 7/1/1996	<ul style="list-style-type: none"> • If you had supplemental life insurance for at least 1 year but fewer than 5 years before retirement, your total benefit is \$312 • If you had supplemental life insurance for at least 5 years immediately preceding retirement, your reduced supplemental life insurance benefit will be the greater of: <ul style="list-style-type: none"> ○ 1% of supplemental life just before retirement multiplied by years of service (including any fraction of a year), plus \$250, up to a maximum of \$5,000 or ○ Minimum of \$1,250 or 12.5% of supplemental life just before retirement, up to a maximum of \$5,000
	Retired on or after 7/1/1996 but before 8/1/2001	<ul style="list-style-type: none"> • If you had supplemental life insurance for at least 1 year but fewer than 5 years before retirement, your total benefit is \$312 • If you had supplemental life insurance for at least 5 years immediately preceding retirement, your reduced supplemental life insurance benefit will be the greater of: <ul style="list-style-type: none"> ○ 1% of supplemental life just before retirement multiplied by years of service (including any fraction of a year), plus \$250, up to a maximum of \$5,000 or ○ Minimum of \$1,250 or 12.5% of supplemental life just before retirement, up to a maximum of \$5,000 or ○ 10% of supplemental life just before retirement
	Retired on or after 8/1/2001	Supplemental life ends at retirement

Other Important Information

Naming Your Beneficiary

You may name anyone as your beneficiary, and you may change your beneficiary designation at any time at the ORNL Benefits Service Center website or by phone at 1-800-211-3622. The beneficiary you name for basic life insurance benefits will automatically be your beneficiary for supplemental life, unless you elect otherwise in writing.

If you do not designate a beneficiary, basic and supplemental life insurance benefits will be paid to the first survivor among the following beneficiaries:

- your spouse
- your child or children
- your mother or father
- your sisters or brothers

If you do not have any living beneficiaries, insurance benefits will be paid to your estate.

Tax Consequences

Under current tax law, employer-paid insurance coverage in excess of \$50,000 may result in additional taxable income for federal income and FICA tax purposes. This additional taxable income, called imputed income, is reported on your W-2 earnings statement as "other income."

When Coverage Ends

Basic life insurance and supplemental life insurance coverages end on the earliest of the following dates:

- the last day of the month for which your last contribution was made if you fail to make any required contribution
- when you are no longer eligible
- when you die
- the date the plan is terminated.

If you should die within the 30 day period after your coverage terminates, basic life insurance and supplemental life insurance benefits will be paid.

Accelerated Benefit Option

If you are diagnosed with a terminal illness with 6 months or less to live and have at least \$10,000 of life insurance (basic and supplemental coverage combined), you may make a one-time request to receive a portion of your life insurance benefit before you die. You must furnish satisfactory proof of your illness to the insurance company before any benefits can be paid.

You may receive up to 50% of the amount of your basic and supplemental life insurance coverage, with a maximum living benefit of \$250,000 of your basic life insurance coverage and \$250,000 of your supplemental life insurance coverage. Benefits will be paid in a lump sum.

Living benefit payments may be taxable and may affect your eligibility for certain government benefits, such as Medicaid. In addition, the amount of benefits payable to your beneficiary upon your death will be reduced by the amount of the living benefit that you receive.

If you wish to apply for a living benefit, please contact the ORNL Benefits Office for information.

Payment of Benefits

Basic and Supplemental Life death proceeds are deposited into a Total Control Account Money Market Option. Interest is paid on the fund from the date of death. The beneficiary can choose among other long-term settlement options at any time, including:

- guaranteed interest certificates (6 months to 7 years)
- annuity options, which provide a guaranteed income for life.

Conversion and Portability

Conversion Privileges

Within 31 days after your basic life insurance and supplemental life insurance coverages reduce or terminate, you may convert all or part of these coverages to an individual whole life insurance policy without taking a medical examination. The cost for individual coverage will be based on the insurance company's regular premium rates for the type and amount of insurance available to you through the conversion privilege. Contact the insurance company to request a conversion form.

Portability

Although your costs may differ from what you are currently paying, the cost to continue your supplemental life coverage under the portability option is generally less expensive than converting to an individual life insurance policy. When you elect to continue coverage under the portability option, you won't lose the valuable features of the Total Control Account or the Accelerated Benefits Option (ABO).

Within 31 days after your supplemental life insurance coverage terminates or reduces, you may port all of the coverage to a term life policy without taking a medical examination. The cost for the ported coverage will be based on your age and will increase incrementally as you get older.

The portable coverage reduces at age 70 and terminates at age 80. (You may convert the ported coverage when the benefit reduces at age 70 and when it terminates at age 80.)

The minimum amount of coverage that you can port is \$20,000. The maximum amount you can port is the lesser of the amount of supplemental life coverage you had at the time your group supplemental life benefits ended or \$1,000,000. Once you select a coverage amount, you may only decrease coverage in the future; you cannot increase the amount.

If your supplemental life benefits terminate, you may contact the insurance company to request an Election of Portable Coverage Form.

NOTE: The employee may not continue group coverage under portability AND convert the coverage to an individual policy. Benefits may either be ported in full, converted in full, or a combination of the two. The total amount of coverage converted and/or ported cannot exceed the amount of insurance that was in effect prior to coverage termination. If you are electing portable coverage and it is reduced or ends due to age, new conversion rights may be triggered.

Administrative Information

Information about the administration of your life insurance benefits can be found in the chapter titled "Administrative Information."

