

UNIVERSITY OF MISSOURI  
**Life Insurance SPD**

Effective January 1, 2019



This summary plan description (SPD) is designed to provide an overview of the University of Missouri System's Life Insurance Plan (Plan). While the University hopes to offer participation in these Plans indefinitely, it has the right to amend or terminate any benefit plan. In addition to this SPD, the University plans to continue to use other methods of communication such as memos, meetings, newsletter articles, or electronic media to help you stay informed.

This SPD is designed to meet your information needs. It supersedes any previous printed or electronic SPD for this Plan. The terms of this Plan may not be amended by oral statements made by the Plan Sponsor, the Claims Administrator, or any other person. In the event an oral statement conflicts with any term of the Plan, the Plan terms will control.

It's important for you to have a good understanding of all this Plan has to offer. Please review this SPD carefully. If you have questions, contact your HR Generalist at the appropriate address or phone number shown below.

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The Life Insurance Plan provides your family with valuable financial protection in the event of your death.

The Plan offers two levels of life insurance under a basic life insurance program as well as a supplemental coverage option. The benefits available under each are described in this booklet.

This summary is designed to give you an overview of the major points of the Plan. The basic Plan is underwritten by Minnesota Life under group policy number 32898G. The supplemental program is underwritten by Minnesota Life Insurance Company under group policy number 32898G. If any description in this summary differs from the policy, the terms of the policy will be followed.

## Benefit summary

The Life Insurance Plan offers you the following coverage options:

| Option                                     | Benefit amount                          | Who pays for this coverage? |
|--|---|-----------------------------|
| <b>Basic Life Insurance</b>                |   |                             |
| Group Term Life Insurance<br><b>Plan A</b> | One times<br>base salary*               | The University              |
| <b>or</b>                                  |   |                             |
| Group Term Life Insurance<br><b>Plan B</b> | Two times<br>base salary*               | The University<br>and you   |
| <b>Supplemental Life Insurance</b>         |   |                             |
| Optional group term<br>life insurance      | One, two or three times<br>base salary* | You                         |

\*Retirees—Salary is for the year in which you retired.

## What is group term life insurance coverage?

Group term life insurance provides a benefit when you die. The death benefit is equal to the coverage amount in effect at that time and is payable to your beneficiary.

## Am I eligible for coverage?

If you are an active employee or subsidiary employee (CRR 320.050) of the University, you are eligible for coverage, provided you also meet the following conditions:

- You are classified as .75 FTE or more.
- You have an appointment duration of at least nine months.
- You are regularly scheduled to work an average of 30 hours a week.

For the purpose of this section any individual who is simultaneously employed by the University and the Harry S. Truman Veterans Administration Hospital pursuant to an agreement between said organizations, and whose joint appointments, combined, otherwise meet the requirements of this section, shall be considered an Employee.

A variable hour employee is excluded as an Employee under this Plan.

An individual who, while covered as an Employee under the sections described above, became totally and permanently disabled in accordance with the University's Long Term Disability Plan and is entitled to continued service credit as a disabled Employee under the University's Retirement, Disability and Death Benefit Plan.

## **Retirees**

If you are a retiree of the University, you are eligible for coverage, provided you also meet the following requirements:

- You retired on or before 12/31/17, you are eligible for postretirement benefits at the earlier of:
  - Age 55 and at least 10 years of service, or
  - Age 60 and at least 5 years of service
- Effective January 1, 2018, the eligibility for postretirement benefits are as follows:
  - Must be employed in a UM System benefit eligible position on December 31, 2017; and
  - At least five years of service as of December 31, 2017, and
  - At least 60 years old on his/her retirement date; and
  - At least 20 years of service to the UM System on his/her retirement date.
- You were covered under the respective plan(s) immediately prior to your retirement.
- You re-enrolled when you retired
- If, after retirement, you drop coverage on any of your dependents, you may not re-enroll them in the Plan.

If after retirement you become reemployed by the University or a University Subsidiary Entity and you become eligible for coverage as an Employee under University-sponsored active Employee insurance plans, your eligibility for all retiree coverage will “freeze” beginning the first of the following month after your effective date of becoming eligible for coverage as an Employee, unless your effective date is the first of the month, then, coverage will “freeze” on the first of that month. Upon your termination from regular employment and loss of University-sponsored active Employee insurance coverage (or upon loss of University-sponsored active Employee insurance coverage even while you are still employed, because you no longer meet the eligibility requirements for coverage as an Employee), you must **immediately re-enroll in the retiree insurance coverage** in which you are eligible or you will forfeit your right to re-enroll at a later date.

