

**Dependent Group Term Life Insurance with
Accelerated Life Benefit
and Viatical Settlement Option**

**SECTION
THREE
AT-A-GLANCE**

General Information.....pg. 25
Eligibilitypg. 25
Summary of Benefitspg. 26
Dependent Group Term
Life Insurancepg. 26
Step-by-Step Instructions for Filing a
Dependent Group Term Life
Insurance Claimpg. 27
Accelerated Life Benefit.....pg. 28
Step-by-Step Instructions for Filing an Accelerated
Life Benefit Claim for a Dependentpg. 29
Viatical Settlement Option.....pg. 31
Step-by-Step Instructions for Filing a Dependent's
Viatical Settlement Claim.....pg. 32

Section 3

Dependent Group Term Life Insurance with Accelerated Life Benefit

General Information

You may be eligible to enroll in Dependent Group Term Life Insurance coverage which provides group term life insurance coverage for all your listed eligible Dependents. See Eligibility subsection below for additional details. You will be responsible for paying the premiums, either through a deduction from your ERS or TRS annuity or by submitting a personal payment directly to ERS.

Eligibility

As a Retiree, you are eligible to enroll in Dependent Group Term Life Insurance. Certain restrictions may apply. Contact ERS for complete enrollment details.

Dependent is as defined in Section 5.

A dependent Child becomes eligible for coverage as follows:

- a. A newborn natural child is eligible for coverage on his/her date of birth if the child is born alive as certified by an attending physician.
- b. A newly adopted child is eligible for coverage on the date of placement for adoption.
- c. A newly acquired dependent who does not qualify under items a. or b. above becomes eligible for coverage on the first day of the month following the date on which he/she becomes a dependent, as defined in Section 5, of a covered Retiree if an enrollment form is completed within 30 days after the date the person first becomes a dependent. If the enrollment form is completed after the initial 30 days, the coverage will become effective the first day of the month following the date approval is received by ERS.

The following persons are **not** eligible for Dependent Group Term Life Insurance:

- Any person who is a full-time Active Employee and is enrolled in Basic Group Term Life Insurance or Optional Group Term Life Insurance;
- Any person who is a part-time Active Employee and is enrolled in Basic Group Term Life Insurance or Optional Group Term Life Insurance;
- Any person who is a Retiree and is enrolled in Basic Group Term Life Insurance or Optional Group Term Life Insurance;
- Any person approved for Extended Insurance Benefits;
- Any person who has applied for an individual life insurance policy with FDL within 31 days of termination of State of Texas employment.

Summary of Benefits

Dependent	Amount of Dependent Group Term Life Insurance
Spouse	\$2,500
Eligible Child(ren) from date of birth up to age 25	\$2,500

Dependent Group Term Life Insurance

Dependent Group Term Life Insurance provides each of your covered Dependents with \$2,500 of group term life insurance. Dependent Group Term Life Insurance also provides:

Conversion Privilege - This benefit is available to your covered spouse if you are no longer in a class of Retirees eligible for insurance or in the event of your death. The amount of group term life insurance on your spouse may be converted to an individual life insurance policy. See Section 4 for details.

Accelerated Life Benefit — You may request, on behalf of a dependent, payment in one lump sum of that Dependent Group Term Life Insurance. Certain restrictions apply to this benefit. See the Accelerated Life Benefit later in this section for details.

Viatical Settlement Option — This option is available to you if your insured Dependent is diagnosed with a Terminal Condition. See the Viatical Settlement Option later in this section for details.

Dependent Group Term Life Insurance benefits will not be paid if the deceased Dependent was insured in the Group Benefits Program as an Active Employee and died within 31 days of the date that his or her insurance ended as an Active Employee.

If your Dependent becomes ineligible for insurance, his or her coverage will automatically end on the last day of the month in which the ineligibility occurs. For example, if your Dependent turns age 25 on December 6, the insurance coverage will remain in effect until the last day of the month (December 31). You should notify ERS of any Dependent deletion or addition to ensure your coverages and premiums are correct.

Step-by-Step Instructions for Filing a Dependent Group Term Life Insurance Claim

If your covered Dependent dies as a result of any cause,

You must:

- contact ERS at (512) 867-7771 or (877) 275-4377 for instructions and forms required for filing a claim for benefits;
- complete, sign, and date the claim form;
- within 24 months of your Dependent's death, submit the completed claim form, together with a certified copy of your Dependent's death certificate, to FDL; and
- provide additional information as needed for FDL to process the claim.

FDL:

- receives the claim form and the Dependent's death certificate from you;
- reviews the claim and requests additional information if needed; and
- pays the death benefit to you if the claim is approved; or
- notifies you and ERS if the claim is denied for any reason.

