

**YOUR  
PRUDENTIAL  
LIFE  
INSURANCE**

Benefit Program Summary

LANS

Effective June 1, 2006

**IMPORTANT**

This is a summary of highlights of the above-named Benefit Program, a component of the LANS Welfare Benefit Plan for Employees, ERISA Plan 501 ("Plan"). Receipt of this document and/or your participation in a Plan and any benefit programs under a Plan do not guarantee your employment or any rights or benefits under a Plan. LANS reserves the right to amend or terminate each Plan or any benefit program(s) under a Plan at any time. The Plan and the benefit programs referred to in this summary are governed by a Federal law (known as ERISA), which provides rights and protections to Plan participants and beneficiaries.

For more information on LANS benefit programs, see the LANS Welfare Benefit Plan for Employees Summary Plan Description, available from the Los Alamos National Security (LANL) Benefits Office at (877) 667-1806 or (505) 667-1806.

## FOREWORD

### FOR EMPLOYEES

*The LANS Group Term Life Insurance Benefit Programs, provided by The Prudential Insurance Company of America, are designed to protect you and your beneficiaries against a hazard affecting earnings power--premature death.*

*LANS offers several group term life insurance Benefit Programs to its eligible employees. The terms of these Benefits Programs are described in the pages that follow.*

*Depending on your appointment and average paid time, you may be eligible to automatically receive one of the LANS' employer-paid (Non-Contributory) group term life insurance Benefits Programs--Basic Life or Core Life Insurance.*

*LANS also offers employee-paid Supplemental (Contributory) term life insurance at group rates. Benefits are based on your salary rate and are designed to give you flexibility in selecting insurance which will meet your individual needs. A benefit program offering a flat amount of insurance is also available. You are urged to take the time to examine your life insurance benefit program carefully in order to see how this benefit program may help provide additional protection.*

### FOR DEPENDENTS

*LANS also offers eligible employees additional contributory life insurance for your dependents.*

*The Dependent Group Life Insurance Benefit Program was specifically designed to provide greater protection for you and your family against the financial burden that follows the loss of a spouse/domestic partner or a child.*

*LANS' employer-paid and employee-paid group term life insurance Benefits Programs described here are fully governed by the terms and conditions of contracts between The Prudential Insurance Company of America and by LANS.*

### **This Benefit Program Summary describes benefits and eligibility provisions in effect as of June 1, 2006.**

In addition to the information contained in this Benefit Program Summary, the LANS Welfare Benefit Plan for Employees Summary Plan Description (LANS SPD) contains important information about your LANS welfare benefits. This Benefit Program is a part of the LANS Summary Plan Description ('SPD').

All benefits and coverages described in this summary are subject to the terms and conditions of the insurance contracts under which benefits are provided. If there is any conflict between this summary and the insurance contract, the insurance contract will always govern.

For additional information:

Los Alamos National Laboratory (LANL)

LANL Benefits Office

P.O. Box 1663, Mail Stop P280

Los Alamos, NM 87544

(877) 667-1806 or (505) 667-1806

e-mail: [benefits@lanl.gov](mailto:benefits@lanl.gov)

LANL Benefits Website for Employees: <http://int.lanl.gov/worklife/benefits/>

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## BASIC LIFE INSURANCE

### ELIGIBILITY

Information about Employee eligibility can be found in your LANS SPD.

### ENROLLMENT

Enrollment in the Basic Life Insurance Benefit Program is automatic. No enrollment form is required.

### EFFECTIVE DATE

Coverage becomes effective on the first day of pay status as an eligible employee. You will be covered if you are an eligible employee on pay status for any period of a given month.

If you are on leave for health reasons on the normal effective date, new or increased coverage becomes effective the day after your first full day actively at work, based on your normally scheduled workday. This rule also applies to newly hired employees who have not yet reported to work for health reasons.

### BENEFITS

The Basic Life Insurance Benefit Program provides you with group term life insurance at no cost. The amount of insurance is 1 times your annual **salary rate (rounded to the next higher multiple of \$1,000, if it is not an exact multiple of \$1,000)**, as of January 1 of each year, multiplied by the percent time of your appointment. The maximum benefit for eligible employees is \$50,000. The minimum benefit for all eligible employees is \$5,000.

This insurance does not entitle you to a waiver of premium during a disability. See the definition of "**salary rate**" on pages 16-17 to determine your annual **salary rate**.

See page 17 for information regarding Benefit Payment Options available to your beneficiaries/family members.

### BENEFICIARY DESIGNATION

You should designate a beneficiary for your Basic Life Insurance. You may name a new or different beneficiary at any time by completing a beneficiary designation form available at: <http://int.lanl.gov/worklife/benefits/>.

- Your beneficiary may be any person or persons you wish to name. "Person" includes any entity capable of taking and holding property.
- If you are married, you may need to consider your spouse's community property rights before you designate someone else as your primary beneficiary.

If you reside in a community property state, a designation of beneficiary may be subject to challenge if such designation will result in your spouse receiving less than his or her proportionate share of the benefit attributable to community property.

You may want to consult with an attorney regarding non-standard beneficiary designations, such as "Trusts". See the LANS beneficiary designation form available at: <http://int.lanl.gov/worklife/benefits/> for instructions for naming a trust as beneficiary. Prudential will assist in reviewing non-standard or complex beneficiary designations and in providing procedural information about making these designations. Contact Prudential at 1-800-524-0542.

If the member does not name a Beneficiary or if the designation of a Beneficiary is no longer effective, the person or persons (on a share and share alike basis) in the first of the following categories in which there is a survivor shall be the Beneficiary:

- (a) legal spouse of the Member;
- (b) child or children, including adopted child or children, of the Member (child or children of a deceased child shall take the share of such child by representation);
- (c) parent or parents of the Member;
- (d) sibling or siblings of the Member.