## **When does coverage begin?**

### **New Hire Enrollment:**

- Coverage begins on the date of hire or the benefit eligibility date.
- You will automatically be enrolled in Group Term Plan A (paid by University) unless you elect Plan B or opt out of coverage by filling out the appropriate waiver form available through the HR Service.
- You may elect Group Term Life (Basic Life) Plan B at initial enrollment without providing evidence of insurability provided you submit the form within 31 days (60 days if you are out of the continental United States) of your date of hire or eligibility date.
- If you change from part-time to full-time or from temporary to permanent status and become benefit eligible, you must enroll within 31 days of the date of your change in status.
- If you are not actively at work on the date your coverage would normally begin, the coverage will not be effective until you return to full-time active employment.
- Evidence of Insurability is required for Supplemental Life coverage. Contact your HR Generalist or HR Service Center for enrollment material. Coverage is effective the first of the month on or after date approved by Minnesota Life.

### **Annual Enrollment**

- Coverage elected or changed during the Annual Enrollment Change Period begins on January 1 of the following year, or upon approval by Minnesota life if after January 1, provided you submit Evidence of Insurability by December 31 of the current year.
- If you are not actively at work on the date your coverage would normally begin, the coverage will not be effective until you return to full-time active employment unless you are not actively at work due to a health factor.
- Evidence of Insurability is required for Supplemental Life coverage. Contact your HR Generalist or HR Service Center for enrollment material. Coverage is effective the first of the month on or after date approved by Minnesota Life.

**Retirees**

If you retire on the first of the month, your retiree coverage eligibility begins on that day. If you retire beyond the first of the month, retiree coverage eligibility will begin on the first of the month following your retirement date provided you make written application to participate as a retiree within 31 days of retirement.

**Who pays for this coverage?**

**Basic Life Insurance**

The cost of your coverage depends on the level of group term coverage you choose.

- If you choose Plan A, the University will pay the full cost of coverage.
- If you choose Plan B, the Plan giving a higher level of coverage, the additional cost will be shared by you and the University. The amount of contribution required will be determined annually by the insurance company.

If you are an employee, your contribution will be made on a before-tax basis unless you elect otherwise. This before-tax advantage is explained in the *Flexible Benefits Plan SPD*.

According to Internal Revenue Service rules, an employee/retiree must recognize the value of group term life insurance coverage in excess of \$50,000 as additional taxable income (as calculated using life insurance premium statistics published by the IRS). This income will be reflected on your annual W-2 form.

**Supplemental Life Insurance**

You pay the entire premium for this coverage.

Premiums for the Supplemental Term Life Plan increase as you get older.

**How much coverage do I have?**

**Basic Life Insurance**

The amount of your coverage depends on your salary, at the time of retirement for retirees, and the level of coverage you choose.

Your salary is your annualized salary as of the date of death, excluding any additional pay for special services, overtime, or summer terms and intersessions. (For this purpose, your annualized salary is rounded up to the next \$1,000, if not already an even multiple.)

- Plan A provides a benefit of 1 x your salary.
- Plan B provides a benefit of 2 x your salary.

Basic life insurance is guaranteed issue up to \$850,000. An amount of insurance above \$850,000 including an increase in earnings that results in an amount above \$850,000, requires evidence of insurability.

As long as you are actively working, your group term insurance under Plan A or Plan B will not be terminated, but the amount of coverage will be reduced at certain ages as shown below:

| Age as of December 31 | Percentage of benefits |
|-----------------------|------------------------|
| Younger than 55       | 100%                   |
| 55-59                 | 75%                    |
| 60-64                 | 50%                    |
| 65-69                 | 35%                    |
| 70 and older          | 20%                    |

These reductions are effective on the January 1 following the December 31 that you reach the specified age.

**Note:** If you retire after attaining age 70, your basic life insurance terminates as of the date of your retirement. Conversion rights to an individual policy are available to you. Conversion information will be provided to you in October of the year you have, or will, achieve age 70.

To figure the amount of your life insurance after age 55:

- Multiply your base salary by 1 (Plan A) or 2 (Plan B).
- Apply the percentage shown for your age to that amount.
- For example, if your salary at age 58 is \$25,000, and you are covered under Plan option B (two times salary), your life insurance benefit is \$37,500.
  - ( $\$25,000 \times 2 = \$50,000 \times 75\% = \$37,500$ )

## **Supplemental Life Insurance**

You may choose an amount of coverage equal to 1X, 2X, or 3X your base salary. Coverage will be rounded up to the next \$5,000 if not already an even multiple, to a maximum of \$1 million. The minimum amount of coverage is \$20,000, even if you earn less than that annually.

As an employee, your base salary is your annual salary as of November 1 of the preceding calendar year, excluding any additional pay for special services, overtime, summer terms or intersessions.

As a retiree, your base salary is your annual salary at retirement excluding any additional pay for special services, overtime, summer terms or intersessions.