Accelerated Life Benefit. (For Retirees covering dependents under Dependent Group Life coverage.)

This section is applicable to you if you have enrolled your dependent in and are paying premiums for Dependent Group Term Life Insurance coverage.

You may request payment of that Dependent's Dependent Group Term Life Insurance amount in a lump sum. Your Dependent must be diagnosed with a Terminal Condition and have a life expectancy of twelve months or less.

FDL will review the request and evaluate whether the requirements for this benefit are met. If approved, FDL will make payment to you. The amount of the payment will reduce that Dependent's Dependent Group Term Life Insurance amount to zero and no benefit will be payable at your Dependent's death.

The Accelerated Life Benefit is not available for your covered Dependent if you retired prior to January 1, 2000, unless that covered Dependent was determined, in a written statement executed before the day you retired by his or her attending physician, to have had a Terminal Condition.

Note: If your insured Dependent is diagnosed with a Terminal Condition, you may elect to receive payments under your Dependent's Accelerated Life Benefit or Viatical Settlement Option, but not both. Please review your Dependent's situation carefully before making your selection.

DISCLOSURE: The Accelerated Life Benefit offered under this 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 Dependents' 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 your or your Dependents' eligibility for public assistance.

Step-by-Step Instructions for Filing an Accelerated Life Benefit Claim for a Dependent

If your covered Dependent is diagnosed with a Terminal Condition and has a remaining life expectancy of twelve months or less,

You must:

- obtain an Accelerated Life Insurance Benefit Claim Form through the ERS website.³ If you do not have access to the website, you may call ERS at (512) 867-7711 or (877) 275-4377 for assistance.
- complete the *To be Completed by Employee or Employee's Legal Representative* section of the claim form.

You:

- Have your Dependent's doctor, who must be an Approved Practitioner, complete, sign, and date the Attending Practitioner's Statement, including as due proof of your Dependent's loss, copies of medical test results, lab reports, and any other information on which the diagnosis and life expectancy are based;
- your Dependent's doctor returns the claim form to you for further handling;
- complete any outstanding information on the form, sign, and date the form; and
- forward the completed claim form with all attachments to FDL at the address shown on the claim form.

FDL:

- receives the claim form, reviews the claim, and requests additional information, if needed;
- prepares a lump sum check in the amount of your Dependent's Group Term Life Insurance if the claim is approved; and
- mails the check to you; or

³ At www.ers.state.tx.us, click on **Insurance**; click on **Life & Disability (Optional Coverage)**; click on the Fort Dearborn Life logo; click on **Resource Center** and then on **Forms**.

- notifies you and ERS if the claim is denied for any reason.

Viatical Settlement Option – This option is available to you if your insured Dependent is diagnosed with a Terminal Condition. You may make an irrevocable beneficiary designation in conjunction with a Viatical Settlement for your insured Dependent’s coverage. The choice of a Viatical Settlement provider is yours. Neither FDL nor ERS is responsible for recommending or selecting a Viatical Settlement provider. Upon your Dependent’s death, payment will be made to the Viatical Settlement provider or the persons or entities designated as the irrevocable beneficiary if the life insurance on that Dependent is still in force. This option applies to your Dependent Group Term Life Insurance.

Note: If your insured Dependent is diagnosed with a Terminal Condition, you may elect to receive payments under your Dependent’s Viatical Settlement Option, unless an Accelerated Life Benefit has been paid on that Dependent’s life. Please review your Dependent’s situation carefully before making your selection.

You may contact FDL Customer Service at (800) 778-2281 for additional information.

Step-by-Step Instructions for Filing a Dependent's Viatical Settlement Claim

If your Dependent is diagnosed with a Terminal Condition,

You must:

- research and select a Viatical Settlement provider.

The Viatical Settlement provider:

- sends a questionnaire to FDL, if needed.

FDL:

- researches your Dependent's Group Term Life Insurance coverage; and
- responds to the Viatical Settlement provider.

The Viatical Settlement provider:

- reviews FDL's response; and
- signs an agreement with you or declines to sign an agreement.

FDL:

- sends you an irrevocable beneficiary designation form for you to complete, sign, and date, and return to FDL if the Viatical Settlement provider signs an agreement with you;
- notifies ERS of the irrevocable beneficiary designation; and
- maintains the irrevocable beneficiary designation form in FDL's files.

You will:

- receive the payment from the Viatical Settlement provider for the agreed upon percentage of your Dependent's Dependent Group Term Life Insurance amount.

FDL:

- pays the death benefit from your Dependent's Group Term Life Insurance to the Viatical Settlement provider or the persons or entities designated as the irrevocable beneficiary in the event of the death of your covered Dependent while that Dependent's coverage is in force.