If there is no such survivor, any lump sum death payment shall be paid to the Member's estate.

## WHEN COVERAGE ENDS

Information about when coverage ends can be found in your LANS SPD.

## CONVERSION PRIVILEGE

When your Basic Life Insurance coverage ends because of retirement, termination of employment, or other loss of eligibility, the insurance may be converted to an individual whole life insurance policy without a medical examination. To convert your group term coverage to individual coverage, you must submit an application and the required premium to The Prudential Insurance Company according to the following rules:

- (a) You must submit an application and the required premium within 31 days after your group coverage ends; or
- (b) You must submit an application and the required premium within 15 days after you have been given the notice. But, in no event may you convert if you do not apply and pay the required premium prior to 92<sup>nd</sup> day after your group coverage ends.

Contact Benefits for the appropriate form or for more information.

You may select the individual policy from several forms of life insurance customarily issued by Prudential, other than term insurance or any policy containing disability or other supplementary benefits. Premiums will be at non-group rates corresponding to your age at the time of conversion.

Once you convert your group insurance to an individual contract, benefits and rights under the group contract cease. If you later become eligible again for LANS' employer-paid group life insurance coverage following conversion, you must surrender the individual policy to be covered under the LANS group insurance. Benefits may be paid under either the group policy or the individual policy (but not both).

If you lose coverage under this benefit program because your appointment or **average regular paid time** falls below the minimum level for eligibility (see the "Eligibility" and "Reduction in Average Regular Paid Time" sections above), but you are still employed by LANS, you may convert to an individual policy without a medical exam within the following time periods:

- (a) You must submit an application and the required premium within 31 days after your group coverage ends; or
- (b) You must submit an application and the required premium within 15 days after you have been given the notice. But, in no event may you convert if you do not apply and pay the required premium prior to 92<sup>nd</sup> day after your group coverage ends.

If you die within the 31 day period following the termination of coverage, an amount equal to the amount which might have been converted will be paid as a claim under the Group Policy, whether or not you applied for an individual policy.

## EXTENDED DEATH BENEFIT

The Basic Life Insurance protection may continue for up to 1 year beyond the date coverage terminates if you become totally disabled while covered under the Benefit Program, and are less than age 65 (see definition of Total Disability on page 17). You must remain continuously unable to engage in any occupation until the date of death. Protection continues for 1 year, or until you are age 65, or until disability ends, whichever comes first.

## ASSIGNMENT

Under certain circumstances some employees consider it advantageous to assign their rights to employee group life insurance to another person, a trustee, or a viatical settlement company. Your employee group life insurance may only be assigned as a **gift assignment** (see page 16) or a **value assignment** (see page 17). Collateral assignments are excluded. Note that, once made, assignments are irrevocable. LANS and/or Prudential cannot advise you on assignments because they involve complex individual, legal and tax questions. You should consult your attorney before taking such action.

Certain gift assignment forms may be obtained from Benefits. You should consult an attorney before you complete these forms.

## CORE LIFE INSURANCE

### ELIGIBILITY

Information about Employee eligibility can be found in your LANS SPD.

### ENROLLMENT

Enrollment in the Core Life Insurance Benefit Program is automatic. No enrollment form is required.

### EFFECTIVE DATE

Coverage becomes effective on the first day of pay status as an eligible employee. You will be covered if you are an eligible employee on pay status for any period of a given month.

If you are on leave for health reasons on the normal effective date, coverage becomes effective the day after your first full day actively at work, based on your normally scheduled workday. This rule also applies to newly hired employees who have not yet reported to work for health reasons.

### BENEFITS

The Core Life Insurance Benefit Program provides you with group term life insurance at no cost. The amount of insurance is \$5,000.

See page 17 for information regarding Benefit Payment Options available to your beneficiaries/family members.

### BENEFICIARY DESIGNATION

You should designate a beneficiary for your Core Life Insurance. You may name a new or different beneficiary at any time by completing a beneficiary designation form available at: <http://int.lanl.gov/worklife/benefits/>.

- Your beneficiary may be any person or persons you wish to name. "Person" includes any entity capable of taking and holding property.
- If you are married, you may need to consider your spouse's community property rights before you designate someone else as your primary beneficiary.

If you reside in a community property state, a designation of beneficiary may be subject to challenge if such designation will result in your spouse receiving less than his or her proportionate share of the benefit attributable to community property.

You may want to consult with an attorney regarding non-standard beneficiary designations, such as "Trusts". See LANS beneficiary designation available at: <http://int.lanl.gov/worklife/benefits/> for instructions for naming a trust as beneficiary. Prudential will assist in reviewing non-standard or complex beneficiary designations and in providing procedural information about making these designations. Contact Prudential at 1-800-524-0542.

If the member does not name a Beneficiary or if the designation of a Beneficiary is no longer effective, the person or persons (on a share and share alike basis) in the first of the following categories in which there is a survivor shall be the Beneficiary:

- (a) legal spouse of the Member;
- (b) child or children, including adopted child or children, of the Member (child or children of a deceased child shall take the share of such child by representation);
- (c) parent or parents of the Member;
- (d) sibling or siblings of the Member.

If there is no such survivor, any lump sum death payment shall be paid to the Member's estate.

### WHEN COVERAGE ENDS

Information about when coverage ends can be found in your LANS SPD.