All supplemental life insurance requires evidence of insurability.

## **What happens if my salary changes?**

Your coverage will be adjusted as described below. However, if you are not actively at work due to an illness or injury on the date an increase would otherwise take place, the increase will be postponed until you return to full-time active employment.

### **Basic Life Insurance**

The amount of your coverage automatically changes when your salary changes.

### **Supplemental Life Insurance**

Your coverage will be adjusted each January to reflect any change in your base salary as of the prior November 1.

## **May I change my choice of coverage?**

### **Basic Life Insurance**

As an employee, you may increase your coverage from Plan A to Plan B by submitting satisfactory evidence of insurability during the Annual Enrollment period. If you previously waived Plan A and wish to now enroll in Plan A or Plan B you will need to contact the HR Service Center during Annual Enrollment to obtain a paper enrollment form and submit satisfactory evidence of insurability during the Annual Enrollment period. You will be notified of acceptance or declination and the effective date of coverage

If you are not actively at work due to an illness or injury on the date the change would otherwise take place, the change will be postponed until you return to full-time active employment.

As an employee, you may elect to enroll or change the amount of coverage for which you've enrolled if you experience a "change in family status", and the change that you are requesting is consistent with the event. You must notify your HR Generalist or HR Service Center and complete a benefit change form within 31 days of the date of the event to make the change.

As a retiree, you may not increase your coverage from Plan A to Plan B, however, you may decrease your coverage from Plan B to Plan A.

### **Supplemental Life Insurance**

As an employee, you may increase or decrease your coverage at any time. You will be required to provide evidence of insurability if you wish to increase your coverage.

As a retiree, you may decrease your coverage at any time.

### **What is a “change in family status”?**

As an employee, the following events are changes in family status, and impact your ability to make changes in Basic Group Term Life:

- Marriage or divorce.
- Birth or adoption of a child.
- Death of your spouse or your dependent.
- A change in your or your spouse's employment from full-time to part-time or vice versa.
- The termination of, or commencement of, you or your spouse's employment.
- You or your spouse taking an unpaid leave of absence.
- A significant change in your health coverage as a result of your spouse's employment.

### **How do I designate my beneficiary?**

#### **Basic Life Insurance and Supplemental Life Insurance**

When you enroll for coverage, you should name a beneficiary to receive benefits in the event of your death. You may name a different beneficiary at any time by completing a new beneficiary designation form.

### **How are benefits paid?**

#### **Basic Life Insurance and Supplemental Life Insurance**

The insurance company will pay benefits to your beneficiary upon receiving written proof of your death.

### **Accelerated Benefits**

The Plan will pay accelerated benefits, up to 100% of the face amount to a maximum of \$1,000,000, in lieu of death benefit for insured with a life expectancy of 12 months or less.

### **What happens when I retire?**

#### **Basic Life Insurance**

If you retire before age 70, the coverage in effect at retirement may be continued provided you agree to pay any required contributions. However, it will be reduced at ages 55, 60 and 65 in the same manner as for active employees. Your coverage as a retiree will end when you reach age 70. You may, however, convert to a personal life insurance policy.

#### **Supplemental Life Insurance**

You may continue the coverage that was in effect at retirement provided you agree to pay required contributions to the University. You may elect to decrease your amount of insurance to a lesser amount that is a multiple of \$5,000, provided the remaining amount is not less than \$20,000.

### **When will this coverage end?**

#### **Basic Life Insurance and Supplemental Life Insurance**

Coverage will end on the earliest of the following dates:

- the date you stop making contributions, if required
- the date you are no longer eligible for coverage
- the date the University discontinues this Plan



In the case of a retiree, basic life insurance will cease January 1, following your 70th birthday.

When your basic or optional group term coverage ends, you can convert all or part of your life insurance to an individual insurance policy. Conversion is not available if your coverage under the policy ends because of your failure to pay a required premium. You will not have to pass a medical exam to qualify for coverage. However, you must submit your application and first premium payment within 31 days after your group coverage terminates. The premiums for this coverage will depend on the type of policy you choose and your age.

Coverage will remain in effect during an authorized leave of absence. If you go on an unpaid leave of absence, you must continue to pay the required monthly premiums to the University in advance or through monthly billing.

Under Supplemental Life Insurance only, if you become totally and permanently disabled before you reach age 60, you will be eligible for a premium waiver. This means that, starting 180 days after your disability begins, you will not have to pay premiums for your coverage if the required proof is submitted to, and approved by, the insurance company. This benefit will remain in effect until you recover, reach age 65 or die, whichever comes first.

### How do I file a claim?

If you suffer a covered loss, your beneficiary should provide notice to the University to initiate a claim.