**CONVERSION PRIVILEGE**

When your Core Life Insurance coverage ends because of retirement, termination of employment, or other loss of eligibility, the insurance may be converted to an individual whole life insurance policy without a medical examination. To convert your group term coverage to individual coverage, you must submit an application and the required premium to The Prudential Insurance Company according to the following rules:

- (a) You must submit an application and the required premium within 31 days after your group coverage ends.
- (b) You must submit an application and the required premium within 15 days after you have been given the notice. But, in no event may you convert if you do not apply and pay the required premium prior to 92<sup>nd</sup> day after your group coverage ends.

Contact Benefits for the appropriate form or for more information.

You may select the individual policy from several forms of life insurance customarily issued by Prudential, other than term insurance or any policy containing disability or other supplementary benefits. Premiums will be at non-group rates corresponding to your age at the time of conversion.

If you have Core Life Insurance and become covered by a Basic Life Insurance Benefit Program, you may not convert the \$5,000 Core Life Insurance to an individual policy.

Once you convert your group insurance to an individual contract, benefits and rights under the group contract cease. If you later become eligible again for the LANS' employer-paid group life insurance coverage following conversion, you must surrender the individual policy to be covered under LANS group insurance. Benefits may be paid under either the group policy or the individual policy (but not both).

If you lose coverage under this benefit program because your **average regular paid time** falls below the minimum level for eligibility (see the "Eligibility" and "Reduction in Average Regular Paid Time" sections above), but you are still employed by LANS, you may convert to an individual policy without a medical exam within the following time periods:

- (a) You must submit an application and the required premium within 31 days after your group coverage ends.
- (b) You must submit an application and the required premium within 15 days after you have been given the notice. But, in no event may you convert if you do not apply and pay the required premium prior to 92<sup>nd</sup> day after your group coverage ends.

If you die within the 31 day period following the termination of coverage, an amount equal to the amount which might have been converted will be paid as a claim under the Group Policy, whether or not you applied for an individual policy.

**EXTENDED DEATH BENEFIT**

If you become totally disabled and are less than age 65, Core Life Insurance protection may continue for up to 1 year beyond the date coverage terminates. You must remain continuously unable to engage in any occupation until the date of death. Protection continues for 1 year, or until you are age 65, or until disability ends, whichever comes first.

**ASSIGNMENT**

Under certain circumstances some employees consider it advantageous to assign their rights to employee group life insurance to another person, a trustee, or a viatical settlement company. Your employee group life insurance may only be assigned as a **gift assignment** (see page 16) or a **value assignment** (see page 17). Collateral assignments are excluded. Note that, once made, assignments are irrevocable. LANS and/or Prudential cannot advise you on assignments because they involve complex individual, legal and tax questions. You should consult your attorney before taking such action.

Certain gift assignment forms may be obtained from Benefits. You should consult an attorney before you complete these forms.



## SUPPLEMENTAL LIFE INSURANCE

### ELIGIBILITY

Information about Employee eligibility can be found in your LANS SPD.

### ENROLLMENT

You may enroll in this benefit program during your "Period of Initial Eligibility," which starts on the day you become eligible and ends 31 days from that date (for enrollments with paper forms, on the preceding business day for the local Accounting or Benefits Office if the 31st day is on a weekend or a holiday).

A change in your appointment may create a PIE for you to enroll in (or increase) your Supplemental Life Insurance. Information about PIE can be found in your LANS SPD. A PIE will be created if your appointment change serves to make you eligible to enroll in this coverage for the first time. Also, if you change from an appointment eligible for the LANS' Mid-Level Benefits to an appointment eligible for Full Benefits, you will be allowed a new PIE. Contact the LANL Benefits Office for more information.

To enroll in (or increase) your Supplemental Life Insurance after your PIE, you must submit a Statement of Health satisfactory to Prudential. Prudential reserves the right to require medical evidence at your expense, if necessary.

You have 31 days from approval of your health statement to submit your enrollment form to Benefits to enroll.

### EFFECTIVE DATE

The effective date of insurance is:

- a) the first day of the "Period of Initial Eligibility", provided your enrollment form (or your electronic enrollment) is received by Benefits during the "Period of Initial Eligibility", or the first day of eligibility, whichever is later.
- b) the date of approval of your Statement of Health from Prudential, if you enroll at any other time, or increase your Life benefit program coverage (provided your enrollment form is submitted to Benefits within 31 days of the approval).
- c) the day following the first full day you are actively at work, based on your normally scheduled workday, if you are on an approved leave-of-absence for health reasons (or you are a newly hired employee who has not yet reported to work for health reasons) on the date the new or increased coverage would normally go into effect. This rule also applies to newly hired employees who have not yet reported to work for health reasons.

### BENEFITS

The Supplemental Life Insurance benefit program provides you with group term life insurance at group rates without medical examination. There are 5 life insurance benefits programs:

- (1) 1 times your annual (100%-time) **salary rate** (up to a plan maximum of \$250,000);
- (2) 2 times your annual (100%-time) **salary rate** (up to a plan maximum of \$500,000);
- (3) 3 times your annual (100%-time) **salary rate** (up to a plan maximum of \$750,000);
- (4) 4 times your annual (100%-time) **salary rate** (up to a plan maximum of \$1,000,000); or
- (5) a flat \$20,000.

To determine the amount of insurance for which you are eligible, round your annual salary rate (100%-time) to the next higher multiple of \$1,000 (if it is not an exact multiple of \$1,000) and multiply the result by 1, 2, 3 or 4.

This insurance does entitle you to a waiver of premium in the event of total disability occurring before age 65 (see page 11).

In addition, a Living Benefits Option is available to Terminally Ill Employees who meet certain requirements (see page 10). This option provides approximately 50% of the life insurance amount in force on your life up to a maximum of \$250,000.

## SUPPLEMENTAL LIFE INSURANCE - Continued

See page 17 for information regarding Benefit Payment Options available to your beneficiaries/family members.

### **BENEFICIARY DESIGNATION**

You may designate your own beneficiary(ies). You may name a new or different beneficiary at any time by completing a beneficiary designation available at: <http://int.lanl.gov/worklife/benefits/>.

- Your beneficiary may be any person or persons you wish to name. "Person" includes any entity capable of taking and holding property.
- If you are married, you may need to consider your spouse's community property rights before you designate someone else as your primary beneficiary.

If you reside in a community property state, a designation of beneficiary may be subject to challenge if such designation will result in your spouse receiving less than his or her proportionate share of the benefit attributable to community property.

You may want to consult with an attorney regarding non-standard beneficiary designations, such as "Trusts". See the LANS beneficiary designation available at: <http://int.lanl.gov/worklife/benefits/> for instructions for naming a trust as beneficiary. Prudential will assist in reviewing non-standard or complex beneficiary designations and in providing procedural information about making these designations. Contact Prudential at 1-800-524-0542.

If the member does not name a Beneficiary or if the designation of a Beneficiary is no longer effective, the person or persons (on a share and share alike basis) in the first of the following categories in which there is a survivor shall be the Beneficiary:

- (a) legal spouse of the Member;
- (b) child or children, including adopted child or children, of the Member (child or children of a deceased child shall take the share of such child by representation);
- (c) parent or parents of the Member;
- (d) sibling or siblings of the Member.

If there is no such survivor, any lump sum death payment shall be paid to the Member's estate.

**NOTE:** If you are covered by the Basic Life Insurance Benefit Program and enroll in a Supplemental Benefit Program, you can name the same or different beneficiaries for the 2 benefits programs.

### **CHANGE IN SALARY RATE:**

If you enroll in a Life Insurance Benefit Program based on your annual **salary rate** -- your full-time **salary rate** on January 1 of each year is used to determine the amount of insurance you have during the calendar year. Changes in your **salary rate** after any January 1 are reflected in your life insurance amount the following January 1. Coverage will not be reduced automatically if your full-time **salary rate** is reduced. You may write to Benefits for a prospective reduction in coverage based on your reduced salary rate. If you are not actively at work on the first working day following a January 1 adjustment of your coverage amount, the change in coverage amount will not be effective until you return to active work.

See the definition of "**salary rate**" on pages 16-17 to determine your annual salary rate.

If you are working at 100% time, your **salary rate** is the salary you are appointed to receive. If you work at less than 100% time, your **salary rate** is 100% times the rate for your title. If you have a split appointment at different rates, your **salary rate** is proportionate to the 100% rates of appointments.

### YOUR MONTHLY COST

The monthly cost of the benefit program is fully paid by you. Your cost depends on your age and the amount of coverage you buy. Individual premiums are based on your salary and age as of each January 1st. For late enrollees, premium is based on age and salary as of January 1<sup>st</sup> of the current year and adjusted each January 1<sup>st</sup> thereafter. For new hires, premium is based on age as of January 1<sup>st</sup> of the current year and your salary as of date of hire, and adjusted each January 1<sup>st</sup> thereafter. If you enroll in a benefit program which is based on a multiple of your salary, your monthly cost is adjusted each January 1, based on your current salary (see "Change in Salary Rate" above). Contact Benefits to obtain current rate information.

### LIVING BENEFITS OPTION

Under the **Living Benefits Option**, a **Terminally Ill Employee** may elect to have a portion of his or her Supplemental Life Insurance paid out prior to death. This benefit, the **Terminal Illness Proceeds**, can be used for any purpose. The benefit you receive is 50% of the total coverage amount, up to \$250,000, and is paid directly to you, either in 1 lump sum or in 12 equal monthly installments. The amount that would otherwise be paid to your beneficiaries at death is reduced by this amount.

In order to qualify for this Option, you must (1) have been covered for at least 1 year, (2) have become a **Terminally Ill Employee** while insured under the benefit program, or while your death benefit protection is being extended under the Waiver of Premium provision.

This option may be elected only once.

The **Terminal Illness Proceeds** may be taxable. You may wish to obtain the advice of a tax and/or legal professional before applying for this option.

The **Terminal Illness Proceeds** will be equal to 50% of your Supplemental Life Insurance amount.

See pages 17-18 for examples of **Living Benefits Option** calculations.

For more information about valuation and payment under the **Living Benefits Option**, call Prudential at 1-800-524-0542.

**To Whom Payable:** The benefits under this option are payable to you.

**Amount Due But Unpaid at Your Death:** If you elect monthly installments and you die before all **Terminal Illness Proceeds** payments have been made, Prudential will pay your Beneficiary or Beneficiaries the total of the payments that remain.

**Additional Conditions:** Your right to be paid under this option is subject to these terms:

- (1) You must choose this option in writing in a form that satisfies Prudential.
- (2) You must furnish proof that satisfies Prudential that your life expectancy is 12 months or less, including certification by a Doctor.
- (3) Your Supplemental Life Insurance must not be assigned.
- (4) **Terminal Illness Proceeds** will be made available to you on a voluntary basis only. You are not eligible for this benefit if you elect the benefit involuntarily solely because:
  - (a) You are required by law to use this option to meet the claims of creditors, whether in bankruptcy or otherwise.
  - (b) You are required by a government agency to use this option in order to apply for, get or keep a government benefit or entitlement.

**Effect on Insurance:** When you elect this option, the total amount otherwise payable on your death, including any amount under an extended death benefit, will be reduced by the **Living Benefits Option Amount**. Also, any amount you could otherwise have converted to an individual contract will be reduced by the **Living Benefits Option Amount**.

## SUPPLEMENTAL LIFE INSURANCE - Continued

See "Claims Procedures" on page 19 and "Definitions" beginning page 16 for information.

### **ASSIGNMENT**

Under certain circumstances some employees consider it advantageous to assign their rights to employee group life insurance to another person, a trustee, or a viatical settlement company. Your employee group life insurance may only be assigned as a **gift assignment** (see page 16) or a **value assignment** (see page 17). Collateral assignments are excluded. Note that, once made, assignments are irrevocable. LANS and/or Prudential cannot advise you on assignments because they involve complex individual, legal and tax questions. You should consult your attorney before taking such action. Certain gift assignment forms may be obtained from Benefits. You should consult an attorney before you complete these forms.

### **WAIVER OF PREMIUM**

If you become disabled for any occupation while covered (see definition of "**Total Disability**" on page 17), you may qualify for an "extended" death benefit (continuance of insurance protection without having to pay the premium). If you become totally disabled before age 65 and disability exists continuously for 6 months, this provision allows for continuance of life insurance protection without payment of premiums. You must provide written proof of your disability no later than 1 year after commencement of the total disability and submit proof of your continuous disability each year thereafter to the insurance company. Protection continues until you reach age 70, as long as you remain totally disabled. You may want to continue your premium payments while your application is pending to avoid losing coverage in the event your application is not approved. Arrangements for direct payment of premiums must be made at the beginning of your approved leave of absence through Benefits. For information, contact LANL Benefits Office at (877)667-1806 or (505)667-1806

### **WHEN COVERAGE ENDS**

Information about when coverage ends can be found in your LANS SPD.

### **CONVERSION PRIVILEGE**

When your Supplemental Life Insurance coverage ends because of retirement, termination of employment, or other loss of eligibility, the insurance may be converted to an individual whole life insurance policy without a medical examination. To convert your group term coverage to individual coverage, you must submit an application and the required premium to The Prudential Insurance Company according to the following rules:

- (a) You must submit an application and the required premium within 31 days after your group coverage ends.
- (b) You must submit an application and the required premium within 15 days after you have been given the notice. But, in no event may you convert if you do not apply and pay the required premium prior to 92<sup>nd</sup> day after your group coverage ends.

Contact Benefits for the appropriate form or for more information.

You may select the individual policy from several forms of life insurance customarily issued by Prudential, other than term insurance or any policy containing disability or other supplementary benefits. Premiums will be at non-group rates corresponding to your age at the time of conversion.

If your application for the premium waiver benefit is denied while you are making direct premium payments to Benefits, you must apply for conversion within the following time periods after the date your application is denied:

- (a) You must submit an application and the required premium within 31 days after your group coverage ends.

## SUPPLEMENTAL LIFE INSURANCE - Continued

- (b) You must submit an application and the required premium within 15 days after you have been given the notice. But, in no event may you convert if you do not apply and pay the required premium prior to 92<sup>nd</sup> day after your group coverage ends.

Once you convert your group insurance to an individual contract, benefits and rights under the group contract cease. If you later become eligible and enroll again for Supplemental group life insurance coverage following conversion, you must surrender the individual policy to be covered under LANS group insurance. Benefits may be paid under either the group policy or the individual policy (but not both).

**NOTE:** The amount you are eligible to convert to an individual contract will be reduced by any Living Benefits payment you have received - see the Living Benefits Option section beginning on page 10.

If you die within the 31 day period following the termination of coverage, an amount equal to the amount which might have been converted will be paid as a claim under the Group Policy, whether or not you applied for an individual policy.

## DEPENDENT LIFE INSURANCE

The Dependent Life Insurance Benefits Programs help provide you with protection against the financial burden that may follow the loss of a spouse/ domestic partner or a child.

### ELIGIBILITY

Information about dependent eligibility can be found in your LANS SPD.

### ENROLLMENT

#### Basic Dependent Life

If you have dependents eligible for coverage under this benefit program, you may cover them:

- a) during your "Period of Initial Eligibility", or
- b) if you do not have eligible dependents when appointed in an eligible position, you have **another** "Period of Initial Eligibility" starting on the date you acquire your **first** eligible dependent.

Once you have enrolled in the plan, it is not necessary to enroll additional dependents, since the family contribution automatically provides coverage for all eligible family members.

#### Expanded Dependent Life

To cover eligible dependents under this plan, you must complete an enrollment form during:

- a) your own "Period of Initial Eligibility", or
- b) if you do not have eligible dependents, the "Period of Initial Eligibility" that begins on the date you acquire your first eligible dependent.

If your spouse/domestic partner is the first eligible dependent for coverage, you should enroll in the Spouse/Domestic Partner Only coverage. You have a second "Period of Initial Eligibility" when your first child is born, but you may not enroll your spouse/same-sex domestic partner at that time if he/she was eligible earlier. Coverage for additional children is automatic.

#### Both Benefits Programs

Information about period of initial eligibility can be found in your LANS SPD.

If you do not enroll to cover your eligible spouse/domestic partner during your "Period of Initial Eligibility" or within 31 days of acquisition, you must submit a Statement of Health satisfactory to Prudential.

Prudential reserves the right to require medical evidence at your expense, if necessary. A Statement of Health is not required to cover your eligible dependent children.

### EFFECTIVE DATE

Your dependents' insurance will become effective the first day of the "Period of Initial Eligibility" provided the enrollment form (or electronic enrollment) is received in Benefits within your "Period of Initial Eligibility".

**NOTE: The coverage effective date for newborn children will begin at birth.** However, other dependents who are confined to a hospital on the date their insurance would become effective will not be covered until the day after their release from the hospital. This delayed effective date due to a dependent's hospital confinement will not apply to your natural child or adopted child added after your initial enrollment.

If you request coverage for your eligible spouse/domestic partner by a Statement of Health, the effective date is the date Prudential approves the application (provided your enrollment form is submitted to Benefits within 31 days of the approval).

Once you have enrolled in the Basic plan or the Expanded plan with coverage for spouse/same-sex domestic partner and child(ren), new eligible family members are covered automatically on the date they become eligible.

**DEPENDENT LIFE INSURANCE - Continued**

**BENEFITS/BENEFICIARY DESIGNATION**

Benefits are payable to you in the event of the death of your insured dependent(s) under the Basic Plan. Under the Expanded Plan, benefits will continue to be paid to you in the event of the death of your insured dependent(s), however, you may designate a different beneficiary for "Spouse" benefits. A separate beneficiary form will be used. Forms are available from the LANL Benefits Office at <http://int.lanl.gov/worklife/benefits/>.

If you are not living in the event of the death of your insured dependent(s), benefits will be paid to the surviving spouse's estate.

For the death of the employee's eligible child, benefits will be paid to the first of the following categories with a survivor:

- The employee
- The child's parent
- The child's brothers and sisters (in equal shares)
- The child's estate

See page 17 for information regarding Benefit Payment Options.

**CHOICE OF DEPENDENT LIFE INSURANCE BENEFIT PROGRAMS**

There are 2 life insurance benefits programs you may choose for your eligible dependents: (1) Basic or (2) Expanded.

**BASIC PLAN**

**Amount of Coverage**

Legal Spouse/ Domestic Partner	\$5,000
Dependents less than 23 years	\$5,000 each

**EXPANDED PLAN**

**Amount of Coverage**

Legal Spouse/ Domestic Partner	50% of the Employee's amount of insurance under the Supplemental Life Insurance, rounded to the next higher \$1,000 if the amount is not an exact multiple of \$1,000, up to a maximum of \$200,000*
Dependents age less than 23 years	\$10,000 each

\* Adjustments in Employee's amount of insurance will result in an adjustment of the Spouse's/Domestic Partner's insurance amount.

**YOUR MONTHLY COST**

**Basic Plan**

The monthly cost of the plan is fully paid by you and depends on your age. Premiums are adjusted each January 1 based on your current age and any rate changes in effect. Contact Benefits to obtain current rate information.

## DEPENDENT LIFE INSURANCE - Continued

### Expanded Plan

The monthly cost of the plan is fully paid by you and depends on your age and whether you are covering children or a spouse/domestic partner or both. Premiums are adjusted each January 1 based on your current age and any rate changes in effect. Contact Benefits to obtain current rate information.

### WHEN COVERAGE ENDS

Information about when coverage ends can be found in your LANS SPD.

### CONVERSION PRIVILEGE

If your Dependent Life Insurance terminates for one of the reasons below, your dependents may convert the Dependents Life Insurance to individual coverage without a medical examination.

The reasons are:

- You leave LANS employment, retire, or you or your dependents otherwise lose eligibility;
- The Dependent Life Insurance ends because of your death; or
- The Dependent Life Insurance ends because you have been approved for the waiver of premium benefit under the Supplemental Life Insurance plan (see pages 11).

To convert to individual coverage, you must submit an application and the required premium according to the following rules:

- (a) You must submit an application and the required premium within 31 days after your group coverage ends.
- (b) You must submit an application and the required premium within 15 days after you have been given the notice. But, in no event may you convert if you do not apply and pay the required premium prior to the 92<sup>nd</sup> day after the Dependents Life Insurance ends.

Contact Benefits for the appropriate form or for more details.

Your covered dependents may select the individual policies from several forms of life insurance customarily issued by Prudential, other than term insurance or any policy containing disability or other supplementary benefits. Premiums will be at non-group rates in effect at the time of conversion.

If your dependent dies within the 31 day period following the termination of coverage, an amount equal to the amount which might have been converted will be paid as a claim under the Group Policy, whether or not the dependent applied for an individual policy.



## GENERAL INFORMATION

### DEFINITIONS

Some of the terms used in this benefits program summary have specific, technical meanings as noted below:

**AVERAGE REGULAR PAID TIME:** For any month, an employee's **average regular paid time** is the average number of regular paid hours per week (excluding overtime, stipend or bonus time worked by the employee) in the preceding 12 month period. A month with zero regular paid hours--

- (1) which occurred during the employee's furlough or approved leave without pay will not be included in the calculation of the average. If such absence exceeds 11 months, the averaging will be restarted.
- (2) which occurred during a period when the employee was not on furlough or approved leave without pay will be included in the calculation of the average. After 2 consecutive such months, the averaging will be restarted.

For a partial month of zero regular paid hours due to furlough, leave without pay or initial employment--

- (1) if the employee worked at least 43.75% of the regular paid hours available in the month, the month will be included in the calculation of the average.
- (2) if the employee did not work at least 43.75% of the regular paid hours available in the month, the month will not be included in the calculation of the average.

**BENEFIT PROGRAM** means Basic, Core and Supplemental and Dependents Life Insurance Benefit Programs.

**EMPLOYEE** means an employee appointed and paid by the LANS, actively working under the direction and control of LANS. See your LANS SPD for additional information.

**GIFT ASSIGNMENT:** A transfer, by absolute and irrevocable assignment, of all incidents of ownership and all other rights, title, interest, both present and future, in and to the insurance under the group policy. This includes, but is not limited to, the right to designate and change a beneficiary, the right to make requisite contributions to maintain the insurance in force under the group policy, and the right to exercise any conversion privilege provided under the group policy.

**LANS** refers to Los Alamos National Security, LLC.

**LANS SPD** refers to the LANS Welfare Benefit Program for Employees Summary Plan Description including this benefit summary.

**LIVING BENEFITS OPTION** refers to a benefit under the Supplemental Life Insurance plan which allows a Terminally Ill Employee, who meets specified conditions, to elect to receive part of their Supplemental Life Insurance coverage amount while they are living. See "Terminal Illness Proceeds", "Living Benefits Option Amount" and "Terminally Ill Employee" for other terms related to the Living Benefits Option.

**LIVING BENEFITS OPTION AMOUNT** refers to the amount of Supplemental Life Insurance that you may elect to place under the Living Benefits Option. The Living Benefits Option Amount is equal to 50% of the Supplemental Life Insurance in force on your life on the date Prudential receives the proof that you are a Terminally Ill Employee, but not more than \$250,000. See "Terminal Illness Proceeds" for a description of the actual amount you would receive.

**PLAN** means Basic, Core and Supplemental and Dependents Life Insurance Benefit Programs.

### SALARY RATE

Salary Rate means your:

- (a) base salary; or
- (b) in the case of an hourly-paid eligible Employee, the amount of any base wages; (without including any supplements or differentials for overtime, bonuses or other special circumstances), which in either case is paid by LANS to the eligible Employee during the Plan Year under Contract Number DE-AC52-06NA25396, and any successor contract between LANS and the Department of Energy related to the Operation of the Los Alamos Laboratory.

## GENERAL INFORMATION - Continued

Salary Rate shall be determined before reducing such salary or wages by the amount of any elective deferrals under Code Section 402 (g) or any pre-tax contributions under Code Section 125 or 132 (f) (4). Amounts under Code Section 125 include any amounts not available to a Member in cash in lieu of group health coverage because the Member is unable to certify that he or she has other health coverage. An amount will be treated as an amount under Code Section 125 only if LANS does not request or collect information regarding the Member's other health coverage as part of the enrollment process for the health plan.

**TERMINALLY ILL EMPLOYEE** means an employee whose life expectancy is 12 months or less.

**TERMINAL ILLNESS PROCEEDS** refers to the amount you may receive under the Living Benefits Option. The Terminal Illness Proceeds are equal to 50% of the Supplemental Life Insurance (Living Benefits Option Amount) in force on your life on the date Prudential receives the proof that you are a Terminally Ill Employee. In no event will the amount of Terminal Illness Proceeds exceed \$250,000.

**TOTAL DISABILITY** exists when Prudential determines that these conditions are met:

- (1) You are not engaged in any gainful occupation; and
- (2) You are completely unable, due to sickness or injury or both, to engage in any and every gainful occupation for which you are reasonably fitted by education, training, or experience.

**VALUE ASSIGNMENT:** A transfer of all rights and benefits of ownership of your life insurance to a viatical settlement company, made in consideration of terminal illness, in exchange for an agreed upon amount.

### **SERVICES FOR BENEFICIARIES/FAMILY MEMBERS**

#### **Benefit Payment Options\***

Beneficiaries and other recipients of group life insurance proceeds of \$10,000 or more may choose to receive payment (a) as a lump sum, or (b) through a personalized, interest-bearing draft account (called the Alliance Account). Group Life Insurance proceeds will be paid into the Alliance Account unless another payment option is selected.

Beneficiaries also have a number of payment options available to them. In addition to a lump sum check payment, beneficiaries may elect to receive all or part of their life insurance proceeds through other payment options. These other payment options include a Certificate of Deposit and 4 types of Guaranteed Income Payments (Annuities).

A toll-free Customer Service number has been established so that beneficiaries can obtain answers to questions they have about life claim payments. For additional information, you may contact Prudential at 1-800-524-0542.

\* Some methods of claim settlement are subject to specific conditions. If a beneficiary or recipient of group life insurance proceeds selects a method of payment that is not available because the payment does not meet the specific conditions of the option, the payment will be made in one lump sum check. Additional details can be obtained from Prudential by calling 1-800-524-0542.

#### **Sample Living Benefits Option Calculations**

**Note:** The following examples are based on an employee who has \$200,000 of coverage under their Supplemental Life Insurance. Actual benefits for your situation will differ based on your actual Supplemental Life Insurance coverage amount and the benefit factor in effect at the time you elect the **Living Benefits Option**.

**Lump Sum Payment**

\$200,000 Your Supplemental Life Insurance Coverage Amount

x 50%

\$100,000 Your Living Benefits Option Amount

**\$100,000 Your Terminal Illness Proceeds -- One Time Payment**

**Monthly Installments**

\$200,000 Your Supplemental Life Insurance Coverage Amount

x 50%

\$100,000 Your Living Benefits Option Amount

\$100,000 ÷ 12 = \$8,333

**\$8,333 Your Terminal Illness Proceeds per Month for 12 Months**

For more information about valuation and payment under the **Living Benefits Option**, call Prudential at 1-800-524-0542.

**INFORMATION REGARDING YOUR CERTIFICATE**

The certificate describes the plan of benefits and all benefits are subject to the entire Group Insurance Contract which includes the Group Insurance Certificate.

Individual certificates for you and your dependent may be obtained by calling The Prudential Insurance Company of America at (818) 263-9037.

## PLAN ADMINISTRATION

### Administration of the Benefit Program

LANS is the benefit program sponsor for the benefit program described in this benefit program summary.

The Benefits and Investment Committee is the Plan Administrator.

Benefits and Investment Committee  
TA-3 Building 261  
2nd Floor  
Los Alamos, NM 87545

Mailing Address:

Benefits and Investment Committee  
P.O. 1663, Mail Stop P280  
Los Alamos, NM 87544

Claims under the benefit program are processed by The Prudential Insurance Company of America at the following address and phone number:

The Prudential Insurance Company of America  
Group Life Claim Division  
P.O. Box 8517  
Philadelphia, Pennsylvania 19176  
1-(800) 524-0542

### Group Contract Number

The Group Contract Number is G-44704-NM.

### Continuation of the Benefit Program

LANS reserves the right to terminate or amend the Benefits Program at any time. The right to terminate or amend applies to all employees and plan beneficiaries.

### Agent for Service of Legal Process

Legal process may be served on The Prudential Insurance Company of America and on LANS at the address listed above.

See your LANS SPD for additional information on Agent for Service of Legal Process.

### Claim Procedures

#### 1. Determination of Benefits

Prudential shall notify you of the claim determination within 45 days of the receipt of your claim. This period may be extended by 30 days if such an extension is necessary due to matters beyond the control of the plan. A written notice of the extension, the reason for the extension and the date by which the plan expects to decide your claim, shall be furnished to you within the initial 45-day period. This period may be extended for an additional 30 days beyond the original 30-day extension if necessary due to matters beyond the control of the plan. A written notice of the additional extension, the reason for the additional extension and the date by which the plan expects to decide on your claim, shall be furnished to you within the first 30-day extension period if an additional extension of time is needed. However, if a period of time is extended due to your failure to submit information necessary to decide the claim, the period for making the benefit determination by Prudential will be tolled (i.e., suspended) from the date on which the notification of the extension is sent to you until the date on which you respond to the request for additional information.

## PLAN ADMINISTRATION - Continued

If your claim for benefits is denied, in whole or in part, you or your authorized representative will receive a written notice from Prudential of your denial. The notice will be written in a manner calculated to be understood by you and shall include:

- (a) the specific reason(s) for the denial,
- (b) references to the specific plan provisions on which the benefit determination was based,
- (c) a description of any additional material or information necessary for you to perfect a claim and an explanation of why such information is necessary,
- (d) a description of Prudential's appeals procedures and applicable time limits, including a statement of your right to bring a civil action under section 502(a) of ERISA following your appeals, and
- (e) if an adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the determination will be provided free of charge upon request.

### **2. Appeals of Adverse Determination**

If your claim for benefits is denied or if you do not receive a response to your claim within the appropriate time frame (in which case the claim for benefits is deemed to have been denied), you or your representative may appeal your denied claim in writing to Prudential within 180 days of the receipt of the written notice of denial or 180 days from the date such claim is deemed denied. You may submit with your appeal any written comments, documents, records and any other information relating to your claim. Upon your request, you will also have access to, and the right to obtain copies of, all documents, records and information relevant to your claim free of charge.

A full review of the information in the claim file and any new information submitted to support the appeal will be conducted by Prudential, utilizing individuals not involved in the initial benefit determination. This review will not afford any deference to the initial benefit determination.

Prudential shall make a determination on your claim appeal within 45 days of the receipt of your appeal request. This period may be extended by up to an additional 45 days if Prudential determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date that Prudential expects to render a decision shall be furnished to you within the initial 45-day period. However, if the period of time is extended due to your failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled (i.e., suspended) from the date on which the notification of the extension is sent to you until the date on which you respond to the request for additional information.

If the claim on appeal is denied in whole or in part, you will receive a written notification from Prudential of the denial. The notice will be written in a manner calculated to be understood by the applicant and shall include:

- (a) the specific reason(s) for the adverse determination,
- (b) references to the specific plan provisions on which the determination was based,
- (c) a statement that you are entitled to receive upon request and free of charge reasonable access to, and make copies of, all records, documents and other information relevant to your benefit claim upon request,
- (d) a description of Prudential's review procedures and applicable time limits,

**PLAN ADMINISTRATION - Continued**

- (e) a statement that you have the right to obtain upon request and free of charge, a copy of internal rules or guidelines relied upon in making this determination, and
- (f) a statement describing any appeals procedures offered by the plan, and your right to bring a civil suit under ERISA.

If a decision on appeal is not furnished to you within the time frames mentioned above, the claim shall be deemed denied on appeal.

If the appeal of your benefit claim is denied or if you do not receive a response to your appeal within the appropriate time frame (in which case the appeal is deemed to have been denied), you or your representative may make a second, voluntary appeal of your denial in writing to Prudential within 180 days of the receipt of the written notice of denial or 180 days from the date such claim is deemed denied. You may submit with your second appeal any written comments, documents, records and any other information relating to your claim. Upon your request, you will also have access to, and the right to obtain copies of, all documents, records and information relevant to your claim free of charge.

Prudential shall make a determination on your second claim appeal within 45 days of the receipt of your appeal request. This period may be extended by up to an additional 45 days if Prudential determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date by which Prudential expects to render a decision shall be furnished to you within the initial 45-day period. However, if the period of time is extended due to your failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled from the date on which the notification of the extension is sent to you until the date on which you respond to the request for additional information.

Your decision to submit a benefit dispute to this voluntary second level of appeal has no effect on your right to any other benefits under this plan. If you elect to initiate a lawsuit without submitting to a second level of appeal, the plan waives any right to assert that you failed to exhaust administrative remedies. If you elect to submit the dispute to the second level of appeal, the plan agrees that any statute of limitations or other defense based on timeliness is tolled during the time that the appeal is pending.

If the claim on appeal is denied in whole or in part for a second time, you will receive a written notification from Prudential of the denial. The notice will be written in a manner calculated to be understood by the applicant and shall include the same information that was included in the first adverse determination letter. If a decision on appeal is not furnished to you within the time frames mentioned above, the claim shall be deemed denied on appeal.

